





2022 Responsible Investment Report



Contents

This report meets the transparency requirements of article 29 of the French Energy and Climate Act and the recommendations for investors set out in the Task Force on Climate-related Financial Disclosures (TCFD). It presents the Group's responsible investment approach in the area covered by article 29 of the French Energy and Climate Act, i.e. the monitoring of targets relating to the impact of investment activities on the climate and biodiversity, the integration of environmental, social and governance (ESG) issues into strategy and the management of ESG risks. The performance indicators for monitoring and measuring the implementation of Caisse des Dépôts' commitments in these areas are presented in Chapter 6.

	Editorial	4
	Scope of the Responsible Investment Report	
	1.1. Introduction.....	8
	1.2. Responsible investment within the Group	11
	1.3. Scope of the report covered by article 29 of the French Energy and Climate Act.....	15
	1.4. Transparency and external communication	18
	Key figures and highlights	
	2.1. Key figures 2022.....	22
	2.2. 2022 highlights	24
	Governance	
	3.1. Governance geared towards responsible finance	28
	3.2. The Supervisory Board	29
	3.3. Driven by senior management	32
	3.4. Stakeholders Committee	33
	3.5. Role and organisation of the Sustainable Development Policy department.....	34
	3.6. Oversight of ESG risks	36
	3.7. Remuneration policy	38
	Incorporating ESG issues into the Group's strategy	
	4.1. An investment strategy focused on the long term.....	42
	4.2. Strengthening the Group's policies	43
	4.3. Integrated ESG management in pursuit of non-financial performance in everything that we do	60
	4.4. Rigorous shareholder dialogue.....	68
	4.5. Addressing the EU taxonomy	78
	4.6. Recognised responsible investor.....	79
	4.7. A responsible communication strategy.....	85
	Analysis and management of ESG risks	
	5.1. Focus on climate risks	88
	5.2. Strengthened governance and a dedicated team	88
	5.3. Risks affecting all asset classes	88
	5.4. A strategic challenge for the Caisse des Dépôts Group	90
	5.5. Priority objectives.....	90
	5.6. Other ESG risks	96
	5.7. Focus on financial subsidiaries	98
	Indicators and outcomes	
	6.1. Incorporating ESG issues at Caisse des Dépôts.....	102
	6.2. Dialogue with portfolio companies.....	111
	6.3. The impact of our investment and financing on the ecological transformation	120
	6.4. Monitoring our climate commitments	125
	6.5. Our impact on biodiversity	133
	Appendices	
	A - Notes on methodology	144
	B - Cross-reference table for the information required by the decree implementing article 29 of the French Energy and Climate Act	151
	C - Negative impacts and risk management (non-exhaustive).....	156
	D - Proportion of assets under management or owned classified as eligible under the technical screening criteria of Regulation (EU) 2020/852 (the "Taxonomy")	158
	E - Cross-reference table with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	160
	F - Glossary.....	163

Editorial by **Nathalie Tubiana**

2022 was a year marked by further acceleration in global warming and its impact on our regions. At the same time, investments continued to be redirected towards a low-carbon economy – a transition that will be measurable in the future thanks to the EU taxonomy. In addition, an international biodiversity agreement was adopted, providing a clearer roadmap for economic and financial stakeholders to reduce the impact of their activities on nature.

Against this backdrop, in 2022 the Caisse des Dépôts Group took steps to help transform the French economy by factoring environmental, social and governance (ESG) issues into all of its investment, asset management and project financing activities.

Responsible investment is the cornerstone of our strategy. In line with the commitments we have made, we believe it is essential to be transparent with our stakeholders when it comes to our actions and their results. This year, the report has been renamed the "Responsible Investment Report" as it covers both the responsible investment commitments of all of the Group's financial entities and, on a more limited scope (mainly the Public Institution's asset management activities), the disclosures required under article 29 of the French Energy and Climate Act.

There were three key developments in responsible investment this year at Caisse des Dépôts.

First of all, with more than €53 billion in financing granted between 2020 and 2022, we have almost reached in just three years our ecological transformation financing target, initially set for five years (€60 billion between 2020 and 2024).

We also took a major step forward in factoring biodiversity into our activities, implementing a Group-wide policy with a dozen commitments corresponding to the themes set out in the Kunming-Montreal Global Biodiversity Framework adopted at the COP 15 Biodiversity Conference.

In 2022 we strengthened our responsible investment commitments by adopting a new "Responsible Finance Charter" that applies to all the Group's financial entities and financing arrangements. The Charter covers social issues and respect for human rights.

We are further strengthening our commitments across the board: as **Éric Lombard** announced on 20 June 2023 at the Group's "Climate Objective" day, we will continue to contribute to the "Green France" (*France Nation Verte*) strategy, with **a new target of pledging €100 billion to the ecological transformation over the 2024-2028 period.**

Lastly, the Group's financial entities are constantly striving to strike the right balance between financial performance and ESG performance – which go hand in hand – in everything they do. And this report offers a fine illustration of this.

We hope you enjoy reading!



Nathalie Tubiana
Head of Finance and Sustainable Development Policy

*Responsible
investment*
is the cornerstone
of our strategy

Scope of the Responsible Investment Report

This report gives an account of the application of responsible investment policies to all the Group's financial entities as well as the provisions of article 29 of law No. 2019-1147 of 8 November 2019 on energy and climate (French Energy and Climate Act) applicable to Caisse des Dépôts (Public Institution) on the scope of activities subject thereto.





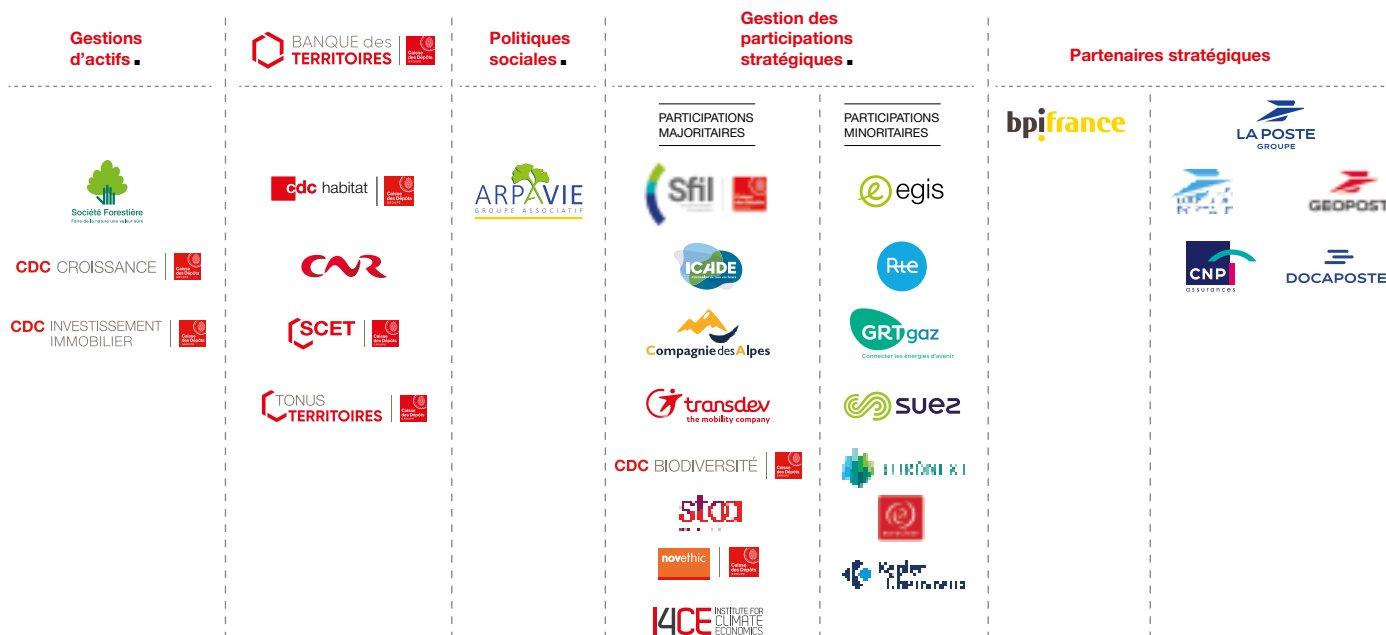
1.1

Introduction

As a Public Institution, Caisse des Dépôts falls within the scope of article 29 of the French Energy and Climate Act, as specified in Section 1.3. However, the implementing decree does not specify which Caisse des Dépôts activities are subject to thereto.

In the absence of detail on which of Caisse des Dépôts' activities are covered by article 29 of the French Energy and Climate Act, the reporting scope is based on the activities covered by article 2 of Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (SFDR)⁽¹⁾, given the close link between this regulation and article 29 of the French Energy and Climate Act.

Caisse des Dépôts' activities and an analysis of the scope of application are presented in Section 1.3. The results of the analysis are presented in Section 1.3.6.





As a unique alliance

of public and private economic players, the Caisse des Dépôts Group works at the heart of France's regions

to accelerate the ecological transformation and help provide a better life **for all**

Caisse des Dépôts Group

The Caisse des Dépôts Group is unique in that it brings together:

- a **Public Institution, Caisse des Dépôts**: a State-owned financial institution working in the public interest, created by French law of 28 April 1816 and governed by the French Monetary and Financial Code (*Code monétaire et financier*)
- **subsidiaries** operating both in France's public interest and in the private sector.

The Group has adopted a corporate purpose: "As a unique alliance of public and private economic players, the Caisse des Dépôts Group works at the heart of France's regions to accelerate the ecological transformation and help provide a better life for all."

The Group's activities are divided between:

- the Savings Funds, dedicated to the management of regulated savings centralised at Caisse des Dépôts. These activities are recorded in a separate balance sheet under French generally accepted accounting principles (French GAAP).
- Caisse des Dépôts' other activities, comprising the Public Institution's Central Sector and consolidated Group entities (Bpifrance, Compagnie des Alpes, CDC Habitat, La Poste group, Icade, SFIL, Transdev, etc.). The consolidated financial statements are prepared according to International Financial Reporting Standards (IFRS).

The Caisse des Dépôts Public Institution, hereinafter referred to as the "Public Institution", comprises four business lines:

- Banque des Territoires
- Social Policy
- Asset Management
- Management of Strategic Investments

The Public Institution's scope covers the accounts of both the Savings Funds and the Central Sector. The combined scope corresponds to the balance sheet of the Savings Funds under French GAAP and that of the Caisse des Dépôts Group under IFRS.

The diagram opposite shows all the business lines, subsidiaries and strategic investments covered by this report.

Caisse des Dépôts' status and corporate governance structure are unique in France. Its status is intended to ensure its independence, allowing it to manage private funds requiring special protection.

Caisse des Dépôts' business model is characterised by its **solidity** and **long-term approach**. With no shareholders, its business model enables it to generate sufficient earnings and profitability to cover its operating costs, contribute to the French State budget and build up its equity to sustain its long-term investment capacity.

The Caisse des Dépôts Group manages approximately 60% of the French population's regulated savings (*Livret A*,



(1) Caisse des Dépôts does not meet the criteria set out in article 2 of the SFDR and is therefore not subject to its requirements. In addition, it is not required to consolidate the information of its subsidiaries subject to the SFDR, insofar as it only applies to parent entities if they themselves are financial market participants. The SFDR applies to Group subsidiaries or sub-subsidiaries that manage assets on behalf of third parties, including through investment mandates or AMF-approved UCITS (undertakings for collective investment in transferable securities) or AIFs (Alternative Investment Funds), as well as those that carry out certain insurance activities.

Scope

OF THE RESPONSIBLE INVESTMENT REPORT

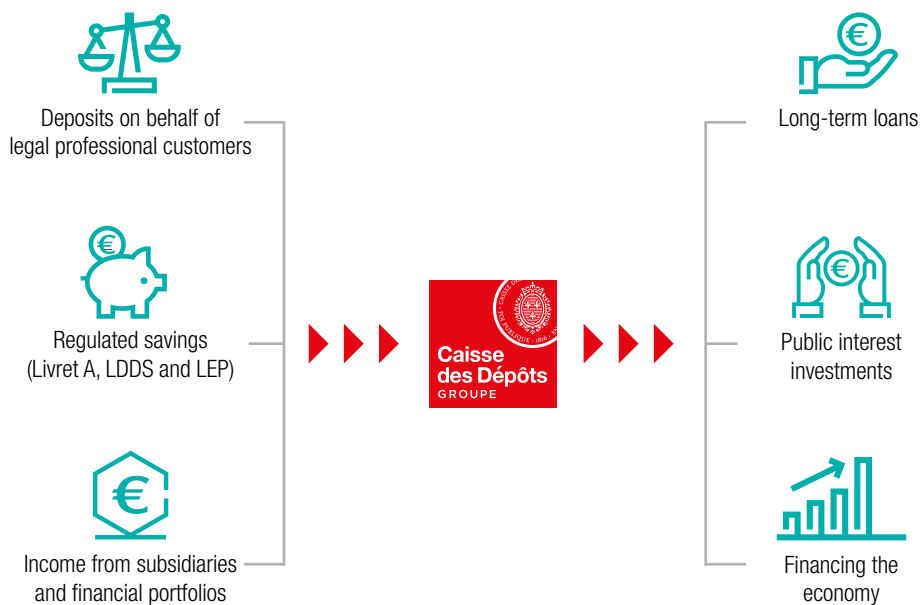
Livret de développement durable et solidaire [LDDS], and *Livret d'épargne populaire* [LEP]) which it transforms into very long-term loans of up to 80 years. These are used to finance public interest projects, prioritising social housing, urban policy and local authority projects.

Caisse des Dépôts also uses its equity and funds raised on the financial markets to invest in projects contributing to ecological transformation, economic development and sovereignty, and social and regional cohesion. Together with SFIL, Bpifrance and La Banque Postale, the Group forms France's leading public finance hub.

With aggregate total assets of €1,320 billion at 31 December 2022, the Caisse des Dépôts Group as a whole has unrivalled financing capacity to accelerate our economy's transition to a more sustainable and inclusive model.

FIND OUT MORE

See the 2022 Business Review and Sustainable Development Report.



Responsible investment

within the Group

In 2012, the Group's financial entities adopted a Responsible Investment Charter to enhance the impact and limit the risks of our investments. The Charter is based on three main principles:

- integration of ESG (environmental, social and governance) criteria in all investment decisions;
- shareholder engagement through dialogue with the portfolio company management teams;
- norm- and sector-based exclusions.

In addition to this charter, the Group has adopted other policies based on priority issues:

- climate
- biodiversity
- voting policy and principles of governance of listed companies
- exclusion of activities in countries contributing to financial fraud
- being an exemplary employer when it comes to HR issues.

The Charter was updated in December 2022 to cover financing and to strengthen regulatory and voluntary exclusions. It is currently being rolled out across the Group and will apply to all the Group's financial entities from 1 July 2023.

FIND OUT MORE

All these documents are available on [our website](#).

Caisse des Dépôts' financial entities and their responsible investment approach

1.2.1

Banque des Territoires

Banque des Territoires invests, mainly as a non-controlling shareholder, in projects, assets and companies with the aim of working towards more inclusive, more sustainable, more attractive and more connected regions. It invests in a variety of asset classes: real estate, infrastructure, start-ups, corporate ventures, local public enterprises and social and solidarity economy companies, as well as dedicated investment funds.

Banque des Territoires supports the regions in their transformation by seeking to maximise positive social and environmental impacts.

With this in mind, it has implemented a range of measures for analysing investments from an ESG standpoint. For investments, all new projects are subject to an ESG analysis to inform decision-making and maximise the positive effects of projects over the long term. In addition, as they are underlying assets for Caisse des Dépôts' sustainability bonds, the assets in which Banque des Territoires invests

are monitored annually to measure their ESG impact. In the lender business lines, ESG considerations are directly integrated into lending criteria.

At the end of 2021, the Banque des Territoires launched a major project to assess the alignment of its financing with the first two published objectives of the EU taxonomy: climate change mitigation and climate change adaptation.

Finally, the Banque des Territoires carries out regular ESG assessments on its portfolio, making recommendations designed to feed into and improve the impact of its activities. For example, these assessments can be used to estimate the impact of the Banque des Territoires' activities on biodiversity or job creation.

1.2.2

Asset Management

The Asset Management division manages all of Caisse des Dépôts' financial investments, including amounts managed by the Savings Funds.

As the leading public asset manager, with €244 billion in assets under management at 31 December 2022, the Asset Management division invests in a wide range of asset classes (government bonds, short-term securities for cash managed by the Savings Funds, corporate bonds, financial bonds, covered bonds, securitisations, directly held listed equities, listed asset funds, debt funds, unlisted equity funds, real estate, forests), either directly or through its three specialist subsidiaries:

- **CDC Investissement Immobilier**, which manages Caisse des Dépôts' real estate investment portfolio;
- **CDC Croissance**, a listed equity fund manager supporting the growth of small and medium-sized enterprises over the long term;
- **Société Forestière**, which manages forestry assets on behalf of Caisse des Dépôts (65,000 hectares), other institutional investors and private clients. It offers sustainable management of its customers' assets.

The investment portfolios are managed with a long-term perspective and mainly through **direct and active management**.

ESG issues are integrated into the management process for each portfolio thanks to the analysis carried out by the Asset Management division's teams, which is based on companies' published documents, data from external suppliers and direct discussions with the companies concerned.

The Asset Management division's teams provide rigorous shareholder support by:

- regularly voting at shareholders' meetings of companies in which the Asset Management division is a shareholder, based on a public voting policy
- engaging in bilateral, private dialogue with the management and governance bodies of investees.

Finally, asset managers play an important role in promoting more responsible finance, both by participating in major initiatives such as the NZAOA and the UN PRI, and through the use of instruments such as *Objectif Climat* (Climate Objective) funds. Formed alongside eleven major investors, these funds aim to develop innovative methodologies within portfolio management companies to align portfolios with the Paris Agreement.

Management of Strategic Investments

The Management of Strategic Investments division is responsible for managing the Caisse des Dépôts Group's strategic investment shareholdings, i.e. shareholdings in companies:

- contributing to Caisse des Dépôts' priority strategic objectives, with a long-term investment horizon
- generating a level of profitability that enables the Group to maintain its financial equilibrium and contribute to the financing of its public interest activities
- in which it plays an active role in governance, generally with a view to exclusive or joint control, or significant influence (majority shareholder)
- with national coverage.

It supports the development of 25 entities in the financial, real estate, infrastructure and services sectors, in line with its policy as a strategic shareholder and in the light of three types of objectives: financial, non-financial and governance principles.

The main aim of the non-financial objectives defined for each entity is to ensure that the Responsible Finance Charter and the Group's climate and biodiversity policies are rolled out by the entities controlled and consolidated by Caisse des Dépôts and, in particular with regard to responsible investment, by the Group's financial entities:

- Bpifrance (see below)
- La Poste group, through La Banque Postale and CNP Assurances (see below)
- SFIL, a public development bank whose aim is to guarantee stable financing for the local public sector in France. Since 2015, SFIL has also been refinancing large export credit contracts. It aims to use its quality rating and impeccable risk management to ensure that these companies benefit from the best financing conditions.
- STOA, an impact fund that makes long-term investments in energy and infrastructure in emerging and developing countries.

For non-consolidated entities and entities not controlled by the Group, the monitoring of non-financial objectives aims to encourage them to commit to a level of ambition similar to that set out in the Group's sustainable development policy.

In addition, the Management of Strategic Investments division manages investments in and divestments from the capital of these strategic investments according to three criteria:

- Caisse des Dépôts' financial interests
- the long-term interests of companies and their stakeholders
- the public interest.

As part of these operations, it also applies the Group's Responsible Finance Charter and climate and biodiversity policies.



Scope

OF THE RESPONSIBLE INVESTMENT REPORT

1.2.4

Bpifrance

Bpifrance is a public investment bank owned by Caisse des Dépôts and the French State. It finances companies, at each stage of their development, through loans, guarantees and equity. For start-ups and small- and medium-sized enterprises, it provides advice, training, networking and an intensive support programme to help them achieve long-term growth.

Through its operating subsidiary Bpifrance Investissement, Bpifrance takes non-controlling stakes in companies of all sizes, both directly and in funds of funds.

Bpifrance's sustainable development department supports teams in complying with regulatory requirements and developing responsible investment practices. Its main objective is to encourage companies to develop a corporate social responsibility (CSR) policy suited to their stage of development.

As part of the Caisse des Dépôts Group's climate policy, Bpifrance has established an ambitious climate plan and set up a climate committee that reports directly to its Board of Directors. Bpifrance also applies the Group's Responsible Finance Charter and biodiversity policy.

1.2.5

La Poste group

Since 2020, the Caisse des Dépôts Group has owned 66% of La Poste group, including La Banque Postale (LBP) and its subsidiaries: La Banque Postale Asset Management (LBP AM), CNP Assurances and Louvre Banque privée (non-exhaustive list). La Banque Postale Asset Management is 75%-owned by La Banque Postale and 25%-owned by Aegon Asset Management.

La Banque Postale and all its asset management subsidiaries are signatories to the United Nations Principles for Responsible Investment. La Banque Postale participates in the

development of a more socially responsible society and has committed to an SRI approach through its management company, which includes La Banque Postale Asset Management (LBP AM) and its subsidiary Tocqueville Finance, as well as Louvre Banque Privée.

CNP Assurances is a personal insurance company and a long-term investor. As a major player in the financing of the real economy, CNP Assurances is committed to a number of responsible investment initiatives, as well as initiatives combating climate change and protecting biodiversity.

1.2.6

The Social Policy division

Caisse des Dépôts' Social Policy division supports people throughout their lives. It contributes to social cohesion and reducing regional divisions by working mainly in four areas:

- pensions
- vocational training
- disability
- old age and health.

The Social Policy division is excluded from the scope of the Responsible Investment Report because the financial statements of its principals are not consolidated in the Group's financial statements.



1.3

Scope of the report covered by article 29

of the French Energy and Climate Act

1.3.1

Asset Management

According to Caisse des Dépôts' interpretation, all of the Asset Management division's activities are subject to article 29 of the French Energy and Climate Act.

Asset Management division subsidiaries:

– CDC Investissement Immobilier is dedicated to managing Caisse des Dépôts' own real estate investment assets (including the Savings Funds). As these assets are managed on behalf of Caisse des Dépôts, the entity is not accredited by the AMF. And since it is not regulated, it does not publish a separate report. The assets it manages are presented in this report under the Asset Management division scope

– CDC Croissance, a wholly-owned subsidiary of Caisse des Dépôts and an AMF-accredited management company, is subject to article 29 of the French Energy and Climate Act and publishes a separate report

– Société Forestière manages forestry assets (physical assets) and is accredited by the AMF. It is subject to article 29 of the French Energy and Climate Act and publishes a separate report.

1.3.2

Central Sector Treasury

The Caisse des Dépôts Group's Finance and Sustainable Development Policy division manages the Public Institution's cash assets for the Central Sector scope (excluding the Savings Funds). At 31 December 2022, it held an amount of €27 billion (invested in financial entities, sovereigns and corporates). This activity is subject to article 29 of the French Energy and Climate Act.

All assets are subject to ESG screening (exclusions and review of controversies). However, given that the entity only holds investments for a few months, some of the criteria set out in article 29 of the French Energy and Climate Act (decarbonisation target, biodiversity footprint, etc.) are not applicable to this scope.

1.3.3

Management of Strategic Investments

Caisse des Dépôts considers that this division's activities are not subject to article 29 of the French Energy and Climate Act. Although it sometimes initiates market transactions (acquiring or selling shares in listed companies), it

operates on a "buy and hold" basis and does not behave like an asset management company. In addition, in the Central Sector's balance sheet, assets relating to strategic investments are recorded separately from

Scope

OF THE RESPONSIBLE INVESTMENT REPORT

assets managed by the Management of Strategic Investments division (transactions in securities that are held for trading, available for sale, or held to maturity, and portfolio activity). Nevertheless, in order to strengthen Caisse des Dépôts' transparency with the regulator, this report voluntarily describes the Group's objectives in terms of climate alignment and preservation of biodiversity, as well as the **measures taken to integrate ESG risks and other article 29 provisions across the Management of Strategic Investments division scope.**

In order to target the strategic investments that, given their sector of activity and Caisse des Dépôts' ownership interest, present the most material ESG issues for Caisse des Dépôts, the scope of voluntary reporting for the Management of Strategic Investments division covers:

- all wholly-owned entities, regardless of their ESG materiality
- all companies that are over 15%-owned, except those that are considered to have low ESG risks and impacts.

1.3.4

Banque des Territoires (BdT)

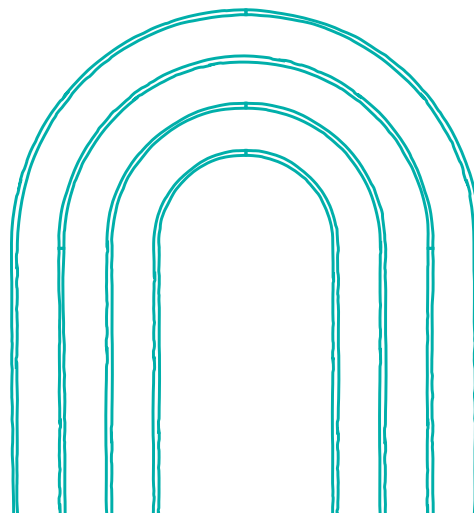
The Banque des Territoires is not a portfolio management company. It acts as a long-term investor on behalf of the Central Sector.

With regard to the Savings Funds, while the financing of social housing may constitute a financial asset, Banque des Territoires is a lender, not an investor. Caisse des Dépôts therefore considers that the activities of Banque des Territoires are not subject to article 29 of the French Energy and Climate Act.

The reporting scope for the Management of Strategic Investments division is as follows:

- **Consolidated controlled or jointly controlled companies:** La Poste group, Bpifrance, SFIL, STOA, Compagnie des Alpes, Transdev, Icade, CDC Habitat (under Banque des Territoires), SCET (under Banque des Territoires), Tonus Territoires (under Banque des Territoires), Société Forestière (under the Asset Management division), CDC Biodiversité
- **Non-consolidated controlled companies:** Arpavie, Novethic (integrated in the Management of Strategic Investments division portfolio in 2022), I4CE (integrated in the Management of Strategic Investments division portfolio in 2022)
- **Entities not controlled by the Group:** Egis, RTE, GRTgaz, Suez (stake acquired in early 2022), Qualium.

Nevertheless, in order to strengthen Caisse des Dépôts' transparency with the regulator, the article 29 report may analyse the environmental objectives voluntarily applied to the Banque des Territoires scope in order to report on the application of the Group's sustainable development policy to a Caisse des Dépôts investment portfolio.



1.3.5

Conclusion on the application of article 29 of the French Energy and Climate Act

Caisse des Dépôts – Public Institution	Entity subject to article 29	Amounts subject to article 29 of the French Energy and Climate Act in €bn	Comply or explain for the 2022 report
Asset Management, comprising the assets managed by Société Forestière, CDC Croissance and CDC Investissement Immobilier, and the cash managed by the Savings Funds	Yes. All of the division's activities are subject to article 29 of the French Energy and Climate Act	244	Yes: comply. For methodological reasons, some article 29 criteria cannot yet be applied to all the asset classes managed by the division. A detailed table is provided in part 6 of this report, showing how the provisions of article 29 of the French Energy and Climate Act have been applied to each asset class according to the "comply or explain" principle.
Central Sector Treasury	Yes	27.4	Yes: Comply. All assets are subject to ESG screening (exclusions and review of controversies). Given that the entity only holds investments for a few months, some of the criteria set out in article 29 of the French Energy and Climate Act (decarbonisation target, biodiversity footprint, etc.) are not applicable to this scope.
Management of Strategic Investments	No. Voluntary article 29 reporting	43.3	The Management of Strategic Investments division applies the Responsible Finance Charter and the Group's climate and biodiversity policies, which are applicable to the financing and investments that the division carries out in the companies it finances.
Banque des Territoires (BdT) investment activities	No. Voluntary article 29 reporting	6.2	The investment activities of Banque des Territoires, an integral part of Caisse des Dépôts, are covered by provisions 1, 2, 3, 4, 5 and 6e) of article 29. Provisions 4a), 5b), 6a), 6b), 6c) and 7 on climate alignment and biodiversity are subject to qualitative reporting.

See Appendix B for further details on the application of the decree implementing article 29 of the French Energy and Climate Act, the "comply or explain" principle and the associated action plan, where applicable.

1.3.6

Application of article 29 of the French Energy and Climate Act to Group subsidiaries

Several financial subsidiaries and entities of the Caisse des Dépôts Group are subject to article 29 of the French Energy and Climate Act and publish separate reports in this respect:

– La Banque Postale Group entities (LBP

AM, Louvre Banque Privée and CNP Assurances)
– CDC Croissance
– Société Forestière
– Bpifrance

1.4

Transparency and *external communication*

1.4.1

At Group level

The Group is committed to transparency in its relations with investors and partners.

It reports on its responsible investment policy in its Business Review and Sustainable Development Report and its Social Responsibility Report as well as through its website.

The Business Review and Sustainable Development Report also includes the non-financial information statement (NFIS), which Caisse des Dépôts publishes voluntarily. In order to identify and manage the main sustainability issues for its business, the Caisse des Dépôts Group maps ESG risks using the double materiality approach, integrating both the risks faced by the Group's activity and the negative and positive impacts of its activity on the world⁽²⁾.

In parallel, the annual report of the Savings Funds managed by Caisse des Dépôts provides particular transparency on the management of regulated savings.

Each year, the Group publishes the following reports on the [responsible investment page of its website](#). The latest versions are as follows:

- 2021 Responsible Investment Report
- 2021 PRI Transparency Report (for 2020)
- Voting results for 2022 shareholders' meetings

The following policies are published on the website:

- the [Responsible Finance Charter](#)
- the [Climate policy](#)
- the [Biodiversity policy](#) (adopted in December 2022)
- [Caisse des Dépôts' anti-money laundering and terrorist financing system](#) (in French only)
- [2023 voting policy and principles of governance of listed companies](#) (in French only).

(2) See the Group's Social Responsibility Report for more information.

1.4.2

At the level of the financial entities of strategic investments











Investee subsidiaries publish their responsible investment policies on their websites and in their respective reports.

As asset managers, CDC Croissance and Société Forestière also provide ESG reports for their investors at least once a year and on request.

In addition, Société Forestière has implemented a Sustainable

Management Charter, an integral part of the agreement with its clients, and sends out letters to members of forestry groups.

The table below shows the various communication materials and annual ESG reports published by the Caisse des Dépôts Group and its strategic investments.

Caisse des Dépôts Group (BdI, Asset Management, Management of Strategic Investments)	Strategic investments								
	Bpifrance	La Poste group				CDC Croissance	Société Forestière	SFIL	STOA
		LBP AM	LBP	CNP Assurances	Louvre Banque Privée				
<ul style="list-style-type: none"> - Business Review and Sustainable Development Report and supplement - Savings Funds Annual Report - PRI Transparency Report 	<ul style="list-style-type: none"> - ACT Commitment Charter - Charter of public investors for the climate - Bpifrance CSR Sustainable Development Charter - Public investor charters for the SDGs - Bpifrance 2021 Sustainable Development Report - Due diligence on negative impacts - 2022 	<ul style="list-style-type: none"> - Group voting policy 2023 - 2022 biodiversity policy - Biodiversity: a change of course is needed - Decarbonising portfolios - PRI Transparency Report 	<ul style="list-style-type: none"> - 2023 Coal Policy - 2023 Oil and Gas Policy - Principles for investing in the aviation sector 2023 	<ul style="list-style-type: none"> - Responsible Investment Report - PRI Transparency Report 	<ul style="list-style-type: none"> - SRI Charter 	<ul style="list-style-type: none"> - ESG ambition - Managing conflicts of interest - Annual report on shareholder engagement policy - Remuneration policy 	<ul style="list-style-type: none"> - Sustainability-related disclosures in the financial services sector 	<ul style="list-style-type: none"> - CSR Annual Report - SFIL's social and environmental strategy 	<ul style="list-style-type: none"> - Impact Report
									





Key figures

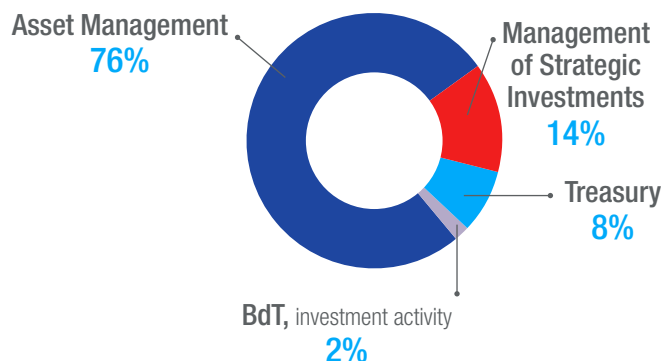
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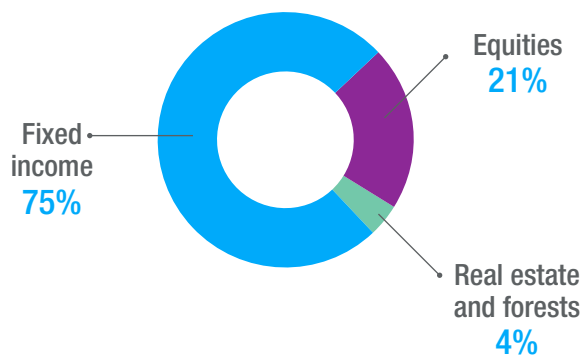
Key figures 2022

Breakdown of investments within the scope of article 29 of the French Energy and Climate Act 2022

Breakdown of investments by asset class



Breakdown of investments for asset management (3)



Climate

Group scope

Amount committed
to the Ecological Transformation
between 2020 and 2022(4)

€53.4m

Share of investments that are aligned with or
covered by targets aligned with the objectives
of the Paris Agreement

66%(5)

Caisse des Dépôts scope (Asset Management)

Reduction in the carbon intensity of the equity
and corporate bond portfolio
since 2020(6)

For directly held equities

-27%

For corporate bonds

-16%

Proportion of exposure to fossil fuels
on all CDC Asset Management portfolios
(balance sheet value)

Proportion of exposure to thermal coal(7)

0.01%

*Proportion of exposure to companies
active across the fossil fuel value chain
(100% of their activity taken into account)(8)*

3.59%

ESG maturity

Group scope

Share of investments subject to
ESG screening (decision-making and monitoring)

98.19%

for: Asset Management, Banque des Territoires, Central Sector Treasury,
CDC Croissance, Société Forestière and STOA.

Caisse des Dépôts scope (Public Institution)

Number of full-time equivalent employees
working on ESG issues⁽⁹⁾

33.4

Share of financial entity employees
trained in ESG issues⁽¹⁰⁾

95%

Budget dedicated to the integration of ESG issues⁽¹¹⁾

€4.65m

Share of investments that are taxonomy-eligible
or taxonomy-aligned⁽¹²⁾

Eligible (voluntary methodology)

18%

Aligned (voluntary methodology)

2%

Caisse des Dépôts scope (Asset Management)

Share of portfolio companies that have engaged in
shareholder dialogue on ESG issues⁽¹³⁾

58%

Number of portfolio companies that have engaged in
shareholder dialogue on biodiversity protection issues⁽¹⁴⁾

24

Biodiversity footprint⁽¹⁵⁾

(Intensity of biodiversity impact per €k of revenue)

Dynamic terrestrial impact (flow)

25 MSA.sq.m per €k

Static terrestrial impact (stock)

231 MSA.sq.m per €k

(3) Fixed income: sovereign bonds, short-term securities for the Savings Funds treasury, corporate bonds, bonds issued by financial institutions, covered bonds, securitisations. Equities: directly held equities, listed asset funds, debt funds, private equity funds.

(4) Investments and financing by Caisse des Dépôts, Bpifrance, LBP, LBP AM (included from 2021), CNP Assurances and SFIL.

(5) Alignment indicator, based on the Group's total investments at 31 December 2022.

(6) 13 SDG targets: for equity and corporate bond portfolios, 20% reduction between 2020 and 2025 and 55% reduction between 2020 and 2030 (in tCO2/€k).

(7) Coal: this indicator represents the Asset Management division's investments in companies involved in thermal coal according to the selected data provider, and companies added manually where this data was not supplied by the provider. The investment is weighted according to the percentage of revenue that thermal coal represents in the company's total revenue.

(8) Indicator calculated based on the balance sheet value of all Caisse des Dépôts asset management portfolios. This indicator covers not only exposure to oil and gas producers, but to all stakeholders in the value chain including utilities and related network, transport, and equipment services. The indicator is presented based on a combination of sector data and fossil fuel revenue data, supplied by two separate data providers. As intended by article 29 of the French Energy and Climate Act, the Asset Management division considers 100% of an exposed company's revenue without weighting it based on fossil-related activities alone, i.e. without taking into account other activities and "green" activities. Less than 1% of the companies in the portfolio generate more than 50% of their revenue from fossil fuel-related activities.

(9) For the Public Institution's financial business lines (Asset Management, Management of Strategic Investments and Banque des Territoires) and cross-functional departments.

(10) Weighted average (BdT investment activity, Asset Management, Management of Strategic Investment).

(11) For: BdT, Asset Management, and the Sustainable Development Policy department of the Finance and Sustainable Development Policy division.

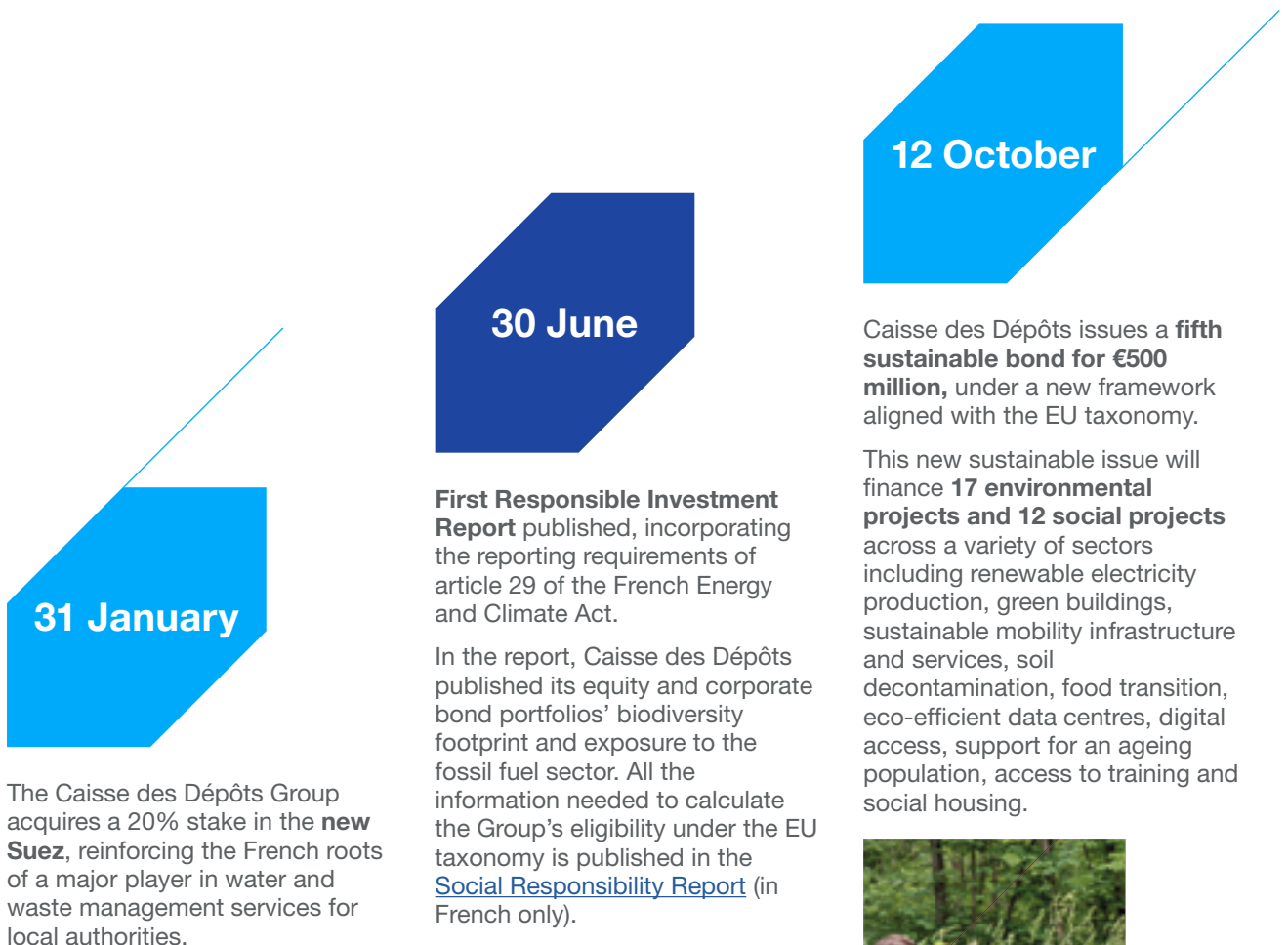
(12) The results obtained are only partial and reflect the information available to date. See Section 6.1.5 for full taxonomy reporting (including regulatory).

(13) Calculated based on investment amount for the Asset Management division's portfolios of directly and indirectly owned listed equities and corporate bonds.

(14) Corresponding to 58% of all of the Asset Management Division's portfolios.

(15) MSA: Mean Species Abundance: metric for aggregating different types of impact on biodiversity. Calculated based on balance sheet value, based on portfolios of directly held listed equities and bonds.

2022 HIGHLIGHTS



26 October

In order to strengthen its contribution to France's goal of reaching net zero by 2050 and to minimise the climate risks of its activities, the Caisse des Dépôts Group adopts a **new climate policy, published to coincide with Climate Finance Day.**

Covering all the Group's business lines, the climate policy is made up of several commitments, many of which are sector-specific, aimed at aligning the Group's activities with the 1.5°C scenario. For the first time, the policy also includes a climate risk roadmap and an action plan for adapting to climate change.

As part of the policy, Caisse des Dépôts also commits to **lower the carbon emissions of its corporate bond and equity portfolios by 55% over the 2020-2030 period.**

The Group's financial entities pledge to cease direct financing of new oil and gas projects and to limit their exposure to companies developing new projects in these sectors. From 2023, they aim to stop investment and financing in companies with more than 5% of revenue linked to thermal coal, compared with 10% previously, and which have no plans to withdraw from the sector.



9 December

The Asset Management division is named "Most influential institutional investor in terms of ESG issues" by

French investment industry bodies Instit Invest and Agefi, which recognises institutional investors (pension funds, insurers, foundations and companies) for adopting good practice in terms of financial communication and management and in various other areas.

The criteria covered ESG policy, exclusion and commitment criteria, and the entity's role in industry initiatives.

This award highlights the resources deployed by Caisse des Dépôts to advance market practices in the area of ESG.



13 December

– Caisse des Dépôts and several Group subsidiaries sign a **joint statement** drawn up by the UNEP Finance Initiative (Unep FI), the Principles for Responsible Investment (PRI) and the Finance for Biodiversity Foundation ahead of COP 15 Biodiversity. The signatories commit to contributing to the protection and restoration of biodiversity and ecosystems through their financing activities and investments. They call for the adoption of an **ambitious Global Biodiversity Framework (GBF) at COP 15.**

– Caisse des Dépôts publishes its very first **Group biodiversity policy.** The Group is committed to placing biodiversity at the heart of its ecological transformation strategy and to contributing to the achievement of national and international biodiversity targets.

– The Executive Committee adopts the **Group's new Responsible Finance Charter**, which steps up provisions relating to ESG exclusions, the handling of controversies and ESG analysis of investments.

– The Executive Committee adopts a plan to integrate ESG criteria into the **variable remuneration of Caisse des Dépôts (Public Institution) executives.** The Strategic Investment division also monitors and manages the integration of these criteria into the variable remuneration of senior management at Caisse des Dépôts subsidiaries.

Govern- nance

Caisse des Dépôts is a public financial institution established by the French Law of 28 April 1816 and governed by the French Monetary and Financial Code (*Code monétaire et financier*). Its status and governance are unique in France.

Caisse des Dépôts is closely supervised by the French Parliament and the legislative process. This means that the French Parliament exercises control over its activities, while guaranteeing its autonomy, in particular so that it can manage private funds requiring special protection.

The Caisse des Dépôts Group (whose aggregate total assets exceed €1,300 billion) is governed by a Supervisory Board, made up of members of the French National Assembly, senators, people appointed by French Parliament and the French State, Caisse des Dépôts employee representatives, and a representative of the French State, which monitors and oversees major decisions.

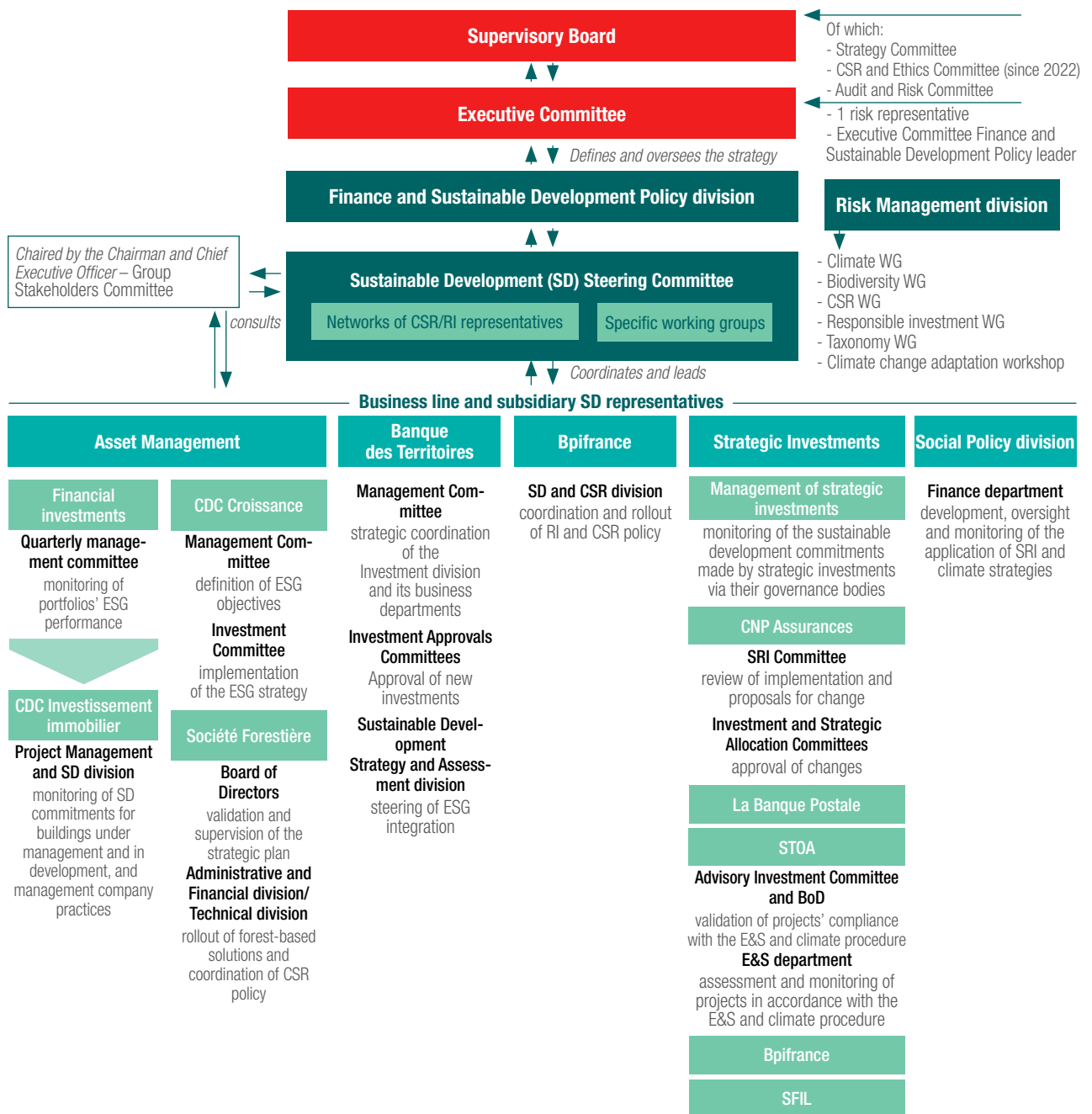
In particular, the Supervisory Board deliberates on strategic policies and investment operations in excess of €150 million, and approves the budget. The governance model is described in the Social Responsibility Report. The Group's governance bodies, i.e. the Executive Committee and the Supervisory Board, supervise and approve the implementation of the Responsible Finance Charter.



3.1

Governance *geared towards responsible finance*

By factoring environmental, social and governance issues into its operating procedures, the Caisse des Dépôts Group's governance bodies ensure that the Group's responsible investment strategy is properly supervised and managed.



The *Supervisory Board*

In accordance with article L. 518-7 of the French Monetary and Financial Code (*Code monétaire et financier*), the Supervisory Board deliberates on the strategic policies of the Public Institution and its subsidiaries, including the medium-term plan, as well as on investment and divestment programmes, as provided for in its rules of procedure.

The Supervisory Board has a number of specialist committees, including the Audit and Risk Committee, the Savings Funds Committee, the Investment Committee, the Strategy Committee, the CSR (Corporate Social Responsibility) and Ethics Committee, and the Appointments and Remuneration Committee. Based on the work of these committees, the Supervisory Board may issue recommendations, the implementation of which it monitors formally each year.

The Supervisory Board's members have a diverse range of complementary skills and backgrounds, and many of them have significant experience in sustainability issues.

For example, **Alexandre Holroyd**, a member of the French National Assembly and Chairman of the Supervisory Board since September 2022, contributed to the development of green finance in public policy with his 2020 report on choosing green finance in the interests of the Paris Agreement, which was submitted to the French Minister for the Ecological Transition and the Minister for the Economy and Finance. It sets out 24 recommendations to better direct investment towards financing the ecological transition.

Claude Karpman Nahon, who has been a member of the Supervisory Board since 24 December 2020, also has in-depth expertise in sustainable development issues, having served as the EDF group's Director of Sustainability and the Environment, and as a member of the Académie des Technologies, the Météo et Climat Board of Directors and the JPI Climate Transdisciplinary Advisory Board. She has also been Vice-Chair of IDDRI, the French Institute for Sustainable Development and International Relations, since 2013.

Michèle Pappalardo, who sat on the Supervisory Board from 3 February 2020 to 2 February 2023, was formerly Chair of the ADEME, the French agency for Ecological Transition, and then Chief of Staff to Nicolas Hulot, the French Minister for the Ecological and Solidarity Transition. She is currently Vice-Chair of the Fondation pour la Nature et l'Homme and Chair of the French Minister for the Economy and Finance's Socially Responsible Investment label committee.

Jean Pisani-Ferry, who was a member of the Supervisory Board from 3 February 2020 to 2 February 2023, is an economist. He was Commissioner General of France Stratégie between 2013 and 2016 and then coordinator of a €50 billion major investment plan in the areas of the ecological transition, development, skills, healthcare, transport, agriculture and modernisation of the French State in 2017.

FIND OUT MORE

For more information on Caisse des Dépôts' governance and the role and organisation of the Supervisory Board, see the website: <https://www.caisseledesdepots.fr/en/modele-unique/gouvernance>

Specialist committees

3.2.1

Audit and Risk Committee

In accordance with article 48 of the Supervisory Board's rules of procedure, the Audit and Risk Committee is responsible for reviewing the Group's risk strategy, risk appetite and overall risk exposure limits.

The climate indicators monitored by the Audit and Risk Committee are those incorporated into the risk appetite framework, and include the Group's climate commitments.

3.2.2

Strategy Committee

In accordance with article 59 of the Supervisory Board's rules of procedure, the Strategy Committee is responsible for advising the Supervisory Board on the strategic focuses of the Public Institution and its subsidiaries that are submitted to the Supervisory Board for approval and ensuring that the scope and methods of action applied by the

Public Institution subsidiary and/or division are consistent with the duties entrusted to Caisse des Dépôts.

Each year, it reviews the Medium-Term Strategic Plan (a rolling five-year plan that incorporates the SDG action plan and a strategic focus on the ecological transformation). In 2022, it reviewed the Group's energy transition strategy.

3.2.3

The CSR and Ethics Committee⁽¹⁶⁾

Claude Karpman Nahon (Chair)
Emmanuelle Auriol
Anne-Laurence Petel
Béatrice De Ketelaere
Robert Ophèle
Florence Parly

Set up following a decision of the Supervisory Board on 26 January 2022, the CSR and Ethics Committee is responsible for reviewing the Group's approach in terms of environmental, social and societal responsibility and ethics at least once a year.

In connection with the Caisse des Dépôts Group's strategy, it looks at the Group's CSR and ethics commitments and policies and their implementation, in particular in relation to climate change.

Alongside the other specialist committees, it ensures that mechanisms are in place to identify and manage the main risks in these areas and that they comply with legal and regulatory requirements.

In addition, it reviews every year:

- the information included in Caisse des Dépôts' non-financial information statement, including sustainable development disclosures and the ESG ratings of the main subsidiaries and strategic investments;
- the report issued by Caisse des Dépôts's mediator.

(16) Since 19 April 2023.

Investment Committee

In accordance with article L. 518-8 of the French Monetary and Financial Code, the Investment Committee is responsible for overseeing the implementation of Caisse des Dépôts' investment policy. It is consulted in advance of transactions in which Caisse des Dépôts et Consignations plans to acquire or dispose of equity securities or securities giving access to the capital of a company in excess of €150 million. Applications submitted to the Investment Committee include an analysis of the ESG issues relating to the transaction.

For significant transactions⁽¹⁷⁾, any investment decision relating to subsidiaries or to mergers or acquisitions with a major impact on the Group's equilibrium is submitted to the Group Investment Approvals Committee⁽¹⁸⁾, which carries out an in-depth analysis of the related ESG issues before making a decision.

The general terms and conditions and internal rules of procedure provide for:

- particular attention to be paid to the negative and positive ESG impacts of the transactions, which must have a low to moderate ESG risk profile;
- an ESG analysis to be systematically included in the documentation, which may be based on the questionnaire provided for this purpose.

In 2022, the questionnaire was replaced with an ESG analysis and rating matrix to allow for an objective analysis (see 4.2.1.4 for details of the ESG rating tool).

(17) The thresholds are set out in the appendix to the Responsible Finance Charter.

(18) The purpose of Caisse des Dépôts' Investment Approvals Committees is to:

- authorise transactions submitted to them in accordance with their respective rules of procedure;
- verify, encourage and adopt a common strategy for all subsidiaries and affiliates, in line with the Group's overall vision; and/or
- authorise the Caisse des Dépôts representative to take a position within the entity's governance bodies, it being specified that the Investment Approvals Committees do not replace the management bodies of the subsidiaries and affiliates.



3.3

Driven by senior management

3.3.1

Solid commitment to ESG issues

In light of the Caisse des Dépôts Group's public interest mission and the focus placed on the ecological transition in its strategy, the Executive Committee members have all integrated sustainable development issues into their roadmap.

The Chairman and Chief Executive Officer and certain members of the Executive Committee take part in the Stakeholders Committee, which regularly invites contributions from leading experts in climate, biodiversity and social cohesion issues.

Executive Committee members also frequently attend conferences in these areas.

The Executive Committee oversees the implementation of the Group's sustainable development strategy, validates new commitments, makes decisions regarding potential strategic impacts and stays abreast of work on climate-related financial risks.

3.3.2

An Executive Committee serving the public interest

The members of Caisse des Dépôts' Executive Committee have all had careers serving the French State and the public interest.

Éric Lombard, Chairman and Chief Executive Officer of the Caisse des Dépôts Group

Olivier Sichel, Executive Vice-President, Director of Banque des Territoires

Nicolas Dufourcq, Executive Director of Bpifrance

Catherine Mayenobe, Director of Operations and Business Transformation Management

Olivier Mareuse, Director of Asset Management and Savings Funds

Michel Yahiel, Director of Social Policy

Virginie Chapron-du Jeu, Director of Risk Management

Pierre Chevalier, Director of Legal Affairs, Compliance and Ethics

Marie-Laure Gadrat, Chief of Staff to the Chairman and Chief Executive Officer

Sophie Quatrehomme, Director of Communications, Corporate Sponsorship and Partnerships

Aurélié Robineau-Israël, Director of Human Resources

Antoine Saintoyant, Director of Strategic Investments, Group vision leader

Nathalie Tubiana, Director of Finance and Sustainable Development Policy

Given the Group's strategic focus on the ecological transformation, particularly since 2015, all of the Executive Committee's members have developed expertise in sustainable investment. In September 2022, they all took part in the Climate Fresk, improving their understanding of climate change issues.

In addition, the Group's governing bodies attended a "1.5°C target" event organised in July 2022, featuring experts

from the IPCC and members of the French High Council on Climate, providing them with up-to-date information on climate issues. It followed

on from a similar “Nature Day” event held in September 2021 with a focus on biodiversity.

3.3.3

Sustainable development policy within the Executive Committee

The Director of Finance and Sustainable Development Policy leads discussions on sustainable development issues within the Executive Committee and ensures that it validates the implementation of the sustainable development policy on a regular basis.

Members of the Executive Committee also receive ongoing updates on national and international climate and biodiversity issues.

They are careful to factor ESG issues into their management priorities and have proven experience in sustainable development.

3.4

Stakeholders Committee

Set up in June 2020, the Group's Stakeholders Committee aims both to:

- guide the Group's choices in the area of sustainable development; and
- provide high-level expertise on matters relating to the climate, the energy transition, biodiversity, the circular economy and social and regional cohesion.

It brings together environmental non-governmental organisations (WWF), think tanks and research centres (I4CE, Finance Watch, Novethic), local authority associations (Association des maires de France, Régions de France), a savers association (Cercle des épargnants), business representatives (environmental companies, SMEs in the renewable energy sector), experts and academics,

as well as public development banks (Kreditanstalt für Wiederaufbau [KfW], Agence française de développement) and the former Chairman of the French Sustainable Investment Forum.

The Stakeholders Committee meets twice a year with the Chairman and Chief Executive Officer and the Group Executive Committee in attendance, so that its recommendations are shared directly to the highest level of Group management.

The approach to stakeholder dialogue is set out in Caisse des Dépôts' Social Responsibility Report (in French only).

Role and organisation of the Sustainable Development **Policy department**

In 2023, the Sustainable Development Policy department was integrated into the Finance division, which was subsequently renamed the Finance and Sustainable Development Policy division.

This department coordinates ESG issues at Group level and oversees the implementation of policy in this area across the Group, in conjunction with the business lines and subsidiaries. It reports to the Group's various entities and its stakeholders on the Group's positions and achievements in the area of sustainable development.

In particular, it is responsible for:

- **coordinating** the Group's activities in the areas of climate change, biodiversity, the SDGs, responsible investment and ESG reporting;
- **strengthening** the Group's commitment to sustainable development;
- **ensuring** that regulatory requirements in the area of non-financial reporting are properly integrated within the Group;
- **supporting** the business teams in terms of shareholder engagement, the low-carbon trajectory and adaptation measures;
- **consolidating** and overseeing how green financing is used; and
- **ensuring** that sustainable development policy objectives are met.

The Sustainable Development Policy department was made up of ten ESG experts with varied, complementary skills in areas ranging from responsible investment to biodiversity, climate change, climate change adaptation, taxonomy and ESG reporting.

From May 2023, the CSR teams focused on the Public Institution's internal operations, comprising 6 employees, will be joined with the Sustainable Development Policy department in order to strengthen synergies between the Group's financial and non-financial entities.

Nathalie Lhayani heads up the Group's Sustainable Development Policy.

In this capacity, she coordinates Group policy relating to responsible investment, climate change, biodiversity and SDGs and ESG reporting for all Caisse des Dépôts Group entities. A member of Novethic's Strategy Committee, she also sits on the Board of Directors of CDC Biodiversité and ORSE.

On 17 June 2022, she was elected Chair of the Sustainable Investment Forum. Following her studies in applied economics and development economics at the Geneva Graduate Institute and Paris IX Dauphine University, she developed expertise in ecological transformation through her work with international institutions (1999-2000), European institutions (2012-2016) and the French Ministry for the Ecological Transition (2017-2019).

3.5.1

Sustainable Development Steering Committee

Chaired by the Director of Finance and Sustainable Development Policy, the Sustainable Development Steering Committee comprises the sustainable development leaders of the different Group entities and meets four times a year to set the Group's ESG priorities.

The Committee meetings are an opportunity to:

- present or reiterate the Group's sustainable development ambitions, as communicated by the governance bodies;
- review the Group's sustainable development initiatives, particularly in the area of climate change;

- strengthen the Group's commitments in all areas of sustainable development and invite subsidiaries and strategic investments to join various working groups within the Group or external bodies;
- review all Group policies and strategies; and
- monitor the reporting of indicators and regularly review the process for identifying and assessing ESG risks.

3.5.2

Close coordination with subsidiaries

The Finance and Sustainable Development Policy department leads several working groups on climate, biodiversity, transport, real estate, fossil fuels, taxonomy and adaptation, and participates in several committees and workshops with all subsidiaries and strategic investments and the support functions (legal, risk management, compliance, IT, purchasing, etc.).

In the area of responsible investment, the responsible investors network brings together more than 40 managers from the investment teams, support functions and ESG.

The network discusses all the ESG issues covered in the working groups in order to strengthen the financial entities' commitment to responsible investment.

The department's recent integration within the Finance division means that it has strong support in linking sustainable development and financial issues.

As an example, since 2019, the indicators linked to the SDGs have been incorporated into the Group's medium-term strategic vision.

3.6

Oversight of ESG risks

3.6.1

Caisse des Dépôts' ESG Risk Oversight Committee

The ESG Risk Oversight Committee is responsible for implementing the ESG risk roadmap, which is designed to incorporate these risk factors into the conventional risk management framework.

It is led jointly by the Finance and Sustainable Development Policy division's Sustainable Development Policy department and the Risk Management division.

The ESG Risk Oversight Committee meets quarterly and is responsible for:

- strengthening the integration of ESG risks into the Group's practices;
- regularly reviewing developments in methodology and tools for identifying and assessing ESG risks, in particular climate risks, and the underlying methodological assumptions;
- assessing all significant ESG risks and the management policies to be adopted;
- monitoring reporting indicators in relation to risk appetite; and
- assessing subsidiaries' policies for integrating ESG risks.

In 2022, the ESG Risk Oversight Committee gave the go-ahead for a climate change stress test to be performed on the Public Institution's listed shares and requested that an ambitious project be launched for 2023 to develop harmonised methodology for scoring climate change risks across all the Public Institution's assets.

The project was launched in the last quarter of 2022 and will continue throughout 2023, monitored closely by the Public Institution's governance bodies through presentations to the Executive Board and the Supervisory Board.



3.6.2

Close coordination with subsidiaries

Since 2020, the Risk Management division has been working with the Sustainable Development Policy department to coordinate an ESG risk network at Group level, with a view to sharing the work carried out by each entity, best practices, methodology and data sources, and to finding solutions to future risk modelling challenges. The network meets quarterly to discuss issues of common interest.

In addition, the Public Institution regularly organises bilateral meetings with the financial subsidiaries on technical and methodological matters to ensure that practices and methodology are consistent across the Group. In 2023, these bilateral discussions took place even more regularly, as the financial subsidiaries and the Public Institution were simultaneously working to develop scoring tools.

3.6.3

Gradual integration into the Risk Management division

The Group Risk Management division is responsible for analysing and measuring non-financial risks, in coordination with the Permanent Control and Compliance division, which ensures that operational risks are properly monitored and controlled, the Public Institution's divisions and the subsidiaries.

It reports to senior management and the Supervisory Board. In view of the impact of non-financial risks on operational and financial risks, the Group's Risk Management division incorporates them into the Group's overall risk map and risk appetite system.

A harmonised climate risk scoring system is being developed to assess and monitor these risks more accurately and more extensively, both to inform investment and financing decisions and as part of regular risk monitoring activity.

Work on this system should begin to bear fruit in 2023. On 1 January 2023, the Risk Management division set up a new team dedicated to measuring and monitoring climate and ESG risks. The team's will strengthen the division's skills and capacity for innovation and development on these priority issues.

3.7

Remuneration policy

3.7.1

Integration of ESG into the remuneration policy for all employees: incentive schemes

Caisse des Dépôts (Public Institution) takes ESG criteria into account for calculating incentive payments for all its employees.

In June 2021, a new incentive agreement was entered into for the 2021-2023 period. The agreement covers all Caisse des Dépôts employees and includes both cross-cutting objectives for all activities as well as objectives specific to the activities and functions of Caisse des Dépôts' major business lines.

Some of the criteria relate to the achievement of the targets set out in the Sustainable Development Goals (SDG) action plan (in particular the achievement of the targets relating to **SDGs 13 and 7** on the fight against climate change and the energy transition, which reflect the Group's climate commitments). Different levels of achievement are set for calculating incentive payments, including outperformance levels to encourage employees to exceed their objectives. In 2022, the average achievement level was more than 100%.

The first amendment to the 2021-2023 incentive agreement signed in June 2022 includes a criterion covering the contribution of business lines and support functions to achieving the Group's SDG action plan, and specifically adds a criterion for SDG training (mandatory e-learning) for calculating incentive payments.

The SDG targets cover the three main dimensions of sustainable development and corporate social responsibility:

- the ecological transition;
- the fight against inequality and social cohesion;
- inclusive economic growth.

The entities' annual strategic objectives for responsible investment are also reflected in managers' objectives and, where applicable, those of Caisse des Dépôts' teams. In this way, Caisse des Dépôts sets collective and individual objectives for the majority of its employees, which are reflected in their variable remuneration.



3.7.2

Integration of ESG objectives into the variable remuneration of Executive Committee members and senior executives

The variable remuneration policy for Executive Committee members is designed to reward individual performance. It is based on the achievement of qualitative and quantitative objectives set each year in consultation with the Chairman and Chief Executive Officer.

These objectives comprise a management component (the *Grandissons ensemble* guidelines) and a component linked to the strategic plan, which includes the achievement of objectives relating to the ecological transformation.

In 2022, a large majority of the Public Institution's senior executives had at least one ESG objective set out as part of their objectives and performance review.

In 2023, an action plan has been rolled out to integrate ESG criteria more systematically into senior executives' variable remuneration. The aim of the plan is to incorporate ESG criteria into the business objectives of all the members of the Public Institution's Executive Committee and the other executives reporting to the Chairman and Chief Executive Officer, as well as the members of Banque des Territoires' Executive Committee.

It also aims to include an ESG objective in the roadmaps of each department, so that this criterion is applied to senior executives reporting to the members of the Public Institution's Executive Committee and to the Chairman and Chief Executive Officer, and to members of Banque des Territoires' Executive Committee.

Achievement of these objectives will be taken into account in 2024 when calculating variable remuneration for 2023.

THE ESG OBJECTIVES CLEARLY REFLECT THE CAISSE DES DÉPÔTS GROUP'S POLICIES

They are linked to the commitments and indicators in the Group's corporate purpose, particularly in terms of the ecological transformation:

- Percentage of greenhouse gas emissions from operations covered by a reduction target in line with the Paris Agreement;
- Percentage of the Group's investments and other financing aligned with or covered by targets aligned with the Paris Agreement.





Incorporating
ESG issues

into the Group's
strategy



HOTEL DU GOLFE



4.1

An investment strategy

focused on the long term

Caisse des Dépôts is a long-term investor that generates a positive impact on society as a whole by complying with the Principles for Responsible Investment (PRI).

Caisse des Dépôts also has a prudent and counter-cyclical asset management policy, characterised by the following:

- long-term asset ownership;
- exclusion of certain types of products and instruments (e.g. hedge funds);
- use of derivatives solely for hedging purposes;
- adopting non-speculative positions (no short trading).

When making investment decisions, the Group takes the long-term impacts on the environment and society into account.

With this in mind, Banque des Territoires, as a prudent investor, seeks to maximise positive non-financial impacts and minimise the negative ones. To do this, it seeks the best possible leverage effect and the creation of long-term financial, environmental and societal value for local communities and economic players (employment, improved quality of life, reduced transport times and/or greenhouse gas emissions, consumption of natural resources, etc.).

The Asset Management division also takes the non-financial impacts of investments into account, both when selecting investments and when performing detailed pre-investment analysis and asset monitoring.

Strengthening

the Group's policies

Responsible Finance Charter

In 2012, the Group adopted a Responsible Investment Charter to enhance the impact and limit the risks of our investments. The Charter is based on three main principles:

- integration of ESG (environmental, social and governance) criteria in all investment decisions;
- shareholder engagement through dialogue with the portfolio company management teams;
- norm- and sector-based exclusions.

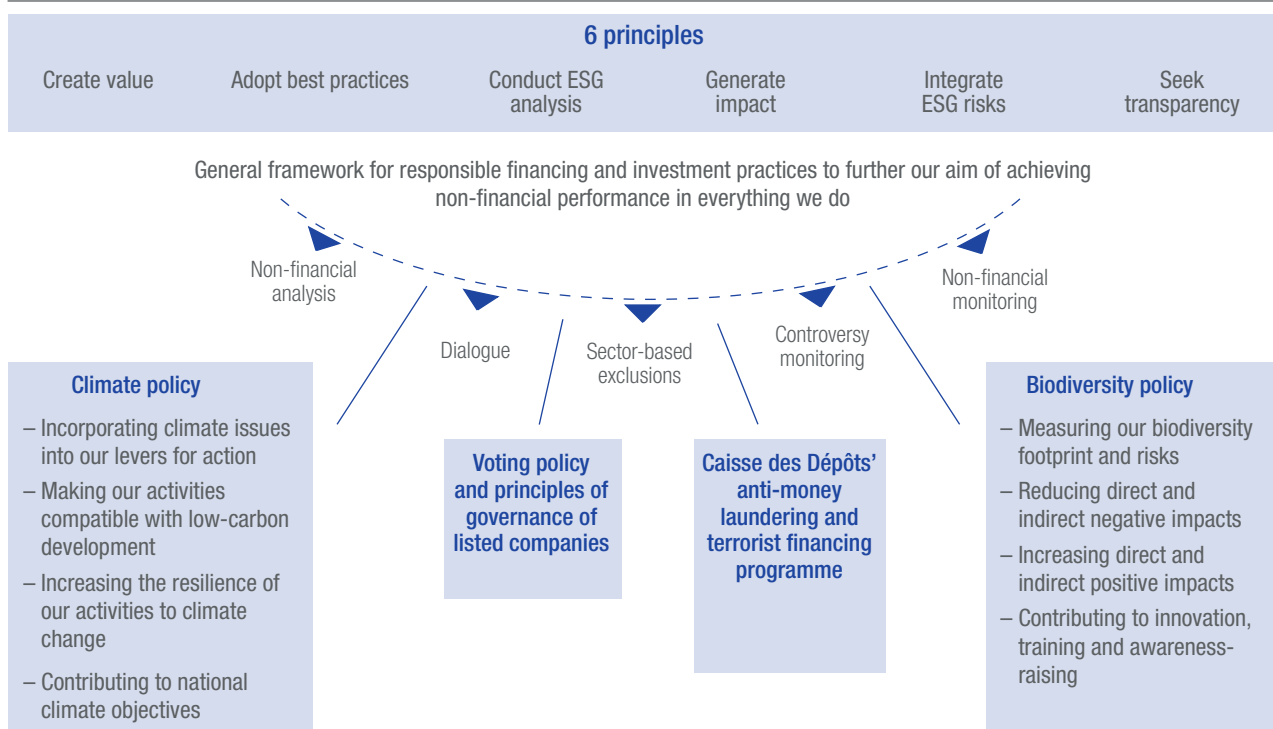
In addition to this charter, the Group has adopted other policies based on priority issues:

- climate (including fossil fuels, real estate and transport);

- biodiversity;
- voting policy and principles of governance of listed companies;
- Caisse des Dépôts' anti-money laundering and terrorist financing programme.

The Charter was updated in December 2022 to cover financing and to strengthen regulatory and voluntary exclusions. [The new Responsible Finance Charter](#) will apply to all of the Group's financial entities from July 2023 and is linked to all of the Group's environmental policies, as shown in the diagram below.

Responsible Finance Charter



Incorporating ESG issues

INTO THE GROUP'S STRATEGY

The new charter defines the exclusions for all of the Group's activities, as well as the reference frameworks applicable to its investments and financing. It explains what tools are in place for incorporating ESG issues into the ESG investment and financing strategy.

In particular, it describes what ESG criteria are applied by the Investment Approvals Committee when analysing investments, using a ratings tool tested in 2022 and implemented in 2023.

These criteria aim to ensure that our actions have a positive impact on the environment and on society, but also to mitigate the financial risks that may arise from ESG issues (see Chapter 5 for more details).

Controversies must also be reviewed prior to making investment or financing commitments and as part of the monitoring process to ensure that the entity is not involved in any ESG controversies.

EXCLUSION LIST

The [strengthened exclusion list](#) includes **social and ethical** aspects, such as:

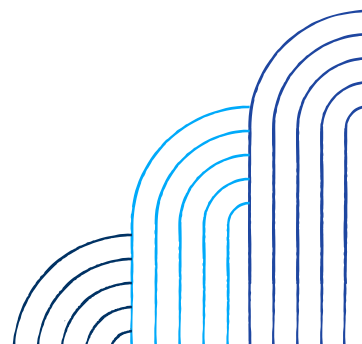
- activities involving **forced labour, child labour or human trafficking**, as far down the value chain as possible;
- main business of manufacturing or trading in **pornography**;
- main business of trading in **gambling**;
- main business of manufacturing, storing or selling **tobacco**;
- production, development, stockpiling, distribution, marketing or use of **controversial weapons**⁽¹⁹⁾;
- speculation in **agricultural commodities and deforestation** (cocoa, coffee, soya, livestock, rubber, palm oil, wood and pulp);
- projects involving **forced eviction** according to the United Nations, for which it is found to be materially impossible to provide compensation.

The exclusion list also **covers fossil fuels**, in particular **coal, unconventional hydrocarbons and oil and gas expansion**, in line with the Group's climate policy.

FIND OUT MORE

See [the exclusion list](#) which sets out in greater detail the scope and exceptions associated with all of the Group's exclusions.

(19) The Group excludes all projects linked to the financing of controversial weapons. Bpifrance and SFIL's export credit business will exclude all unconventional weapons referred to in international treaties ratified by France.





Nathalie Lhayani
Group Head of Sustainable Development Policy

We strive to apply the best practices in responsible investment. The Group's new Responsible Finance Charter aims to help us become more stringent when it comes to applying exclusion criteria, analysing the ESG performance of our investments and handling controversies.

4.2.1.1

Reference framework for selecting investments

The Caisse des Dépôts Group's Responsible Investment Policy is based on a number of complementary principles, reflecting the diversity of its business lines:

- capital allocation consistent with the strategic guidelines set out in its Medium-Term Strategic Plan;
- proactive compliance with legal frameworks;
- systematic analysis of the ESG issues associated with its activities and taking these into account when adding investments to the loan book and in subsequent management decisions, using methods appropriate to each asset class;
- a commitment throughout the period of ownership of the assets, including support for the company and close monitoring of its ESG strategy and the progress made using impact and dual materiality criteria;
- rigorous voting policies⁽²⁰⁾ in line with our investment and with the publicly available document, Voting policy and governance principles for listed companies 2022;
- setting ESG objectives for fund managers and the various Caisse des Dépôts entities involved in investment activities.

All investments are subject to ESG analysis using internal non-financial ratings tools or those of recognised agencies.

These analyses are often supplemented by binding rules for decision-making: minimum ESG performance thresholds, valuations based on quantitative criteria, exposure limits. They are regularly updated during the holding period and are supplemented by controversy monitoring by a dedicated Asset Management Committee.

FIND OUT MORE

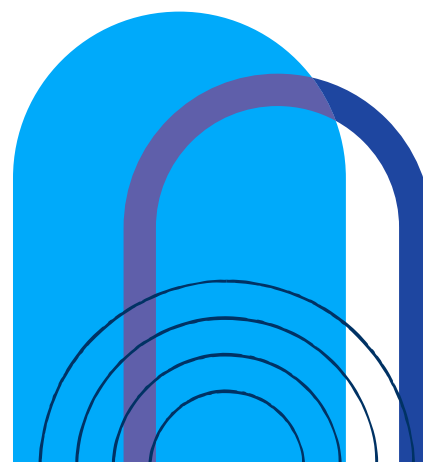
All of our responsible investment documents are available on [our website](#):

our [levers as a responsible investor](#)

our commitments [for the climate](#)

our commitments [for biodiversity](#)

(20) <https://www.caissedesdepots.fr/en/voting-policy>.



4.2.1.2

The reference framework for financing

The Group's financing meets responsible investment objectives, either because it is intended to contribute to a socially or environmentally useful objective, or because the project or counterparty involved is subject to an ESG analysis.

All of the Group's financing is governed by policies and procedures that set out various investment objectives and targets related to the following:

- social landlords and local authorities for Banque des Territoires;
- support for growing and struggling businesses, particularly small-sized and very small enterprises, for Bpifrance;
- the local public sector (local authorities and public health establishments) for SFIL/La Banque Postale.

Banque des Territoires supports the regions in their transformation by seeking to maximise positive social and environmental impacts. To accomplish this, a range of measures are in place to encourage ESG assessments and contributions. For example, for the business lines engaged in lending activities, ESG aspects are directly incorporated into lending criteria.

Bpifrance finances companies at each stage of their development, through loans, guarantees and equity. For start-ups, small- and medium-sized enterprises, it is developing an intensive support programme to help them grow sustainably.

Lastly, the local public sector is supported by SFIL through medium- and long-term loans to local authorities and public hospitals⁽²¹⁾ and by La Banque Postale, which supports customers' environmental projects ("green" business loans⁽²²⁾, impact loans⁽²³⁾, green bond issues).

4.2.1.3

Incorporating ESG into the Group's processes

In order to implement the requirements of the Responsible Finance Charter, the Group actively monitors the ESG performance of all business lines and financial subsidiaries.

As part of the monitoring process, the Chairman and Chief Executive Officer issues a letter to the management of each subsidiary reiterating the ESG objectives. The directors representing Caisse des Dépôts on the boards of directors also play a key role through their contribution to discussions regarding the entities' ESG strategies.

The Board members are briefed on ESG issues once or twice a year.

In 2015, an indicator was put in place to track the implementation of the Charter and serve as an internal steering tool for responsible investment practices within the Group. This indicator provided a detailed analysis of cross-functional and individual team practices.

Thanks to the quality of the results obtained year after year, this indicator has been discontinued, thereby streamlining the reporting process. The Group will continue its efforts to streamline the reporting process in 2023 by identifying the most relevant indicators for strengthening ESG management, mitigating ESG risks and maximising positive impacts.

(21) <https://sfil.fr/en/collectivite-locale/>.

(22) <https://www.labanquepostale.fr/entreprises/financements/financer-transition-ecologique/pre-vert.html> (in French only).

(23) <https://www.labanquepostale.fr/entreprises/transition-ecologique/financement-projets-verts/credit-impact.html> (in French only).

4.2.1.4

ESG analysis of all our asset classes

All of Caisse des Dépôts' asset classes are subject to varying degrees of ESG analysis, depending on the type of asset. The aim is to identify, avoid and mitigate the most material environmental, social and governance risks when making investment decisions, and to monitor the ESG issues related to investments and financing over time.

Analysis and rating matrixes for projects presented to the Investment Approvals Committee

In line with the goal of strengthening the Group's sustainable development policy, the ESG analysis of projects presented to the Investment Approvals Committee aims to exemplify the Group's commitment to "incorporate all ESG issues into the analysis of its investments and financing".

To achieve this, analysis and rating matrixes were developed in 2022 to: incorporate ESG criteria into investment decisions with the same importance as financial criteria, ensure that candidate projects comply with and contribute to the Group's sustainable development policy, inform the committee's decision, and equip the appraisal teams to carry out sustainability analysis. These matrixes will come into force in 2023.

The matrixes incorporate the principle of dual materiality and aim to analyse the positive and negative impacts of projects (environmental and social materiality) as well as the risks they entail (financial materiality).

They are structured as follows:



ANALYSIS AND RATING MATRIX

General information: project title, Group entity carrying out the project, location, expected committee meeting date and brief description, contribution to the Group's sustainable development policy, verification that the project or counterparty is not involved in any serious controversy, measures taken to identify and address ESG issues.

Environmental

Mitigation

- carbon footprint/decarbonisation strategy
- transition risk analysis

Adaptation

- physical risk analysis
- adaptation measures

Biodiversity

- analysis of positive and negative impacts
- dependency analysis

Taxonomy

- analysis of the project's alignment with the EU taxonomy

Social

Employment

- number of jobs created/maintained
- quality of the employment policy, including in the value chain

Social and regional cohesion

- contribution to social and regional cohesion
- populations affected by the project or activity

Customers/beneficiaries

- targeting vulnerable customers/beneficiaries
- complaints and claims procedure

Governance

Impacts

- the Caisse des Dépôts Group's ability to influence governance, particularly with regard to ESG standards, depending on the issues at stake

Risks

- quality of governance and risk management/political support for the project
- consultation with stakeholders

Four-part component

- **Climate change mitigation** with impact analysis (based on a carbon footprint for projects or a decarbonisation strategy for counterparties) and analysis of the risks of transitioning to a low-carbon economy (regulatory, market, technological and reputational risk).
- **Climate change adaptation** to identify the physical risks that the project or counterparty is exposed to and the adaptation measures taken to address them.
- **Biodiversity** to assess both the positive and negative impacts of the project or counterparty on biodiversity and dependence on ecosystems (whose degradation will be detrimental to the implementation or profitability of the project).
- **Analysis of the project or counterparty's alignment** with the EU taxonomy.

Three-part component

- **Employment** and the quality of the employment policy, including in the value chain.
- **Social and regional cohesion**, including a consultation and compensation procedure for stakeholders adversely affected by a project.
- **Customers and beneficiaries** with targeting of specific beneficiaries or customers with a view to improving access or service quality, existence of a customer complaint procedure.

Two-part component

- **The impacts** expected from the Caisse des Dépôts Group's participation in the governance or financing of the project or counterparty in terms of ESG standards in relation to previously identified issues (environmental and social in particular).
- **ESG risks** linked to governance (quality of governance and risk management and, where applicable, local support for the project).

Once the analysis has been completed, a rating is given for each of the three components (environmental, social and governance). Based on this information, the Sustainable Development Policy department issues a sustainability opinion, which is forwarded to the Investment Approvals Committee.

4.2.2

Climate policy

The Group updated its climate policy, which it published on Climate Finance Day, 26 October 2022.

This policy represents the Caisse des Dépôts Group's roadmap to achieve the following:

- making its activities compatible with low-carbon trends and, in particular, gradually aligning them with 1.5°C scenarios;
- increasing the resilience of the Group and its regions to climate change (see Section 4.2.2.4);
- contributing to national climate objectives, in particular through its financing and investment for the ecological transformation (see Section 4.2.2.5).

The policy is applicable to all of the Group's business lines and entities (financial or operational), and is intended to coordinate and consolidate its climate action.

It also aims to ensure that climate change is taken into account in all the Group's areas of action: its governance, its investment and financing selection processes, its risk management, as well as in HR areas such as incentive payments and training, and in its market activities.

Sector-based breakdowns have been drawn up and were updated in 2022 for fossil fuels, real estate and transport:

- the fossil fuel policy aims to gradually exclude the financing of thermal coal and to regulate the financing of oil and gas, particularly unconventional oil and gas, and oil and gas expansion;
- for its real estate activities, the Group is working to align its real estate portfolio with a 1.5°C scenario, but also to finance energy-efficient assets and support third parties in their own exemplary projects. The Group ensures that these projects have no negative impact on occupant comfort and is committed to reducing the other environmental impacts of its activities (emissions, waste, biodiversity);
- for transport, the Group prioritises sustainable transport assets and projects. In addition, it has set itself the objective of limiting its exposure to transport assets and projects that are potentially inconsistent with the objective to decarbonise the sector. The Group is committed to providing a budget of €3.5 billion by 2024 for sustainable transport to develop green and resilient mobility, deploy low-emission vehicle fleets and strengthen shareholder climate commitments in the sector, particularly in car manufacturing.

(24) Excluding companies supplying oil-related products and services. Excluding green bonds, sustainable bonds, social bonds and companies mainly dedicated to gas transmission, storage and distribution in France and neighbouring countries performing regulated activities requiring them to provide free access to their infrastructure.

(25) With the exception of a company developing gas in France to reduce methane emissions from old coal mines. This commitment does not apply to regulated gas transmission entities or midstream regasification projects.

(26) As a percentage of the portfolio for Caisse des Dépôts and in terms of balance sheet value for CNP Assurances. Excluding green and sustainable bonds and the financing of projects not related to new oil projects. On a case-by-case basis and in line with companies' decarbonisation pathways, LBP AM is committed to including the development of new oil and fossil gas exploration and production projects in its exclusion list.

(27) Excluding LBP AM.

4.2.2.1

Main commitments made across the investment and financing portfolios to regulate the financing of fossil fuels

Sector	Main commitments regulating the financing of fossil fuels
Coal	The Group excludes the following from its investment and financing portfolios: <ul style="list-style-type: none"> – companies whose exposure to thermal coal represents more than 10% of revenue. As of 2023, this threshold will be lowered to 5%; – companies developing new coal-fired power stations (from 300 MW of new capacity), or new coal mines or infrastructure; – mining companies with annual thermal coal production volume in excess of 10Mt; – energy suppliers whose coal-fired power generation capacity exceeds 10 GW.
Hydrocarbons sourced from oil sands, shale or the Arctic	<ul style="list-style-type: none"> – by 2050, have zero exposure to unconventional fossil fuels and regularly review this exit date with a view to bringing it forward; – portfolios of directly held companies: companies whose exposure to these energies represents more than 10% of revenue are excluded⁽²⁴⁾.
Oil and gas	<ul style="list-style-type: none"> – exclusion of all oil and gas extraction (upstream) projects⁽²⁵⁾ and any associated transport infrastructure from the portfolio of direct investments and financing; – freezing of exposure to companies developing new oil exploration or production projects⁽²⁶⁾; – new hydrocarbon production projects by portfolio companies restricted to less than 20% of developments worldwide⁽²⁷⁾; – Caisse des Dépôts has committed to excluding companies with no plan to reduce oil production from its investment portfolios.

4.2.2.2

Monitoring the carbon footprint and alignment of the Group's activities with a 1.5°C scenario

In line with its corporate purpose, the Group has set itself the goal of gradually aligning all of its activities with 1.5°C scenarios to help achieve net carbon neutrality by 2050.

All of the Group's business lines and subsidiaries measure their greenhouse gas emissions. By convention, a distinction is made between operational emissions and emissions from investments. Each Group entity must set targets for reducing these emissions by 2030, in general using

the year 2020 as a baseline.

These targets cover Scopes 1 and 2 initially, and will cover Scope 3 as soon as possible. They are gradually being strengthened to bring them into line with a 1.5°C scenario. Entities apply the most up-to-date methodologies for setting these targets (e.g. SBTi) and, if possible, obtain third-party validation. Due to variations in scope and metrics, setting an overall Group-level reduction target is not currently possible.

Emissions from investments

These correspond to emissions from financed activities in the portfolios of investors, lenders, guarantors, etc. The emissions of each asset class are calculated using different methods.

Calculating emissions from investments at the Group level is more complex and uncertain than calculating operational emissions for three reasons:

– their measurement depends on

access to data and involves making methodological choices;

- the methodological choices vary depending on the financial asset class;
- consolidation, i.e. compiling emissions from different asset classes, can involve multiple rounds of calculations.

For example, in Chapter 6, the carbon intensities of the asset management

FIND OUT MORE

For the Group's climate policy, see the [website](#) and the [Social Responsibility Report](#) (in French only).

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

portfolios of the Public Institution and CNP Assurances are calculated based on data obtained from specialised data providers and in accordance with the methodologies of the Net-Zero Asset Owner Alliance (NZAOA), adapted to the institutional investment business line to define decarbonisation targets in line with a 1.5°C scenario.

To ensure that it is meeting its ambition to align its financial activities, the Group is monitoring the proportion of its business line financing and investments that is earmarked for green assets or covered by emission reduction targets in line with the Paris Agreement, i.e. aligned with scenarios below 2°C.

This indicator aggregates, at Group level, the proportion of financing and investment that falls into one of the following three

4.2.2.3

Decarbonisation of the portfolios

The Caisse des Dépôts Group's financial entities are gradually setting objectives to decarbonise their portfolios by adopting recommended market or international practices in this area.

Caisse des Dépôts and CNP Assurances are also members of the Net-Zero Asset Owner Alliance, an international alliance of

Investor business lines

As part of its participation in the NZAOA, in 2022, Caisse des Dépôts set the following new 2030 decarbonisation targets in line with a 1.5°C scenario:

- 55% reduction (vs. 31 December 2019) in the carbon intensity (CO₂ emissions per euro invested) of the directly held listed equities and directly held corporate bond portfolios

- 50% reduction in the carbon intensity (CO₂ emissions per sq.m) of its real estate investment portfolio.

The abovementioned objectives are supported by a proactive policy of shareholder engagement.

The Caisse des Dépôts Group expects listed companies to:

- commit to carbon neutrality by 2050;
- implement an ambitious strategy to reduce Scope 1, 2 and 3 emissions, or, at

categories:

- earmarked for assets that are "aligned" by definition, in particular in connection with the financing of the ecological transition (e.g. renewable energies, green bonds, etc.) or that meet the EU Taxonomy criteria
- related to counterparties that have themselves set decarbonisation targets in line with the Paris Agreement
- part of a portfolio for which an aligned target has been set according to a recognised methodology and, where possible, validated by a third party. This method enables the alignment of financial portfolios to be monitored, bypassing the difficulty of calculating the total amount of emissions from investments.

Initial results for this indicator are presented in Chapter 6.

institutional investors launched under the aegis of the United Nations in 2019 to decarbonise portfolios.

LBP AM is a member of the Net Zero Asset Managers Initiative, which brings together asset management companies, and La Banque Postale participates in the Net-Zero Banking Alliance.

- the very least, offset them;
- set realistic quantitative targets for a significant proportion of their business;
- publish audited implementation information in accordance with TCFD recommendations;
- have appropriate governance in place, encourage dialogue with their stakeholders and include these objectives in the remuneration criteria for senior management;
- take into account the challenges associated with the just transition, in particular by implementing skills management plans and providing appropriate training.

Lending business lines

The Group's lending business lines face specific challenges insofar as the assets in their portfolios can rarely be decarbonised while they are held: these business lines must therefore adapt their loan selection policies.

Similarly, the collection of non-financial information on the loan portfolio cannot be outsourced to data providers.

Within the Group, La Banque Postale is the first bank in Europe and one of the first in the world to have its low-carbon pathways and alignment with the Paris Agreement validated by the Science-Based Targets initiative.

For more information on financing, see the Social Responsibility Report: Section 3.1.3.

Main commitments of the Group's lending business lines

Entity	Commitment
Bpifrance	Regularly measure the carbon intensity of its activities (financing, investment and assurance export) starting in 2021.
La Banque Postale	SBTi validation of its low-carbon and alignment pathways: <ul style="list-style-type: none"> – 46% reduction in GHG emissions (Scopes 1 and 2) per sq.m of the retail home loan portfolio between 2020 and 2030; – 36% reduction in GHG emissions (Scopes 1 and 2) per sq.m of the corporate real estate loan portfolio between 2020 and 2030; – reduction in the temperature of its equity and bond portfolio from a 3.1°C increase in 2019 to a 2.2°C increase in 2025 (Scopes 1 and 2); and from a 3.2°C increase in 2019 to a 1.9°C increase in 2025 (Scopes 1, 2 and 3); – reduction in the temperature of its long-term corporate loan portfolio from a 3.1°C increase in 2019 to a 2.3°C increase in 2025 (Scopes 1 and 2) and from a 3.1°C increase in 2019 to a 2.1°C increase in 2025 (Scopes 1, 2 and 3); – project financing: continue to finance exclusively renewable energy projects.

4.2.2.4

Climate Adaptation Action Plan

In 2022, the Group launched its [Climate Adaptation Action Plan](#) which will be fully rolled out by asset class and business by 2025.

The plan is divided into two parts:

- adapting the Group's activities;
- offering adaptation solutions to its customers and partners.

As a first step, the plan covers real estate and infrastructure investments and operations (Caisse des Dépôts, CNP Assurances, Banque des Territoires, STOA for investments, and CDC Habitat, Icade and La Poste Immobilier for operations).

Based on a variety of initial situations, these entities have committed to the following:

- carrying out physical risk assessments on portfolio assets and planned acquisitions;
- implementing or funding adaptation measures to increase their resilience to climate change;
- incorporating risk management and adaptation into their management processes;
- applying shared adaptation principles, consistent with EU taxonomy criteria, to ensure the quality of their adaptation methods.

The action plan will be extended in 2023 to Caisse des Dépôts' service subsidiaries and to its financial management and lending activities. The Group will seek out overlap with the work already carried out by all of the financial entities to estimate the physical risks of climate change (see Section 5.5).

At the same time, in 2022, Banque des Territoires developed new services to support local authorities in their adaptation strategies. These services are aimed at all regions (coastal, mountain, urban, etc.) and can address a wide variety of issues. They include a strong engineering component aimed at facilitating decision-making and operational action to adapt regions (up to €100 million between 2023 and 2027).

A range of specialised loans rounds out the offer, to finance land management projects in vulnerable areas, water management, more resilient infrastructure and buildings, and nature-based adaptation solutions.

Up to €1 billion in loans from the Savings Funds can be mobilised over five years.

4.2.2.5

Contribution to national climate objectives

Financing the ecological transformation

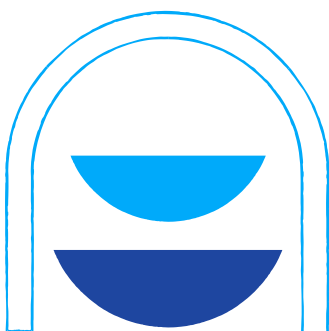
Financing the ecological transformation on a massive scale, and more specifically, the objectives of the French National Low Carbon Strategy, are at the heart of the Caisse des Dépôts Group's corporate purpose and strategic missions.

In 2020, the Group set itself the target of financing the ecological transformation to the tune of more than €60 billion between 2020 and 2024, through loans and investments. At the time, this level of ambition corresponded to around 15% of the estimated needs of the French National Low Carbon Strategy.

For example, through its investment activity, the Banque des Territoires is involved in many assets linked to the ecological transformation and decarbonisation, particularly through its strategic positioning in the following three areas:

- **energy** to enable everyone, everywhere in the country, to reduce their carbon footprint, by contributing to the goal of carbon neutrality by 2050 through objectives such as:
 - transforming, renovating and improving buildings to make them less energy-intensive and better adapted to climate change,
 - promoting the production of renewable energy,
 - organising essential networks;

- **mobility** to enable people to travel anywhere in the country while reducing their impact on the environment through the following:
 - financing transport infrastructure (construction, regeneration, modernisation and maintenance),
 - developing everyday mobility (more intelligent, sustainable and inclusive),
 - accelerating decarbonisation and reducing local nuisances (air pollution, noise) from transport (clean rolling stock and associated infrastructure);
- **the environment and biodiversity** in order to enable everyone, everywhere in the country, to enjoy a living environment adapted to current and future climate conditions, and to develop the circular economy, in particular through the following objectives:
 - optimising waste processing and associated energy production,
 - developing investments in the waste sector, in particular sorting and incineration centres and refuse-derived fuel (RDF),
 - increasing investments in the water sector,
 - contributing to improved environmental quality of life,
 - adapting to climate change and preserving biodiversity,
 - promoting local suppliers and the agro-ecological and food transition from a Group perspective.





Large-scale financing of the ecological transformation

is at the heart of the Caisse des Dépôts Group's corporate purpose and strategic missions. The Group has set itself a new objective of committing

€100 billion to the ecological transformation over the period 2024-2028.

The transition of high-emitting sectors

In 2022, the Group published sector-based guidelines to support the decarbonisation of the transport and residential/commercial real estate sectors, through its financing and the actions of its operating subsidiaries. These sectors are among the biggest emitters of greenhouse gases in France (30% and 15% of emissions respectively).

The Group intends to prioritise sustainable transport by taking action according to sector growth scenarios described by the National Low Carbon Strategy in France and the IEA worldwide, and strengthening shareholder commitment to climate change in the sector (for example, the automotive industry).

In its real estate activities, the Group aims to reduce emissions over the entire life cycle of buildings. It is also addressing other environmental challenges (adaptation, biodiversity) and is committed to tackling social issues such as the availability of decent housing for all, combating social and regional inequalities, social diversity and the health of residents.

At Banque des Territoires, environmental requirements have been assigned to most of the real estate investment product lines.

For example, for commercial property, environmental certification and/or an energy label and/or green leases have become the norm.

For other sectors that are less mature in these areas, such as tourism real estate, pre-requisites have been introduced and will evolve towards stricter requirements.

THE ECOLOGICAL AND ENERGY TRANSITION

The teams in the Banque des Territoires' ecological and energy transition department are dedicated to financing the ecological and energy transition, and work in particular on the following issues:

- the environment and the development of resources, by preserving natural resources and promoting the circular economy;
- water and waste, by investing in the production/distribution of energy from waste or biomass, and improving drinking water and wastewater treatment to preserve the natural environment;
- renewable energies, by accelerating their development, providing financing at the best price, improving the acceptance rate of projects and supporting innovation;
- energy efficiency in buildings, by renovating buildings to make them more sustainable and resilient.

4.2.3

Biodiversity policy

The biodiversity policy, published on 14 December 2022 during COP 15, has four main focuses.

4.2.3.1

Focus 1: Measuring footprints

The Group contributes directly to the development of methodologies and tools for measuring biodiversity footprints for different types of economic players, particularly financial institutions, through the BIA-GBS database, for example, developed by CDC Biodiversité and its partner, Carbone 4. Group entities are committed to measuring their biodiversity footprint by 2024, using available methodologies.

4.2.3.2

Focus 2: Reducing negative impacts

Exclusion principles

The Caisse des Dépôts Group excludes the following:

- speculation in agricultural commodities that have a direct impact on food prices⁽²⁸⁾ and commodity producers and traders who have not implemented a recognised policy to prevent deforestation⁽²⁹⁾ (cocoa, coffee, soya, livestock, rubber, palm oil, wood and pulp);
- companies whose exposure to pesticides represents more than 20% of revenue⁽³⁰⁾, from the end of 2023.

The policy defines common principles for shareholder dialogue (see Section 4.4).

Forestry assets

The Group is committed to investing only in FSC or PEFC certified forests. It has implemented a series of initiatives and objectives aimed at protecting, preserving and even restoring biodiversity in its forestry assets: measuring the biodiversity of forestry assets using a recognised method, diversifying forestry practices to increase habitat types and improve resilience, and developing green and

blue belts to optimise ecological continuity. The Group adapts its management practices to minimise its impact on biodiversity: interrupting forestry work during the reproduction periods of the most sensitive species, conserving trees that provide micro-habitats and areas of natural evolution, and limiting the use of pesticides and mineral oils in forests.

Real estate

For its direct real estate investment portfolio, the Asset Management division has committed to a target of zero net artificialisation starting in 2021. New direct real estate investment projects prioritise timber

from recycling channels and/or sustainably managed forests. Wherever possible, we aim to obtain BiodiverCity® certification for these projects.

4.2.3.3

Focus 3: Increasing positive impacts and actions promoting biodiversity

Banque des Territoires has dedicated €3 billion of financing over the period 2020-2024 to projects with a positive impact on nature (e.g. nature-based solutions, water and wastewater networks, the circular economy, the agricultural and food transition, etc.).

Within the Group, subsidiaries LBP AM and Tocqueville Finance launched a biodiversity equity fund on 22 November 2022.

This new fund (classified under SFDR article 9) targets companies that provide solutions to the challenges of

preserving biodiversity through the themes of sustainable agriculture and food, the circular economy, green buildings and environmental services and solutions. CNP Assurances is investing €120 million in this fund.

Numerous collaborative initiatives are supported throughout the Group, particularly by the Finance business lines. For example, Caisse des Dépôts, LBP, LBP AM, CNP Assurances, STOA and Bpifrance are signatories of the Finance for Biodiversity Pledge.

4.2.3.4

Focus 4: Contributing to research, training and awareness-raising

The Caisse des Dépôts Group is a key player in biodiversity awareness-raising and research, notably through the Biodiversity mission entrusted to CDC Biodiversité and financed by Banque des Territoires to the tune of

€7.90 million over the period 2020-2024; the work of the CDC Research Institute and the R&D projects carried out by Société Forestière.

JOINT DECLARATION BY THE FINANCIAL SECTOR ON BIODIVERSITY

On 19 December 2022, before COP 15, Caisse des Dépôts, La Banque Postale group and STOA signed a joint declaration by the financial sector on biodiversity drafted by the UNEP Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI) and the Finance for Biodiversity Foundation.

The signatories of the declaration have committed to protecting and restoring biodiversity and ecosystems through their financing and investment activities.

They also called for the adoption of an ambitious Global Biodiversity Framework (GFB) at COP 15.

(28) Exchange-traded funds based in particular on basic agricultural food commodities and speculative transactions that could contribute to inflation on basic agricultural or fishery commodities (wheat, rice, meat, soya, sugar, dairy products, fish and maize).

(29) Excluding CNP Assurances and SFIL, which are currently analysing this issue. Excluding Bpifrance, which will promote greater shareholder dialogue on this issue.

(30) Excluding CNP Assurances, LBP AM and SFIL, which are currently analysing this issue. Excluding Bpifrance, which will promote greater shareholder dialogue on this issue. As SFIL's export credit refinancing is dedicated to financing identified projects, the exclusion applies to the project financed.

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

4.2.3.5

Contributing to international objectives

Several of the commitments made as part of the Group's biodiversity policy are in line with international objectives to protect biodiversity.

In particular, the Group contributes to some of the

targets of the Kunming-Montreal Global Biodiversity Framework adopted at the conclusion of the COP 15 negotiations, as outlined in the table below:

Kunming-Montreal 2030 Global Targets (COP 15)	Biodiversity policy contributions
<p>Target 1 "... bring the loss of areas of high biodiversity importance, including ecosystems of high ecological integrity, close to zero by 2030, while respecting the rights of indigenous peoples and local communities"</p>	<ul style="list-style-type: none"> – exclusion of activities that have too great an impact on sensitive areas; – sustainable forest management; – dialogue and exclusions linked to deforestation.
<p>Target 5 "Ensure that the use, harvesting and trade of wild species is sustainable, safe and legal, preventing overexploitation, minimizing impacts on non-target species and ecosystems, and reducing the risk of pathogen spill-over, applying the ecosystem approach, while respecting and protecting customary sustainable use by indigenous peoples and local communities."</p>	<ul style="list-style-type: none"> – exclusion of activities that do not comply with CITES principles; – shareholder dialogue on the topic of responsible fisheries and aquaculture products with the fishing, catering, food and distribution sectors.
<p>Target 6 "... reducing the rates of introduction and establishment of other known or potential invasive alien species by at least 50 per cent, by 2030"</p>	<ul style="list-style-type: none"> – shareholder dialogue on reducing the risks of introducing invasive alien species; – forestry practices dedicated to this issue for forests managed and owned by the Group.
<p>Target 7 "Reduce pollution risks and the negative impact of pollution from all sources, by 2030, to levels that are not harmful to biodiversity and ecosystem functions and services, considering cumulative effects, including: reducing excess nutrients lost to the environment by at least half including through more efficient nutrient cycling and use; reducing the overall risk from pesticides and highly hazardous chemicals by at least half including through integrated pest management, based on science, taking into account food security and livelihoods; and also preventing, reducing, and working towards eliminating plastic pollution."</p>	<ul style="list-style-type: none"> – exclusion of companies with more than 20% of revenue dependent on pesticides starting from the end of 2023; – shareholder dialogue with companies to reduce the use of pesticides and chemical fertilisers; – dialogue to address the issue of plastic and light pollution, where applicable; – shareholder dialogue with companies to reduce negative impacts, including pollution.
<p>Target 8 "Minimize the impact of climate change and ocean acidification on biodiversity and increase its resilience through mitigation, adaptation, and disaster risk reduction actions, including through nature-based solution and/or ecosystem-based approaches, while minimizing negative and fostering positive impacts of climate action on biodiversity."</p>	<ul style="list-style-type: none"> – a climate policy and sector-specific policies for fossil fuels and transport; – diverse use of nature-based solutions (e.g. provided for in the "nature" financing budget of Banque des Territoires).
<p>Target 10 "Ensure that areas under agriculture, aquaculture, fisheries and forestry are managed sustainably, in particular through the sustainable use of biodiversity, including through a substantial increase of the application of biodiversity friendly practices, such as sustainable intensification, agroecological and other innovative approaches contributing to the resilience and long-term efficiency and productivity of these production systems and to food security, conserving and restoring biodiversity and maintaining nature's contributions to people, including ecosystem functions and services."</p>	<ul style="list-style-type: none"> – adoption of sustainable management practices for the Group's forestry assets, and promotion of these best practices by Société Forestière for its other customers; – shareholder dialogue to increase the proportion of agroecological products; – systematic achievement of BiodiverCity® certification for new buildings in the investment real estate portfolio.

Kunming-Montreal 2030 Global Targets (COP 15)	Biodiversity policy contributions
<p>Target 11 “Restore, maintain and enhance nature’s contributions to people, including ecosystem functions and services, such as regulation of air, water, and climate, soil health, pollination and reduction of disease risk, as well as protection from natural hazards and disasters, through nature-based solutions and/or ecosystem-based approaches for the benefit of all people and nature.”</p>	<ul style="list-style-type: none"> – financing and deployment of nature-based solutions by various Group entities (including Banque des Territoires); – Nature 2050 programme run by CDC Biodiversité; – STOA aims to fund one or two nature-based solution pilot projects.
<p>Target 15 “Take legal, administrative or policy measures to encourage and enable business, and in particular to ensure that large and transnational companies and financial institutions: (a) Regularly monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains and portfolios”.</p>	<ul style="list-style-type: none"> – goal of measuring the footprint of Group entities, particularly financial entities; – development of footprint measurement tools by the CDC Biodiversité subsidiary, particularly for financial institutions.
<p>Target 16 “by 2030, reduce the global footprint of consumption in an equitable manner, including through halving global food waste, significantly reducing overconsumption and substantially reducing waste generation”</p>	<ul style="list-style-type: none"> – promoting energy efficiency and the circular economy as Group-wide principles; – shareholder dialogue to promote the circular economy and the economical use of resources; – direct contributions and dedicated funding for the various pillars of the circular economy.
<p>Target 19 “by 2030 mobilizing at least 200 billion United States dollars per year, including by:</p> <p>(a) Increasing total biodiversity-related international financial resources [...] to developing countries [...] to at least US\$ 20 billion per year by 2025, and to at least US\$ 30 billion per year by 2030...”</p>	<ul style="list-style-type: none"> – dedicated financing from various entities mentioned in the policy (including Banque des Territoires).



4.3

Integrated ESG management

in pursuit of
non-financial performance
in everything that we do

In order to achieve our ambition, all of Caisse des Dépôts' business lines carry out ESG analyses. 99.93% of investment assets are subject to ESG analysis when the investment decision is made and 97.78% are subject to ESG analysis during the investment period.

4.3.1

Asset management

As the leading public asset manager, with €244 billion in assets under management at 31 December 2022, the Asset Management division invests in a wide range of asset classes (government bonds, short-term securities for cash managed by the Savings Funds, corporate bonds, financial bonds, covered bonds, securitisations, directly held listed equities, listed asset funds, debt funds, unlisted equity funds, real estate, forests), either directly or through its three specialist subsidiaries:

- CDC Investissement Immobilier, which manages Caisse des Dépôts' real estate investment portfolio;
- CDC Croissance, a listed equity fund manager supporting the growth of small and medium-sized enterprises over the long term;
- Société Forestière, an asset management company that manages forestry assets on Caisse des Dépôts' behalf (65,000 hectares), other institutional investors and private clients including CNP Assurances. It offers sustainable management of its customers' assets.

4.3.1.1

Direct management

Listed equities

Investment Management department (Caisse des Dépôts)

For listed equities, managers carry out an ESG analysis of each security based on the most material issues identified for each company.

The criteria cover the management of GHG emissions, as well as the governance structure, executive remuneration, gender parity, workplace accidents and employee relations. For the purposes of the analysis, the management team uses data from non-financial rating agencies MSCI and CDP.

The resulting ESG rating is incorporated into the valuation of the securities via an "ESG beta rating", with a valuation weighting of 15%.

Regarding systematic management, MSCI data is converted into a rating, which is monitored overall to improve the average rating of the portfolios, and to exclude consistently poorly rated or highly controversial companies.

CDC Croissance

Managers integrate non-financial performance into their investment decisions using an ESG rating developed in-house and based on 46 criteria.

A summary of the non-financial profile of each company is produced and updated every year. ESG criteria are incorporated into company valuation methods via an ESG beta rating.

Corporate bonds (Caisse des Dépôts)

Regarding corporate bonds, the analysis is based on various sources of data (provided by companies, MSCI, Bloomberg, Trucost, etc.), giving a score calculated using around 50 indicators.

Managers take the resulting score into account in their investment decisions. Responsible bond investment objectives (green bonds, social bonds, sustainability bonds) are set annually.

Sovereign bonds (Caisse des Dépôts)

For sovereign bonds, Caisse des Dépôts includes ESG criteria in the analysis and selection of its direct investments. It establishes an internal rating for each issuing country, based on 40 weighted ESG criteria from different sources: UNESCO, United Nations, NGOs, etc. Examples of the criteria taken into account in the sovereign SRI rating include: (i) governance criteria: human rights and corruption; (ii) social criteria: medical equipment ratio and the Gini index for measuring inequality; (iii) environmental

criteria: water stress, air quality, the use of pesticides, deforestation, fishing intensity, carbon intensity, the share of renewable energies and biodiversity. The results of the ESG analysis are taken into account in the risk assessment and in determining allocations, in the same way as other financial parameters. On a case-by-case basis, the Investment Committee excludes countries with high ESG risks or sets limitations. It carries out regular ESG monitoring of the portfolio.

Investment property (Caisse des Dépôts)

Acquisitions are analysed based on the following criteria: proximity to public transport, environmental certifications and labels (construction and operation), energy consumption, GHG emissions in operation, certifications and labels relating to user well-being for office buildings, alignment with the EU taxonomy and physical climatic risks.

Since 2019, a clause on working conditions has been included in contracts with real estate developers working under the French VEFA and CPI statuses (employment and subcontracting). Caisse des Dépôts aims to achieve the BiodiverCity® label in all acquisitions of new or restructured buildings, in the tertiary and residential sectors.

Forests

All forests managed by Société Forestière are FSC or PEFC certified. Analyses are based on 30 ESG criteria, including the impact of climate change, the adaptability of species and the state of

biodiversity (invasive species, soil pollution, water), and the health and safety risks associated with forest management.

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

Convertible bonds

Caisse des Dépôts' convertible bond managers (who manage a direct portfolio and a portfolio of external funds) carry out an ESG analysis of each security, based on the most material issues identified for each company with regard to its long-term valuation risk and taking into account Caisse des Dépôts' public interest

mission. The MSCI ESG rating (relative sector rating) is analysed for each investment project, as well as ESG controversies. The rating is then integrated into the financial analysis of each company and management calculates a weighted average of the ratings.

Monetary assets⁽³¹⁾

Regarding sovereign bonds, each issuer is given an ESG rating based on around 40 indicators (human rights, corruption, etc.) and an assessment of its CO₂ trajectory. For company shares, the

analysis is based around 50 indicators, including environmental indicators provided by MSCI (resource productivity, share of renewable energy, GHG emissions).

4.3.1.2

Indirect management (Caisse des Dépôts)

Listed asset funds

The selection framework for funds and management companies is regularly reviewed to include ESG criteria. Based on the framework, a formal rating is given. The criteria include: PRI rating, MSCI rating, shareholders' meeting voting policy, commitment

policy, formalised measurement of carbon emissions, exclusions, measurement of the contribution of the funds' portfolios to SDGs, taxonomy reporting, consideration of biodiversity issues and publication of ESG reporting.

Unlisted asset funds

An analysis matrix is used to rate each fund based on non-financial criteria. The rating criteria include the company's governance (independent board members, code of ethics, etc.), employee training, environmentally-

friendly practices, the inclusion of ESG criteria in management, environmental due diligence on underlying assets, assessment of respect for human rights, social impacts and the quality of the company's ESG reporting.

Working together
*to develop greener and
more socially responsible regions*

(31) Monetary assets comprise sovereign and corporate debt, with an initial maturity of 24 months or less.

4.3.2

Central Sector Treasury

Cash management (Central Sector) follows the same process as asset management. All assets under management are subject to an ESG screening to ensure that issuers are not on the defined exclusion list and meet all the criteria and/or thresholds defined by the exclusion policy.

Any company on the asset management exclusion list is excluded from the portfolios directly managed by the Central Sector Treasury. An internal control process has been put in place to ensure the proper application of the exclusion list by the Treasury.

4.3.3

Banque des Territoires

Banque des Territoires invests, mainly via non-controlling interests, in projects, assets and companies whose stated aim is working towards more inclusive, more sustainable, more attractive and more connected regions via several asset

classes: real estate, infrastructure, private equity (start-ups, corporate ventures), local public enterprises, social and solidarity economy companies and dedicated investment funds.

4.3.3.1

Investments

Banque des Territoires takes ESG criteria into account as part of its vision as a long-term investor, supporting regions in their transformation.

For all investments, whatever the amount, ESG criteria are analysed when the investment decision is made, using a non-financial rating tool. The tool has been systematically applied since June 2020 and assigns a rating based on environmental, social and governance (ESG) criteria.

The rating scale runs from A to E. Projects rated E on any of the ESG criteria are excluded. The analysis tool is structured around indicators common to all business lines (tonnes of CO₂ emitted and avoided, number of square metres developed, impact on pollution, impact on employment, social and regional cohesion, social and professional inclusion, etc.) and indicators specific to the different sectors.

Banque des Territoires' investment policy includes a non-financial component, with the following key focuses:

– aligning the investment strategy with the United Nations' Sustainable Development Goals (SDGs), with three pillars:

- strengthening social and regional cohesion based on the quality of the regions and improvements in their facilities and infrastructure,
 - preserving biodiversity, conserving resources and reducing greenhouse gases,
 - supporting stakeholders in preparing regions for the major changes underway and turning these into opportunities (mobility, climate change, food transition, etc.);
- taking non-financial factors into account, encompassing all aspects of sustainable development in the design of offerings and products, the analysis of investment projects and decision-making (the ESG matrix is examined by the relevant committee when a commitment decision is made). Banque des Territoires only considers projects with no E rating in the rating tool, no more than one ESG criteria rated D and at least one ESG criteria rated A or B;
- committing to showing leadership to its clients and partners in terms of transparency and assessment of societal impacts and improvement of projects and practices (societal leverage effect), in particular through its governance bodies;

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

– implementing compliance procedures (including AML-CFT) developed in accordance with Caisse des Dépôts'

procedures (in particular SDG 16 on justice and peace, the fight against illicit financial flows and combating corruption).

4.3.3.2

Financing

The Group's financing activities are governed by a number of policies and procedures that define their objectives and targets in serving the public interest and creating long-lasting value.

Banque des Territoires supports the regions in their transformation by seeking to maximise positive social and environmental impacts. To this end, a range of systems are in place to encourage ESG assessments and contributions. For example, for the business lines engaged in lending activities, ESG aspects are directly incorporated into lending criteria.

Banque des Territoires loans are granted subject to certain conditions. Data is analysed and collected, but no comparable non-financial rating tool is yet available for loans, so ESG performance cannot be quantified at this stage.

In line with new climate and biodiversity policies, a roadmap is being drawn up to meet the Group's commitments.

Banque des Territoires carried out a non-financial assessment of the "eco-loan" offer in 2021 and contributed to the review of the lending criteria in 2022. The purpose of this non-financial assessment was to:

- determine the contribution of the eco-loan to energy renovation in social housing;
- determine the net effect and its connection with other funding sources;
- determine the overall impact of the eco-loan on landlords and tenants.

FOCUS ON ECO-LOANS

Most projects financed by eco-loans are large scale, involving both the building itself and technical facilities.

Thanks to eco-loans, high levels of thermal performance can be achieved, often with energy savings of more than 40% compared with before the work was carried out. However, the savings are less significant when actual consumption is analysed.

Eco-loans have had a major impact on the volume of renovations: since the introduction of eco-loans in 2009, renovation rates have increased by 14% per year.

On the other hand, the introduction of eco-loans does not seem to have had an immediate effect on the performance of energy renovations previously financed by the "PAM" loan offer dedicated to the renovation of housing subsidised

by France's national housing fund (*Aide personnalisée au logement* – APL).

Nonetheless, the impact of eco-loans on the performance of energy renovations has increased with each generation of the offer for the most energy-intensive buildings (energy rating improvements). Eco-loans have played a key role in efforts to renovate badly insulated homes, consistent with the needs of social housing.

Lastly, the work financed by eco-loans generates benefit for the tenant (higher property value and nicer place to live – in particular in terms of the thermal comfort, although less so in terms of acoustic comfort), which is elevated by their involvement at every stage of the process, despite the fact that monetary gains are shared unevenly with the landlord.

FIND OUT MORE

<https://www.caissedesdepots.fr/blog/article/evaluation-impact-eco-pret-pour-la-renovation-du-logement-social> (in French only).

4.3.4

Management of strategic investments

The Management of Strategic Investments division is responsible for managing the Caisse des Dépôts Group's shareholdings in strategic investments.

When examining development projects, the teams adhere to sectoral exclusions (coal, tobacco, anti-personnel mines, etc.) and ensure strict compliance with the Group's compliance framework (ethics, anti-money laundering, the financing of terrorism and corruption).

For each of the above, Caisse des Dépôts has defined the general principles applicable to all of its subsidiaries, as well as the main procedures for their operational deployment, which may be adapted to suit the nature of the entity's business, size and organisation.

The investment management teams also take into account the Group's main ESG and compliance guidelines, where relevant via:

- the governance structure;
- the right to examine the social policy, in order to assess the impact of a transaction and take a qualitative approach to environmental risks;
- monitoring compliance with the principles of the Group's compliance framework.

Lastly, each investment is subject to a detailed ESG rating and analysis (see the analysis and rating matrix for the projects presented to the Investment Approvals Committee), which are taken into account in the investment decision.

4.3.4.1

La Poste group

LBP

Since 2020, ESG risks (including climate and biodiversity) have been incorporated into La Banque Postale's risk governance and a department created for managing and coordinating all ESG-based initiatives.

In order to encourage their inclusion in all of the Group's risk control and management systems and ensure that they are managed efficiently, they are covered by the existing organisations and bodies, rather than by dedicated bodies (see Section 6.8.2 of the [URD](#)).

CNP Assurances

CNP Assurances takes a responsible investor approach:

- both to traditional savings contracts, through the inclusion of ESG criteria in its investment policy;
- and to unit-linked contracts by integrating ESG criteria in its unit-linked funds approval policy.

Policyholders can give meaning to their savings by choosing responsible, green or solidarity-based unit-linked products. CNP Assurances strives to ensure that unit-linked funds are available to policyholders in its main contracts. This commitment is in line with that of its two major distribution partners – La Banque Postale and BPCE – whose asset management companies have set up such funds.

LBP AM

When making investment selections, LBP AM uses a proprietary SRI analysis methodology called "GREaT": responsible Governance (balance of powers and business ethics), sustainable manage-

ment of natural and human Resources (impact on biodiversity, water, pollution and waste, working conditions and respect for human rights), energy and economic Transition (climate risk manage-

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

ment and alignment with a sustainable development objective in the EU taxonomy), and Territorial development (acceptability of projects and relations with suppliers and customers).

The GREaT approach can be applied to all asset classes and is used to rate the sustainable development practices of 9,000 companies.

LBP AM excludes companies that present a reputational risk linked to poor sustainable development practices, either due to their exposure to major controversies or because they operate in sensitive sectors (controversial weapons, tobacco, gambling, thermal coal, etc.).

4.3.4.2

Bpifrance

As a long-term investor, Bpifrance shares Caisse des Dépôts' focus on ESG issues and seeks to promote the highest standards in responsible investment.

To that end, it supports companies in working towards continuous improvement.

Directly held listed and unlisted investments

A pre-investment ESG assessment is carried out using an analysis tool that identifies the most relevant issues to be examined.

It covers 14 areas, which are categorised into four themes and weighted according to the size of the company and its business sector:

- governance: transparency and balance, anticipation;
- human capital: employment and social policy, jobs and skills management, diversity and equal opportunities, well-being at work, climate and social dialogue;
- stakeholders: long-lasting and ethical relationships with suppliers, quality and customer satisfaction, relations with other external stakeholders;

– environmental policy and management system: energy and greenhouse gases, inputs and waste, management of other environmental impacts.

The assessment may identify certain ESG issues. The results of the assessment can then be used to mobilise the company to make improvements. The analysis is enclosed in the note presented to the Investment Committee for a decision. The investment may be refused if the ESG risks are deemed to be too great.

Indirectly held unlisted equity investments

As part of its investments in funds of funds, the ESG performance of investments

is one of the selection criteria used by the management teams.

4.3.4.3

SFIL

SFIL uses the following levers to consider ESG risks when granting loans:

- exclusion of certain activities;
- consideration of the objectives of green and social loans, for which the risk appetite is greater than for other loans.

For cash investments, SFIL applies the following criteria:

- exclusion of certain sectors;
- requirement for bank issuers to have at least one green, sustainable or social framework and to be rated medium or better by Sustainalytics

- (maximum rating of 30). An exception is allowed on a case-by-case basis for public development banks, given the nature of their activity;
- requirement for sovereign issuers, public sector entities and non-governmental organisations to be located in a country with an average score of 67 or more on the World Bank's six Governance Indicators. The country must also be a signatory to the Paris Agreement.

4.3.4.4

STOA

In addition to complying with norm- and sector-based exclusions of the Caisse des Dépôts Group and the French Development Agency (AFD), STOA has developed a robust procedure for assessing and monitoring environmental and social risks. The procedure complies with the sustainability performance standards of the International Finance Corporation (IFC) and is based on a number of AFD reference documents.

The ESG criteria underlying the investment process include carbon assessment (the project may be discarded depending on the country if above 1 MtCO₂/year), the assessment of the physical risks of climate change, the impact on protected species, the displacement of populations and corrective measures taken to remediate identified risks.

Impact studies and due diligence are carried out by external consultants depending on the level of risk represented by the project. A second opinion on the compliance risks is also required. Environmental and social clauses are included in financing agreements and in the event of proven risks without mitigation measures, the project will not be financed.

The procedure applied by STOA also provides for the negotiation of project companies' governance rules and a standard ESG reporting clause in contracts.



4.4

Rigorous shareholder dialogue

As a long-term shareholder, Caisse des Dépôts holds its investments in companies for seven to ten years on average – often longer. It has solid credibility on ESG issues, which it reviews, addresses and monitors every year. ESG issues play a key part in shareholder dialogue as it aims to encourage companies to improve transparency and environmental and social performance.

4.4.1

Specific shareholder dialogue on climate issues

4.4.1.1

Direct investment in companies

The Group mainly expects listed companies:

- to make a public pledge to contribute to carbon neutrality by 2050 at the latest by adopting a trajectory compatible with limiting global warming to 1.5°C by 2100 compared with the pre-industrial era;
- to establish an ambitious medium-term strategy for achieving this objective, giving priority to strategies for avoiding and reducing emissions and, if necessary, offsetting residual emissions⁽³²⁾;
- to publish regular, detailed, comprehensive and audited information on the implementation of this strategy, in accordance with the TCFD's recommendations;
- to define one or more realistic interim quantitative GHG emissions reduction targets that contribute to the energy transition scenarios underlying the achievement of the Paris Agreement objectives and carbon neutrality by 2050 and which cover a significant proportion of their activity;
- to support and prepare for the development of policies facilitating the achievement of their commitment, including sector-based regulations and carbon pricing;
- to implement relevant governance structures that encourage constructive dialogue with stakeholders, primarily investors who are committed to this objective. In line with the alignment indicators, Caisse des Dépôts monitors the number of listed companies committed to an alignment process, with the aim of reaching 80% by 2030. The Group expects unlisted SMEs and mid-cap companies, which are committed to combating energy and climate challenges, and according to thresholds to be defined, to commit to an emissions trajectory that contributes to achieving the global carbon neutrality objective, and to communicate an action plan to reduce their impacts and increase the green share of their activities. These thresholds are defined by investor entities, based on the composition of their portfolio.

(32) The Group encourages companies to comply with Ademe's five best practices for carbon offsetting (in French only) (<https://presse.ademe.fr/2019/11/compensation-carbone-5-regles-de-bonnes-pratiques.html>).

For each new investment decision, the Group carries out an analysis of climate and environmental issues. Assets for which the energy and climate transition is a key issue are regularly monitored throughout the investment period.

Ahead of portfolio companies' shareholders' meetings, the Group examines all the proposed environmental resolutions and supports those that are in line with its assessment of the issue for the company, based on the criteria defined in its climate policy and its "Responsible Finance Charter". Caisse des Dépôts may publish its decision on the matter.

It encourages companies, to the extent their size allows, to get involved in recognised initiatives such as ACT, ACT-PME, SBTi or Bpifrance's dedicated energy transition schemes.

4.4.1.2

Sector guidelines for transport

In view of the challenges of the energy transition for the transport sector, the Group expects listed companies within the sector:

- to make a public pledge to achieve carbon neutrality by 2050, or align their activities with a 1.5°C scenario;
- to establish an ambitious transition strategy to achieve this objective, supported by a governance structure and realistic interim objectives covering a significant proportion of their business, based on recognised methodologies such as the SBTi or ACT.

As a result, the Group is gradually incorporating just transition issues into its shareholder dialogue.

With regard to car manufacturers, the Group requires transition plans to include the end of internal combustion engines in cars in the European Union by 2035, and the consequences of this for the just transition.

In line with the NZE 2050 scenario of the International Atomic Energy Agency (IAEA), the Group is encouraging companies to do the same worldwide.

Any new investments in airlines will be conditional on the existence of a 1.5°C

The Group may carry out cross-sectional surveys of the companies in its portfolio that are most exposed to climate risks and opportunities. In particular, the surveys are based on the recommendations of the TCFD (which Caisse des Dépôts applies) and the methodology developed by the ACT initiative of French ecological agency Ademe. In addition to individual monitoring of the survey responses by the managers and investors responsible for each company, the Group produces a public summary of the findings, so that the companies can benefit from the results and identified good practices.

alignment strategy and targets based on a recognised methodology.

In line with its voting policy, the Group examines shareholder resolutions in light of the above and supports resolutions that are in line with its assessment of the issue for the company, including the shift required to achieve the objectives for alignment with the chosen trajectory.

The Group will pay particular attention to the following criteria:

- efforts in research and development in low-carbon engines;
- transparency in lobbying for the low-carbon transition;
- an upstream (suppliers and subcontractors) and downstream (consumers) cooperation policy in favour of low-carbon engines;
- where appropriate, in line with oil and gas policy, sources and use of alternative fuels such as biofuels or hydrogen;
- efforts to recycle materials, particularly for electric motors;
- where appropriate, efforts to reduce deforestation (e.g. for tyre production).

4.4.2

Specific shareholder dialogue on biodiversity

Common principles for shareholder dialogue have been defined on the following areas:

- **deforestation:** the Group seeks to help companies eliminate the risks of deforestation in their value chain;
- **sensitive areas:** the Group seeks to encourage companies concerned to pay particular attention to sensitive areas, which are of prime importance for biodiversity;
- **overfishing:** the Group asks fishing, catering, food processing and distribution companies to prioritise responsible fishing and aquaculture and set targets for 100% responsible sourcing;
- **forest overexploitation:** the Group asks companies to source wood and its derivatives (paper, cardboard) from recycling channels and/or sustainably managed forests, whenever possible;
- **protected species:** the Group asks companies to exclude activities that do not comply with the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- **chemical pollution:** the Group asks:
 - companies to reduce their use of pesticides, synthetic fertilisers and non-ecological cleaning products,
 - industrial companies to commit to reducing their emissions of chemical and organic pollutants into water, air and soil,
 - companies that largely depend on agriculture to play a role in the development of agro-ecological practices;
- **plastic pollution:** the Group asks:
 - companies to reduce their use of plastic, eliminate single-use plastics and microplastics,
 - textile companies to reduce the use of synthetic fibres;
- **invasive alien species:** the Group asks companies to be vigilant and avoid the risks of introducing invasive alien species to their sites and operations, and for companies in the maritime sector to avoid and reduce the transport of invasive alien species, particularly via ballast water, in accordance with the international conventions in force.

4.4.3

Shareholder dialogue for asset management

As a responsible investor and active shareholder, Caisse des Dépôts fulfils its role by systematically exercising its voting rights at the shareholders' meetings of its listed portfolio companies, based on its voting policy setting out its expectations in terms of corporate governance.

These expectations serve as a basis for dialogue with French and foreign listed companies and with market and regulatory authorities. Caisse des Dépôts has a responsibility, as a long-term shareholder, to promote good practices in social,

environmental, ethical and governance matters, in the firm belief that they are critical for the sustainable growth of companies, the creation of long-term value and the benefit of all stakeholders.

To that end, Caisse des Dépôts encourages transparent, responsible and balanced governance structures. Through its voting policy and shareholder engagement, Caisse des Dépôts seeks to build constructive, long-term relationships with companies.

Asset management teams favour a bilateral approach to shareholder dialogue with companies, i.e. directly and without third parties, in order to support companies and ensure that their requests are followed up over the duration of the investment, using two main levers:

- direct bilateral dialogue with management and board members on ESG topics;
- systematic voting at shareholders' meetings, based on a public voting policy.

In addition and to a lesser extent, the Asset Management division makes collaborative commitments with other institutional investors, in particular to encourage companies located outside the European Union, in which invest-

ments are smaller, to improve their practices. Examples of collaborative commitments include Caisse des Dépôts' participation in international collaborative initiatives such as Climate Action 100+, Finance for Tomorrow's Investors for a Just Transition coalition, and the Net-Zero Asset Owner Alliance.

Lastly, regarding indirect management, annual ESG surveys are sent to management companies for all listed and unlisted funds. ESG questionnaires are reviewed annually to raise standards and address new issues. Caisse des Dépôts' asset management teams have therefore set themselves several objectives:

Topic	Objectives
Ecological and energy transition/climate	60 issuers by 2024, including the 20 companies in the portfolio with the most emissions (including the energy sector).
Biodiversity	Two business sectors per year by 2024 (multi-sector).
Social cohesion	30 issuers by 2024 (multi-sector).

Environmental, social and ethical resolutions

For resolutions proposed at the initiative of the company, or at the initiative of shareholders, Caisse des Dépôts is careful to respect its principles as a responsible investor (set out in particular in its Responsible Finance Charter and its climate policy) and the guidelines of its voting policy.

Proposals must be well-defined and reasonable. They are examined on a case-by-case basis, taking ongoing shareholder dialogue into account.

In particular, Caisse des Dépôts supports resolutions calling for:

- the definition and publication of an ambitious medium-term strategy for the energy and ecological transition;
- the definition of a biodiversity action plan;
- the definition and publication of reports on sustainable development indicators or GHG emissions.

In addition, say-on-climate resolutions are analysed on a case-by-case basis in line with Caisse des Dépôts' climate policy.

Moreover, pillars such as the level of transparency of the climate report, the relevance and coverage of quantitative targets, alignment with the Paris Agreement and the 2050 carbon neutrality objective are assessed, as well as the monitoring of commitments and indicators.

Caisse des Dépôts may consider voting against a resolution if the information available is not sufficient to assess its relevance and its consistency with Caisse des Dépôts' responsible investor principles and voting policy. Depending on the nature of the proposed resolutions, Caisse des Dépôts reserves the right to make its votes public on a case-by-case basis.

SAY-ON-CLIMATE RESOLUTIONS

The following matters are assessed:

- the level of transparency of the climate report;
- the relevance and coverage of the three emissions reporting scopes (Scopes 1, 2 and 3) of the quantitative targets;
- alignment with the Paris Agreement (in particular the 1.5°C objectives) and the 2050 carbon neutrality objective;
- the monitoring of commitments and indicators.

For mining and quarrying industries, a number of elements are analysed in depth, including:

- the 1.5°C alignment strategy;
- carbon footprint reduction target;
- the proportion of carbon emissions offset;
- capacity and investment plans for renewable energies;
- the current and future energy mix;
- new exploration and development projects;
- employee training;
- plant closures;
- the integration of climate issues in governance;
- executive remuneration and effective shareholder discussion.

4.4.4

Voting policy (Asset Management division)

Caisse des Dépôts' corporate governance principles and voting policy are based on various French and international guidelines issued by investors and professional and international organisations, such as the AFEP-MEDEF Corporate Governance Code of Listed Corporations, the OECD Principles of Corporate Governance, the Global Governance Principles of the International Corporate Governance Network (ICGN) and the UN Principles for Responsible Investment. The voting policy is applied pragmatically, to reflect the characteristics of different markets, local practices, market regulations, business sectors

and the specific situations of certain companies, such as their size, shareholder structure and economic and financial circumstances.

As a responsible investor and active shareholder, Caisse des Dépôts fulfils its role by systematically exercising its voting rights at the shareholders' meetings of its listed portfolio companies, based on its voting policy setting out its expectations in terms of corporate governance.

These expectations serve as a basis for dialogue with French and foreign listed companies and with market and regulatory authorities.

4.4.4.1

Changes in voting policy in 2022

In 2022, the main changes concerned:

- the mandatory presence of one or more directors representing employees on the board and on a committee, in countries where this is permitted by law;
- increased requirements regarding the inclusion of CSR issues in executive remuneration, with a minimum weighting of 15%;

- the inclusion of changes in the gender balance when analysing significant increases in executives' fixed remuneration;
- the introduction of two climate criteria (*ex-post* and *ex-ante*) in executives' remuneration;
- the strengthening of the say-on-climate analysis framework.

FIND OUT MORE

[Voting policy and principles of governance of listed companies](#) available on Caisse des Dépôts' corporate website and updated annually ([2023 version](#)).

4.4.4.2

Inclusion of ESG in remuneration at portfolio companies

In its "Voting policy and principles of governance of listed companies" (section 2, version revised in 2023), Caisse des Dépôts specifies with regard to executive remuneration that remuneration must be determined based on the principles of transparency and moderation. Variable remuneration (annual, multi-year and long-term) must be structured in such a way as to provide an appropriate

incentive to pursue a long-term performance objective. Caisse des Dépôts would also like for ESG criteria to be included in executives' objectives in every case. The objectives must be relevant, rigorous and aligned with the company's ESG strategy and account for at least 15% of *ex-post* remuneration and the *ex-ante* remuneration policy. The quantitative portion must be substantial.

4.4.5

Shareholder dialogue at Banque des Territoires

Regarding equity investments, the Banque des Territoires is generally involved in the governance structure with one or more directorships (except in the case of projects led by non-trading real estate companies (*sociétés civiles immobilières*), where there are no directors), a requirement that can be waived when the investment is small. Its governance requirements are adapted to the amount invested and the subsequent capital ownership thresholds. Banque des Territoires requires, where applicable and specified in the shareholders' agreement, the submission of the business plan and sustainable development report and the holding of at least one annual governance body meeting.

Non-financial commitments in the form of performance indicators or objectives to be achieved by a given date have been included in shareholder agreements since 2021 (carbon footprint, ESG criteria, executive remuneration, production data to be reported annually, etc.). Banque des Territoires aims to ensure that ESG clauses are systematically included in shareholders' agreements, as part of a project launched in 2023. The aim of the project is to equip the business lines for ESG shareholder dialogue, ensure traceability and develop an arbitration methodology.

In addition, Banque des Territoires includes and monitors commitments with environmental prerequisites in off-plan (VEFA) sales contracts. These prerequisites are broken down into three levels: achieving a label and/or certification and/or green leases. For sectors that are sufficiently advanced in terms of environmental commitments, such as the tertiary sector, a higher level than the prerequisite may be sought – a progressive level of ambition over a given time horizon. Work is currently underway to update these prerequisites, incorporating, among other things, greater consideration of impacts on biodiversity and the EU green taxonomy.

A tool is currently being developed to automatically collect non-financial data from all portfolio investments annually.

Banque des Territoires is currently running tests in the energy sector. A data collection campaign based on a sample of around 30 assets was carried out in 2022 and repeated in 2023. This tool is intended to be applied to all the sectors in our investor portfolio.

For example, Banque des Territoires plans to collect energy indicators:

- energy label;
- project energy consumption;
- installed electrical capacity;
- amount of electrical energy produced;
- quantity of renewable and/or low-carbon hydrogen produced;
- energy storage system;
- energy storage capacity;
- volume of waste processed and recovered.

Banque des Territoires also monitors non-financial indicators annually through non-financial reporting, in particular the sustainability bonds report. Through its four sustainability bonds (2019, 2020, 2021 and 2022), Banque des Territoires measures the environmental and/or social impact of almost 110 assets in a range of areas, including green real estate, health and social care, renewable energy production, the social and solidarity economy and green mobility.

For example, the Banque des Territoires collects data on CO₂ emissions, jobs created during construction and operation phases and the production of green energy.

Lastly, in 2022 Banque des Territoires developed a solution for investments dedicated to social and regional cohesion. When fully operational, the solution will facilitate the collection of non-financial data and the production of non-financial reports by theme annually, for all the investments dedicated to social and regional cohesion. Currently, the solution is

being tested in the agri-food sector and will shortly be developed for investments in the circular economy.

The solution has three main objectives:

- increase the non-financial analysis of new commitments and portfolio investments;
- support project managers in highlighting non-financial issues;
- reporting by topic at the level of the in-scope investments.

A set of indicators has been developed and linked to themes, non-financial issues, benchmarks, taxonomy sectors and sustainable development objectives. Among other things, Banque des Territoires will collect non-financial data on the agri-food industry relating to climate risk mitigation, carbon footprint, recycling rates, absenteeism rates and the promotion of local products.

4.4.6

Shareholder dialogue for the management of strategic investments

Shareholder dialogue on strategic investments is based on several methods:

- **an annual letter from the Chairman and Chief Executive Officer reminding the executives of controlled and consolidated strategic investments of the Group's standards and procedures**, in particular the Group's priorities and expectations:
 - **in terms of governance:** in 2022, focus was placed on strengthening board assessment processes and introducing CSR issues to specialist committees,
 - **in terms of sustainable development policy:** in 2022, particular attention was paid to the measurement of Scopes 1, 2 and 3 carbon emissions, the definition of 2030 decarbonisation objectives, work on climate change adaptation, contribution to non-financial reporting, in particular the introduction of taxonomy reporting and the implementation of ESG rating frameworks;
- **the definition of strategic priorities and non-financial objectives, with the aim of:**
 - for controlled and consolidated investments: ensuring that the Group's Responsible Finance Charter and climate and biodiversity policies are deployed within their entity,

- for non-controlled and non-consolidated investments: encouraging them to commit to a similar level of ambition in their practices.

At the beginning of the year, these priorities and objectives are communicated to the directors representing Caisse des Dépôts and forwarded to the executives of the strategic investments, in order to summarise the positions that the directors may put forward.

In 2022, particular attention was paid to the following:

- **objectives for the progressive alignment of all activities of each strategic investment with a 1.5°C global warming limit**, rolled down according to the level of progress of each strategic investment, as well as specific objectives according to the strategic investments' business sector in order to strengthen their contribution to the ecological and energy transition;
- objectives for strategic investments to join existing initiatives and coalitions (such as the "Companies committed to nature" (*Entreprises engagées pour la nature*) programme by the French biodiversity agency and Finance for Biodiversity) and to implement biodiversity action plans, as well as specific objectives according to the strategic

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

investments' business sector in order to develop solutions to preserve biodiversity or reduce their impact;

- **global CSR objectives** (e.g. implementation of an e-learning programme to raise sustainable development and CSR awareness for all employees; implementation of a plan to reduce accidents).

In addition, an annual review of the achievement of these objectives has been put in place, as part of the strategic reviews conducted at the end of the year by the Management of Strategic Investments division with the directors representing Caisse des Dépôts.

In 2023, objectives relating to social issues will be reinforced, mainly by integrating ESG criteria in executive remuneration within subsidiaries and strategic investments.

The board of directors of each subsidiary or strategic investment (which includes Caisse des Dépôts' representatives) sets the variable remuneration of its executives, on the advice of its remuneration committee. The committee proposes the assessment criteria and then determines the achievement rate.

The criteria are defined in conjunction with the Management of Strategic Investments division, to reflect the Group's objectives and commitments in terms of sustainable development policy, in particular as part of its Responsible Finance Charter and its climate and biodiversity policies.

Caisse des Dépôts plays an active role in the governance bodies that deal with setting executives' initial remuneration policy, ensuring that it complies with Caisse des Dépôts' rules and practices, and then in setting annual objectives for the variable and multi-year components, and in particular in setting ESG and SDG criteria and annual objectives.

Caisse des Dépôts' strategic shareholder guidelines (applicable to strategic investments), approved in October 2021.

Shareholder dialogue on investments through unlisted funds

The Public Institution and Bpifrance Investissement are working with the unlisted funds market to increase the integration of climate change into management decisions, in particular an emissions management objective where relevant.

They are adapting their own investment process accordingly by:

- systematically assessing, as part of the due diligence carried out prior to investing in a fund, whether climate issues are included in the management company's investment approach. This assessment is incorporated into the due diligence questionnaires and into the decision-making process;
- expecting management companies to make a commitment to transparency with regard to how climate issues are incorporated into their investment approach, by means of reporting at least once a year, which could consist of responding to the annual ESG survey;
- encouraging management companies to develop systems to support their investment portfolios;
- encouraging management companies to make related commitments;
- encouraging asset management companies to participate, where relevant to their business, in the development of tools and systems for monitoring and managing GHG emissions and improving the energy efficiency of their investment portfolios.

With regard to open- and closed-end equity funds managed by external companies, the Public Institution is strengthening its requirements in terms of voting policies, keeping in line with the Group's policies. Prior to making the investment and during the investment period, it engages in dialogue with management companies to encourage them to align their voting policies and practices with a transition approach to limit global warming to 1.5°C. When permitted by the fund's investment strategy, it also encourages management companies to strengthen the incorporation of climate change into their analysis and management decisions.



Addressing the EU taxonomy

In 2022, Caisse des Dépôts carried out, for the first time, an analysis of the environmental sustainability of its investments based on the EU taxonomy. In line with the regulatory calendar, the analysis of the investments' alignment focused on the first two environmental objectives of the EU taxonomy: climate change mitigation and adaptation.

A major project was launched in 2021 at Group level in order to address all taxonomy challenges, with the aim of directing investments towards "green" activities.

A number of projects were completed in 2022:

- online taxonomy awareness training for all employees;
- a strategic framework for the project;
- the launch of a pilot project in the real estate sector aimed at defining and identifying the rules for alignment with the EU taxonomy and the necessary data.

Despite the still limited availability of taxonomy alignment indicators published by Caisse des Dépôts' counterparties, the analysis led to the development of a rigorous process for compiling regulatory data and sustainability analysis in compliance with the strict framework of Delegated Regulation (EU) 2021/2178. The production of indicators relating to the EU taxonomy involved several areas of expertise – ESG, accounting and IT systems – in order to ensure efficient, compliant and traceable reporting. It also paved the way for using this classification of sustainable activities to manage the Group's environmental

performance. The Caisse des Dépôts Group now uses the strict taxonomy framework for its sustainability bond issues. In 2023, the analysis and rating matrix for the projects presented to the Investment Approvals Committee will include an analysis of alignment with the taxonomy. In addition, as data availability improves and criteria is finalised at European level, Caisse des Dépôts will be able to assess how its various financing offers correspond to the taxonomy's sector-specific criteria.

Aware of the challenges posed by the currently limited availability of data, as well as the challenges relating to the interpretation and correct application of the rules, the Caisse des Dépôts Group has launched a number of initiatives with French industry, banking and tech players in order to create a framework to facilitate the correct application of this new framework for analysing companies' and investors' environmental sustainability.

See Section 6.1.5 for the results.

Recognised responsible investor

A founding member of the PRI and NZAOA

Caisse des Dépôts is one of the founding members of the Principles for Responsible Investment (PRI), a United Nations initiative whose signatories commit to integrating ESG issues in their investment decisions. It encourages its subsidiaries and investments, as well as the management companies in whose funds it invests, to adhere to these principles and, together with each of its financial subsidiaries, produces a detailed annual report on the implementation of these principles.

Since 2019, Caisse des Dépôts has been a founding member of the Net-Zero Asset Owner Alliance (NZAOA), a major initiative aimed at institutional investors with a view to aligning asset portfolios with the Paris Agreement.

Asset management is represented in a number of working groups (sovereigns, real estate, commitment, etc.), in order to make a concrete and relevant contribution. Based on the new IPCC report, the NZAOA has strengthened its interim objectives. **The aim is now for investment portfolios to achieve carbon neutrality by 2050, with a new target of a 55% reduction in the carbon footprint of listed equity and corporate bond portfolios between 2020 and 2030 and a 50% reduction for directly held real estate investments.**

Caisse des Dépôts plays an active role in NZAOA's working groups, particularly in the drafting of position papers on the oil and gas sector, transition financing and measurement, verification and reporting (MRV).

NET-ZERO ASSET OWNER ALLIANCE

Launched in September 2019 at the UN Climate Action Summit, Net-Zero Asset Owner Alliance (NZAOA) is an international group of investors committed to transitioning their investment portfolios to carbon neutrality by 2050.

The driving force of the NZAOA is a commitment to implement the Paris Agreement.

The NZAOA was launched by Allianz, Caisse des Dépôts, Caisse de Dépôt and Placement du Québec, Folksam Group, PensionDanmark and Swiss Re. It now represents more than \$11,000 billion in assets under management, and includes 85 leading institutional investors from every continent.

To achieve its objectives, the NZAOA adopts a holistic approach based on ESG criteria. Each of the members is therefore committed to working with companies and public policy-makers to promote the transition to a low-carbon economy and encourage sustainable investment.

In its latest discussion paper entitled "Aligning Climate Policy Engagement with Net-Zero Commitments", the Net-Zero Asset Owner Alliance presents best practices for assessing asset managers' commitment to climate policy. In particular, the NZAOA advises asset owners to integrate this assessment into their selection, appointment and monitoring processes of asset managers.



Joël Prohin

Director of Investment Management

The ambition of the NZAOA is to take immediate action that has an impact on real and quantifiable emissions, in order to transition the economy towards carbon neutrality.

Asset owners are in a strategic position to do so by developing financing solutions, engaging with businesses and policy-makers and channelling funds to tomorrow's sustainable solutions.





The objectives set by Caisse des Dépôts within the framework of the NZAOA are one of the key components of the asset management team's investment policy.

Management involvement in the NZAOA is one of the indicators used to calculate the amount of incentive payments awarded to the asset management teams.




All managers keep this in mind and take it into account in their day-to-day decisions.

4.6.2

National and international initiatives to promote sustainable finance supported by Caisse des Dépôts and its subsidiaries





Commitments	Date	Details of the commitment
	2000	UN Global Compact Commitments to respect ESG principles detailed in the pact.
	2006	Principles for Responsible Investment Promote responsible investment and the integration of environmental, social and governance (ESG) issues into investment decisions.
	2015	European Long-Term Investors Association (ELTI) Caisse des Dépôts and other major European long-term investors are committed to: <ul style="list-style-type: none"> – assessing, publishing and increasing funding for the transition to a low-carbon economy that is more resilient to climate change; – strengthening efforts to develop innovative financing instruments, in conjunction with public and private financial institutions, to support climate objectives; – limiting the carbon intensity of their asset portfolios, strengthening the climate resilience of their investments and encouraging companies in which they invest to integrate environmental and social impacts into their business models, strategic decisions and performance measurements.
	2021	Declaration of support for the development of impact finance Commitment to respect the principles of intentionality, measurability and additionality of financing when financing is qualified as “environmental or social impact financing”.
	2021	Coalition of Investors for a Just Transition The founding members of the coalition, representing €3,600 billion in assets under management, are committed to working with companies to encourage them to integrate the just transition into their strategies.

Energy – Climate – Biodiversity



	2017	Climate Action 100+ Aims to encourage the 100 biggest greenhouse gas (GHG) emitters to improve their climate reporting, put in place appropriate climate governance and define and then communicate GHG emissions reduction targets.
	2016	The Carbon Disclosure Project aims to provide investors with data and tools to measure the climate impact of their investments.
	2015	Institutional Investor Group on Climate Change <ul style="list-style-type: none"> – Forum on climate change for investors to encourage the integration of long-term risks and opportunities arising from climate change into public policy, investment decisions and corporate behaviour. – The IIGCC is one of the investor networks that coordinates the “Climate Action 100+” initiative, of which Caisse des Dépôts is a member.
	1992	United Nations Environment Programme Aims to coordinate the activities of the United Nations in the field of the environment and to assist countries in implementing environmental policies.

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

Commitments	Date	Details of the commitment
	2019	Net-Zero Asset Owner Alliance (NZA0A) Caisse des Dépôts is committed to reducing the carbon footprint of its asset portfolios (in the first instance: listed equities, corporate bonds and real estate assets) to achieve carbon neutrality by 2050, with interim objectives every five years.
	2021	A company committed to nature – Act4nature After signing the Act4nature charter in 2019, Caisse des Dépôts submitted and obtained approval for its biodiversity action plan by the French biodiversity agency (<i>Office français de la biodiversité</i> – OFB) in 2021.
	2020	Finance for Biodiversity The signatories are committed to five points for 2024: – collaborate and share knowledge: in terms of methodology, assessing the impact of activities on biodiversity, and possible approaches to ensure a positive effect; – engage with companies: biodiversity will be included in ESG (environmental, social and governance) criteria. Companies will be encouraged to limit their negative impact and take steps to make it positive; – assess the impact of financing and investment activities on biodiversity, to find out what makes them more or less sustainable; – set objectives for reducing activities that have a negative impact on biodiversity and increasing those that have a positive impact; – put together an annual report on the positive and negative effects of our financing activities and portfolios on biodiversity.
	2021	FAIRR initiative: a network of responsible investors to monitor practices in the agri-food sector: – collaborative initiative targeting the protein production and marketing value chain; – in this context, Caisse des Dépôts is deploying shareholder engagement criteria to combat imported deforestation, particularly in relation to livestock farming.

Human capital

		Promoting a working environment and management culture in which employees can balance their professional and personal lives, while experiencing genuine quality of life at work, a source of sustainable human performance.
		The Charter signatories undertake to implement concrete initiatives in favour of diversity and communicate on them regularly.

4.6.3

Promoting responsible practices

Thanks to the diversity of its business lines, the Group operates at a local and international level, working with

market initiatives as well as with major institutions and local authorities.

4.6.3.1

Internationally

The Group is very active within the international network of the Principles for Responsible Investment (PRI) with, in 2022:

- systematically encouraging asset management companies to become PRI signatories;
- participating in the consultation on good practices in sustainable finance and French regulations led by the PRI;
- regularly holding discussions with PRI governance bodies, particularly on the EU taxonomy.

4.6.3.2

In Europe

At the European level, Caisse des Dépôts promotes its expertise and points of view on the various aspects of sustainable and long-term investment (financial regulation, financial instruments, greening and digitisation of the economy, social support for transitions, etc.).

The Group, which is registered in the European institutions' transparency register, maintains a close relationship with the French authorities overseeing European issues and with the entire EU ecosystem, including European institutions (Commission, Council, Parliament, European Committee of the Regions, etc.) and, more generally, players in European public debate. Caisse des Dépôts takes part in the debate on its own behalf, but also through the European Long-Term Investors Association (www.eltia.eu), which the Group chairs and which represents national promotional banks and institutions.

In France, the Group combines its own financial resources with European funding to support national and European public policies. Caisse des Dépôts and Bpifrance, as implementing partners of the European Commission, are preparing to deploy the new European investment programme "InvestEU" in France, which they have helped to develop.

Caisse des Dépôts is also involved in the deployment in France of an innovative component of the Connecting Europe Facility (CEF), which contributes to the greening of transport infrastructure. In addition, the Group strives to share information on European action on sustainable investment locally, at the level of the beneficiary regions.

In terms of sustainable finance, in 2022 the Group took part in public consultations, in particular on the new European sustainable finance strategy, the EU taxonomy, the future European green bond standard and the revision of the European directive on non-financial reporting.

Incorporating ESG issues

INTO THE GROUP'S STRATEGY

4.6.3.3

In France

In 2022, Caisse des Dépôts continued to play an active role in market initiatives such as:

- chairing the Sustainable Investment Forum (*Forum pour l'investissement responsable* – SIF) and co-chairing a SIF working group on integrating ESG issues into asset allocation;
- chairing the LPs Club of France Invest;
- chairing the Responsible Investment Committee of Af2i, the French association of institutional investors;
- Finance for Tomorrow's Investors for a Just Transition coalition.

The Group has also been involved in a number of ambitious new projects:

- running the “Objectif climat” funds, an initiative coordinated by Caisse des Dépôts, with the support of

- France Assureurs, Af2i, AFG and Finance for Tomorrow, to develop innovative methods for factoring global warming into asset management in line with the Paris Agreement;
- co-constructing and testing of the Global Biodiversity Score, measuring companies' biodiversity footprint, with CDC Biodiversité via the B4B+ club.

In addition, the asset management teams received the “Most influential institutional investor in terms of taking ESG issues into account” prize awarded by Instit Invest and Agefi, which rewards institutional investors for adopting good practices.

4.6.3.4

In the regions

Banque des Territoires' Investment division is committed to reflecting on issues that affect all French people and to making the regions more inclusive, more sustainable, more attractive and more connected.

In 2022, a study was financed on the resilience of digital infrastructures, in which climate risk was addressed.

Other studies are underway or will be launched on the topic of resilience: burying overhead network cables and supporting local authorities in local resilience schemes.

The first study is available on the Infranum website (in French only) (<https://infranum.fr/elementor-9771/>).

I4CE also published a methodology for evaluating local authority budgets from a climate perspective.

Developed with several partners and tested by several cities, the methodology is available free of charge to all local authorities.



A responsible communication strategy

The Group attaches great importance to responsible communication.

In 2022, the Group therefore drew up a charter, together with an action plan for 2023 and 2024, setting out 11 principles based on four pillars:

- **eco-socially-responsible initiatives**, in particular the introduction of eco-designed communications at every stage of their life cycle;
- **responsible and useful content**, in order to disseminate reliable and useful information that respects the principles of truthfulness, sincerity and transparency;
- **responsible relationships with our partners**, in particular by applying responsible purchasing principles to our partners, notably in terms of ethics, professional conduct and human rights;
- **engaged internal and external stakeholders** (see box below).

From a marketing perspective, a product naming⁽³³⁾ procedure has been developed for the creation of visual identities and brands, which blocks names or visuals that could be construed as greenwashing. The Brand teams pay particular attention to the term “Green”, which is a strong commitment on the Group’s part and should therefore only be associated with a name if the Group has evidence of this commitment in all its dimensions.

A Group-wide operational marketing system will be set up in 2023 to better structure the development of green financial products and ensure that they are centralised and reliable.

(33) “Naming” is a marketing technique that involves creating and choosing a brand name for a product.

RESPONSIBLE COMMUNICATION AT CAISSE DES DÉPÔTS

- **A commitment:** to act and work responsibly every day, from the selection of our tools to the choice of our messages, including our “day-to-day” actions.
- **An ambition:** to demonstrate that our communications serve Caisse des Dépôts’ public interest missions and therefore the French people more broadly.
- **A philosophy:** to initiate continuous improvement.

ESG EVENTS

Each year, a large-scale event is organised on ESG issues, bringing together all the Group’s stakeholders, experts and representatives of public authorities.

In 2022, the event was held on 5 June around the theme of “1.5°C: Time for Action” to underline the importance of the need for greater radicalism in the transition of the economic model and its adaptation to climate change, as pointed out by Éric Lombard. The event was an opportunity to:

- demonstrate the commitment of the Group and all its local partners (businesses, local authorities) to take action against climate change;
- showcase concrete achievements and solutions that have already been implemented;
- contribute to the debate with researchers and operational staff;
- highlight the constraints that are slowing down the transformation of our economy.

**FOR MORE
INFORMATION**

<https://www.caissedesdepots.fr/objectif-15deg> (in French only)

Analysis and management of ***ESG risks***



ESG risk management is a priority issue for the Caisse des Dépôts Group.

In 2022, work in this area included integrating ESG risks into the Group's risk mapping process, developing an ESG analysis and rating matrix for all projects presented to the investment committees, setting up a dedicated team, developing a climate risk scoring tool and conducting the first analyses of biodiversity risks.

The aim is to clearly identify risks so that they can be managed more effectively, and support our customers in their ecological and social transformations.



5.1

Focus on climate risks

In 2022, the Caisse des Dépôts Group gave priority to working on climate risks – the ESG risks that are attracting the most attention

from the regulator, and on which extensive research, data and analyses already exist.

5.2

Strengthened governance and a dedicated team

In 2022, the Group rolled out a roadmap inspired by the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), with the aim of integrating climate-related financial risks into its governance, strategy and risk management as well as its management and reporting indicators.

Within the Public Institution, this roadmap is jointly led by the Risk Management and the Finance and Sustainable Development Policy divisions. A dedicated team was created in 2022 within the Risk Management division.

The steering committee, which meets every three months, also involves the Savings Funds' Financial division. The team's work is presented to the Executive Committee and the Supervisory Board at least once a year.

The financial subsidiaries carry out their work in close coordination with the Public Institution and report to a Network Committee chaired by the Risk Management division. These meetings provide an opportunity to discuss the progress made and the methodological difficulties encountered.

5.3

Risks affecting all asset classes

Caisse des Dépôts' climate risk roadmap incorporates the two main categories of climate risk:

– **physical risks** resulting from damage caused directly to economic stakeholders by climate change through extreme weather and climate events (storms, heatwaves, coastal flooding, etc.) and gradual, long-term changes in the climate system (changes in precipitation, rise in sea level, increase in average temperatures, etc.);

– **transition risks** resulting from the impacts of a transition – induced by political measures, technological developments or behavioural changes, for example – to a low-carbon economy on economic stakeholders, in particular when these adjustments are insufficiently anticipated.

The Group conducted an analysis of climate risks by asset class in 2022. All of Caisse des Dépôts' asset classes and counterparties are potentially affected, with risks transmitted via different channels.



Asset class	Transition risks	Physical risks
Local authorities	<ul style="list-style-type: none"> – Increase in local authority operating expenses due to rising energy costs. – Increase in local authority operating expenses to support the low-carbon transition in the local area (vocational training, social assistance, etc.). – Deterioration in the profitability of companies in the emitting sectors located in the local area, resulting in lower tax revenue. – Increase in investment to execute France's National Low-Carbon Strategy (public buildings, transport, waste management, energy, water and sanitation), with a potential negative impact on local authorities' financial ratios (savings ratios and debt reduction capacity). 	<ul style="list-style-type: none"> – Decrease in operating revenue for local authorities whose economic activities are linked to weather conditions (tourism, ski resorts) or who experience extreme weather events. – Increase in operating expenses to support citizens impacted by the decline in activity or an extreme weather event (social assistance) and to maintain infrastructure. – Increased risks for the local authorities particularly exposed to climate risks (overseas territories, coastal areas, mountainous areas), increased investment expenditure to adapt or rebuild assets. – Increase in insurance costs and decrease in allocations for local authorities' non-insurable property.
Corporates	<ul style="list-style-type: none"> – Increase in the operating expenses of companies whose business model is based on high-emission inputs or whose activity is highly energy-intensive. – Decrease in demand for high-emission products or services impacting the company's profitability and its ability to generate cash flow. – Depreciation of assets, particularly in the highest emitting sectors. – Increase in financing costs for companies with high emissions. – Increase in investment to reduce emissions in the production process. – Increase in R&D expenditure to support the transition. – Increase in expenditure to support employees in the transition (training). 	<ul style="list-style-type: none"> – Destruction of key assets of the company or its value chain leading to production interruption, lower revenues and higher costs, impacting its profitability and its ability to generate cash flow. – New investment required to replace damaged assets, generating additional debt, or to adapt them to new climate conditions. – Increase in insurance costs. – Increase in financing costs for businesses or companies in their value chain located in areas exposed to extreme weather events.
Sovereign bonds	<ul style="list-style-type: none"> – Decrease in tax revenue and foreign currency inflows linked to the decline of emission-intensive industries. – Increase in capital expenditure to adapt infrastructure to a low-carbon trajectory. – Increase in expenditure to support industries in their transition to low-carbon technologies (R&D). – Increase in expenditure to support populations made vulnerable by the low-carbon transition (social assistance, vocational training, etc.). 	<ul style="list-style-type: none"> – Decrease in tax revenue due to disruption of supply chains and economic activity and industries particularly exposed to weather events (agriculture, tourism). – Increase in expenditure to cover damage (role of insurer of last resort) and to invest the necessary funds to rebuild destroyed assets or adapt them to new climate conditions. – Increase in expenditure to maintain the supply of energy and food to avoid social risks. – Increase in the cost of maintaining and operating public infrastructure.
Real estate assets	<ul style="list-style-type: none"> – Increase in capital expenditure to bring real estate assets up to standard. – Decrease in income linked to the difficulty of renting real estate assets with poor energy performance. – Decrease in value of assets with poor energy performance. 	<ul style="list-style-type: none"> – Stranded assets due to climate disasters – loss of value. – Increase in maintenance costs following damage. – Increase in costs to adapt assets.
Infra-structure	<ul style="list-style-type: none"> – Decrease in profitability due to higher energy prices. – Increase in investment to reduce emissions in the production process. – Increase in financing costs. – Increase in R&D expenditure to support the transition. – Increase in expenditure to support employees in the transition (training). – Decline in market share in favour of less emissions-intensive infrastructure. 	<ul style="list-style-type: none"> – Stranded assets due to climate disasters – loss of value. – Increase in maintenance costs following damage. – Increase in costs to adapt assets. – Decrease in profitability due to changes in climate conditions (e.g. hydroelectricity).

5.4

A strategic challenge for the Caisse des Dépôts Group

By gaining a better understanding of the climate risks to which the Public Institution is exposed through its portfolio, the Group will ultimately be able to redirect financing flows towards transitioning counterparties and infrastructure aligned with 1.5°C scenarios and to offer financing solutions that will enable infrastructure and counterparties to adapt to future climate conditions.

Climate change adaptation (e.g. factoring future climate conditions into the design of infrastructure and buildings, for example) and mitigation (e.g. insulating buildings to reduce energy consumption, electrifying transport, financing the energy transition) policies help reduce exposure to these risks. That is why climate risk management is an integral part of the Group's climate policy.

5.5

Priority objectives

The climate risk roadmap is based on the following three medium-term priority objectives:

- developing harmonised methodologies for identifying and measuring climate risks across the Public Institution's entire balance sheet;
- carrying out climate stress tests;
- drafting a climate risk management policy, in line with the Group's climate policy.

The commitments made by the Group in terms of mitigating and adapting to climate change, which reduce Caisse des Dépôts' exposure to transition and physical risks, will help increase its resilience to climate risks.

Developing harmonised methodologies for identifying and assessing climate risks

In 2022, the climate risk team focused on developing tools for scoring physical and transition risks which, once finalised (delivery expected by end-2023), will provide:

- an overview of the climate risks to which the Public Institution is exposed over the entire balance sheet (stock view), as well as analyses by type of risk, by sector and by type of counterparty. These analyses will be used to prepare reports and help define climate risk indicators in connection with the risk appetite framework. They will also allow stress tests to be conducted more accurately (by focusing on the sectors and counterparties most at risk);
- information on climate risks by counterparty (flow view): the tool will supplement financial analysis by estimating the potential impact on the balance sheet, the income statement and the counterparty's rating.

This information will also be used to inform investment and financing decisions and determine whether the project takes these risks into account and, if necessary, to propose measures to reduce these risks.

This will improve the Public Institution's internal decision-making process by ensuring that the bodies responsible for granting/investing are better informed.

As regards physical risks, the tool will also provide the necessary information to satisfy the “do no significant harm” (DNSH) component of the EU Taxonomy on climate change adaptation.

MAIN USES

- Inclusion in ESG analysis matrix at grant date.
- Taxonomy DNSH (adaptation).
- Integration into override policies (counterparty ratings).
- Estimation of financial impact (P&L and balance sheet) on counterparties.
- Reporting and definition of risk appetite.
- Integration into the internal stress test process (counterparty sensitivity to scenarios).



5.5.1.1

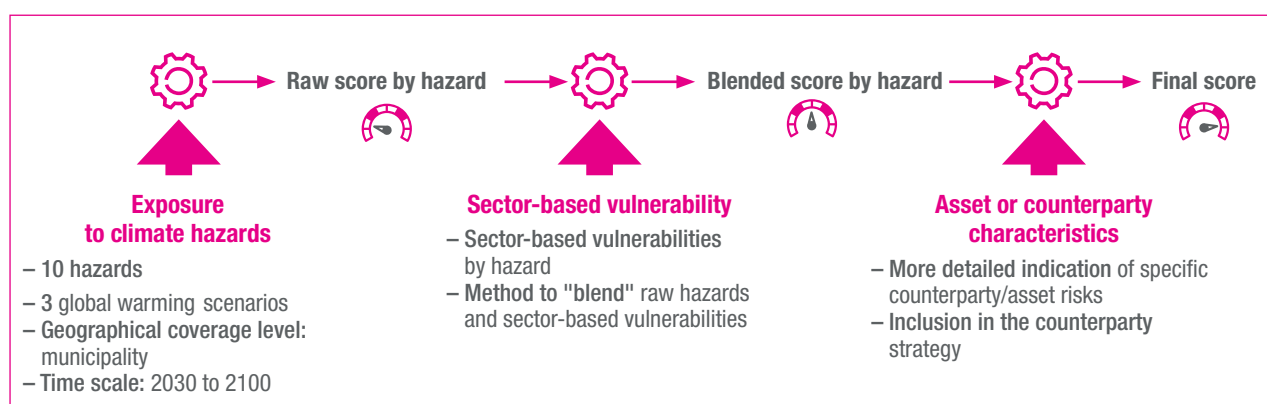
Physical risks

With regard to physical risks, the tool can be broken down into three components:

- **a raw score for ten climate hazards** (see table below) on a scale from 1 (very low, where potential impacts are in line with historical data) to 5 (highest impacts). For most indicators, the score reflects the difference between projected climate conditions between now and 2100 and historical data, based on three climate scenarios presented by the IPCC. In mainland France, the analysis is carried out at the level of the municipality and climate data is taken from Météo France's Drias platform. Data for the rest of the world will be added in 2023;

- **a sector-based vulnerability score** on a scale of 1 (sector structurally resilient to hazard) to 3 (sector structurally vulnerable to climate risks): as not all sectors are equally vulnerable to climate hazards, the raw score is modulated using the sector-based vulnerability score;

- **a score specific to the counterparty or the asset being analysed.** If adaptation measures have been taken to reduce the identified risks, the final "blended" score (which reflects the raw score and the vulnerability score) may be adjusted.



Hazard		Indicator (France)	
Chronic	Increase in rainfall	Average annual precipitation	
	Increase in temperature	Average annual temperature	
Acute	Flooding	River and groundwater flooding	– French regional flooding (TRI)/flood risk prevention (PPR) map – Number of days of heavy rainfall (cumulative rainfall >20 mm per day)
		Coastal flooding	See flooding indicator
	Storms	Strong wind (m/s, 98 th percentile)	
	Extreme temperatures	Heatwave	Heatwave days
		Cold snap	Cold snap days
	Drought	Drought	Period of drought (max. consecutive days with cumulative rainfall <1 mm) + aggravating factor of maximum temperature
Clay shrinkage		– French geographical survey (BRGM) map – French drought indicator (ISM)	
Forest fires	– French forest fire index (IFM) – If forest covers over 20% of the municipality (according to CORINE Land Cover)		

5.5.1.2

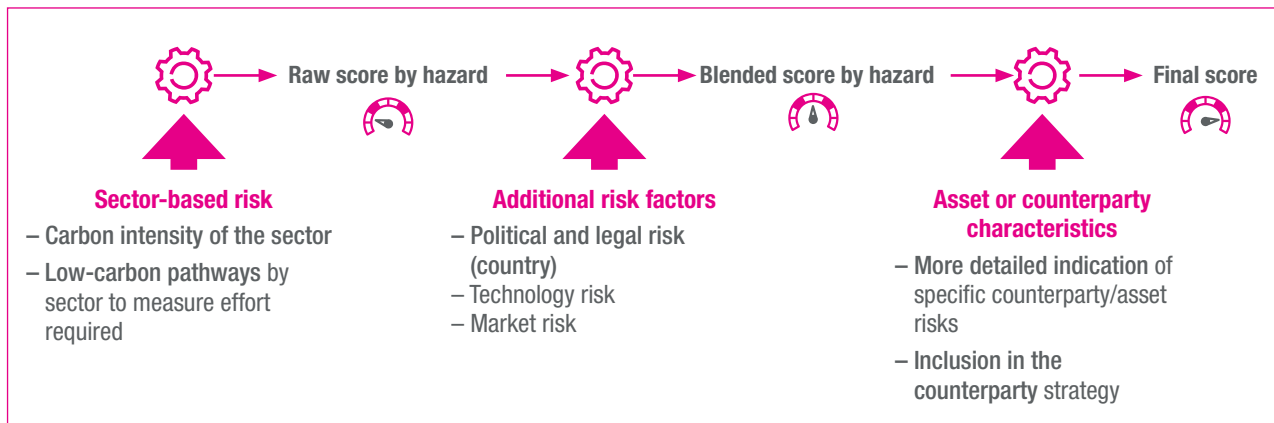
Transition risks

With regard to transition risks, the tool can be broken down into three components:

- a **raw sector-based score**, on a scale of 1 to 10, based on an analysis of the sector's carbon intensity and the effort required to achieve carbon neutrality by 2050;
- **the raw sector-based score is then adjusted** to take into account inputs linked to technology and market risks
 - with a positive or negative impact – specific to the country and business sector;

- **a score specific to the counterparty or the asset being analysed:** if the counterparty has committed to a credible low-carbon strategy approved by a third party, then the country-weighted score can be improved.

Caisse des Dépôts began developing these scoring methods in 2022 and will continue throughout 2023. The information presented may therefore be adjusted slightly.



5.5.2

Climate stress tests

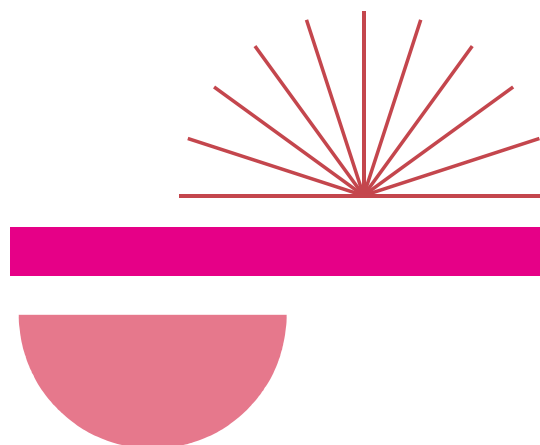
The Caisse des Dépôts Group has carried out several climate stress tests since 2020 to gain a better understanding of how climate-related financial risks can impact the Public Institution's financial equilibrium.

In 2020, the Caisse des Dépôts Group took part in the first pilot climate stress test conducted by the French Prudential Supervisory and Resolution Body (ACPR) aimed at measuring the exposure and resilience of French banking institutions to transition risks.

The central scenario was based on the French National Low Carbon Strategy and was then broken down into three downgraded scenarios. These scenarios were translated into economic and financial variables using two macroeconomic models. The exercise covered the period to 2040, assuming a static balance sheet until 2025 and a dynamic balance sheet from 2025 to 2040 (possibility for institutions to reallocate their exposures taking climate factors into account). The exercise focused on credit risk with segmentation of assets by geographic area (France, European Union, United States) and by sector (NACE level 2 classification).

For Caisse des Dépôts, the stress test focused on a limited balance sheet sample. Corporate exposures generated the majority of credit rating downgrades. The exercise gave the risk and finance teams a clearer grasp of the processes and models that can be used to better understand the specificities of transition risks and to consider adapting methodology.

In 2022, the Public Institution carried out a stress test on equities to supplement the ACPR stress test, which focused on credit risk. The equity portfolio was selected because it represents a large proportion of the Public Institution's balance sheet and working capital requirement and because of data availability. This is in no way intended to indicate that this asset class is more sensitive to climate risks than others. The results of the stress test are presented in Chapter 6. The exercise helped to strengthen the expertise of Caisse des Dépôts' teams in quantifying climate risks.



Incorporating climate risks into the risk management framework

Several transition risk management indicators have been incorporated into the Group's risk appetite framework, enabling them to be monitored and overseen by the Group's governance bodies:

Two indicators to quantify the risk of stranded assets:

- the proportion of exposure to companies active in fossil fuels for Caisse des Dépôts' asset management activities;
- a Scope 1 and 2 carbon footprint reduction indicator for the Public Institution's listed equity and corporate bond portfolios.

Indicators related to transition risks in the real estate sector:

- energy consumption by the real estate investment portfolio, with the targeted consumption reduction helping to mitigate transition risk;
- energy performance of the Group's properties, with the aim of gradually reducing the number of badly insulated homes (*passoires thermiques*) by banning landlords from renting out such properties: G-rated properties from 2025, F-rated properties ratings from 2028 and E-rated properties from 2034).

Indicator	Portfolio carbon footprint indicator		Real estate transition risk indicator	
Description	Reduction of Scope 1 and 2 carbon footprint of listed equities compared to 2019	Reduction of Scope 1 and 2 carbon footprint of corporate bonds compared to 2019	Reduction of primary energy consumption per sq.m. of the real estate investment portfolio	Total surface area of the worst-rated properties (F and G according to the French energy performance diagnostic (DPE)) over the real estate portfolio's total surface area
Scope	Asset Management division (listed equities and corporate bonds)		Asset Management division real estate portfolio (CDC II)	Group real estate portfolios: - Residential scope: CDC II, CDC Habitat, CNP (residential investment) - Commercial property scope: Icade (office and healthcare), SGG, LBPAM, CDC II - Social housing organisation scope: loans to social housing organisations (Banque des Territoires)
Targets	55% reduction by 2030	55% reduction by 2030	38% reduction by 2030	No target
Target exceeded	No	No	No	No
Alert threshold	Alert if the linear target is not met or if the trend declines by >10%			5% for residential property, 20% for commercial property Information threshold: 5% for social housing organisations



5.6 *Other* **ESG risks**

5.6.1

Definitions

Nature-related risks: nature-related risks correspond to the risks of financial losses linked to the negative impacts of an economic activity on nature (transition risks) and to the dependence of an economic activity on ecosystem services that are under threat (physical risks).

Human capital and social risks: these risks are defined as all issues likely to have a positive or negative impact on an entity's financial performance. They may refer to the rights, well-being and interests of individuals and communities, or to issues relating to inequality, health, inclusion, working conditions and human capital. Human capital risk refers to shortcomings in terms of employment conditions, health and safety or the protection of personal data. Caisse des Dépôts' defines social risk as the risk of failing to incorporate social issues and respect for human rights into the entity's strategy, which may lead to reputational and financial risks.

Governance risks: governance risks are defined as all issues relating to measures, rules and decision-making, information and supervisory bodies that could have a negative impact on an entity's financial performance. They cover subjects such as executive remuneration, audit, internal control, tax evasion, independence of the board of directors, shareholders' rights, ethics, corruption and any other compliance issues, as well as the way in which companies and entities incorporate environmental and social factors into their policies and procedures.

In 2022, the Group began work on the various ESG risks, including

- incorporating them into the Group's risk map;
- conducting analyses of the Public Institution's exposure to nature-related risks;
- implementing the ESG analysis and rating matrix to take better account of these factors when making finance or investment decisions.

5.6.2

Incorporating ESG risks into the Group's risk map

The Group's risk map is a financial and operational risk management tool used to identify and evaluate all of the significant risks faced by the Caisse des Dépôts Group and the entities which are consolidated for accounting and solvency reporting purposes given its structure and its activity.

In 2022, all of the environmental, social and governance risks presented in the non-financial information statement (NFIS) were included in the risk map, making them easier to manage.

The decision was made not to create a separate NFIS risk category but to allocate such risks across the risk categories present in the Group's risk map: strategic and business risks, organisational and governance risks, operational risks and compliance risks.

However, two new risk categories were created within strategic and business risks:

- **risks related to the ecological and climate transition**, defined as the risk of failing to incorporate climate and

ecological transition issues into the entity's strategy, which could lead in particular to financial risks in the process of adjusting to an economy compatible with planetary boundaries;

- **social risks**, defined as the risk of failing to incorporate social issues and respect for human rights into the entity's strategy, which can lead to reputational and financial risks.

The Group's risk map is updated annually. The methodology used by the Group Risk Management division to rate risks combines two approaches:

- **a bottom-up approach**: the risks reported by the subsidiaries and by the Public Institution's entities are

consolidated by the Risk Management division;

- **a top-down approach**: the results are reviewed by the owners of the different risk areas to refine their rating. The views of Executive Committee members are also taken into account when updating the Group's strategic risk assessment.

The rating of risks linked to the ecological and climate transition has been adjusted from moderate to major, meaning it must be given more careful attention.

5.6.3

Initial analyses of the Public Institution's exposure to biodiversity risks

The Task Force on Nature-related Financial Disclosures (TNFD) has drawn up two main biodiversity risk categories:

- **physical risks** (dependency analysis) are the risks of financial losses caused by the disruption of ecosystem services on which economic players are dependent (collapse of their diversity or productivity) or of their transformation in the long term. This involves analysing the dependence of a company, asset or economic activity on nature, in particular their dependence on natural resources and the proper functioning of ecosystems (pollination, carbon sequestration, soil fertility, etc.);
- **transition risks** (impact analysis) are the risks of financial losses linked to the consequences of the transition to a "positive" economy for nature, related to changes in regulations (discontinuation of subsidies for activities that are harmful to nature, regulations on water quality or access, establishment of protected areas, measures to prevent deforestation), the market (changes in consumer preferences), technology and reputation. The economic activities that have the greatest negative impact on nature or are located in highly vulnerable areas are generally those most exposed to transition risk.

In 2022, the Public Institution carried out an initial sector-based analysis of the dependence and impact of its portfolio on nature-related risks, using tools provided by ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) and the SBTN (Science Based Targets Network).

The initial findings are presented in Chapter 6.



5.7

Focus on financial subsidiaries

5.7.1

LBP

- Integration of ESG risks into the risk map;
- Measurement of exposure of financing to physical risks based on:
 - exposure of real estate financing to flooding risk;
 - development of risk indicators (seven climate hazards) for corporate and real estate financing;
- Measurement of transition risk based on:
 - net exposure to the coal, oil and gas sectors;
 - measurement of the carbon intensity of the portfolios;
 - SBTi approval of decarbonisation pathways;
- Participation in ECB stress tests.

5.7.2

Bpifrance

- Preparation of a climate risk map identifying risk factors, transmission channels and materiality.
- Development of physical risk measurement indicators (an internal tool that blends exposure to five climate hazards with sector-based vulnerability) and transition risk measurement indicators (sector-based indicators and counterparty analysis) for incorporation into the granting process.
- Quantification of transition risks based on:
 - for financing, an estimate of the investment required for the low-carbon transition, financed by debt, leading to a deterioration in counterparties' financial ratios;
 - for investments, the calculation of a transition cost to value ratio;
- Participation in ECB stress tests.

5.7.3

SFIL

- Preparation of a climate risk map outlining the expected impacts over different time horizons.
- Study on physical risks, aimed at quantifying the impact of acute physical risks (cyclones and storms) on the main financial ratios of French local authorities (data from the Climada model). In 2022, the study was expanded to include water stress (WRI data).
- Study on transition risks for local authorities, underpinned by three transition scenarios (orderly, accelerated, delayed) based on the French National Low Carbon Strategy, which was used to quantify the investment needs of local authorities and their impact on operating sections and debt levels and, as a result, on risk metrics (risk-weighted assets [RWA] and expected credit losses (ECL)).
- Participation in ECB stress tests.







Indicators and *outcomes*

Faced with the challenges of combating climate change and the erosion of biodiversity, Caisse des Dépôts incorporates ESG indicators into its internal processes to monitor and measure progress towards its ambition (e.g. carbon footprint, exposures to fossil fuels, eligibility and alignment with the EU taxonomy of investment activities, biodiversity footprint).

Indicators specific to La Banque Postale (LBPAM, Louvre Banque Privé and CNP Assurances), CDC Croissance, Société Forestière and Bpifrance are available in their article 29 reports.

COTE ART



6.1

Incorporating ESG issues at Caisse des Dépôts

Several levers are used to incorporate ESG issues at Caisse des Dépôts, including:

- internal resources deployed;

- ESG analysis for decision-making and monitoring;
- eligibility and alignment with the EU taxonomy.

6.1.1

Internal resources deployed

6.1.1.1

Human resources

In close coordination with the Sustainable Development Policy department of the Finance and Sustainable Development Policy division, 33.4 full-time equivalents (FTEs) within the Public Institution were directly responsible for ESG issues in 2022. These issues break down by division as shown in Figure 1 below.

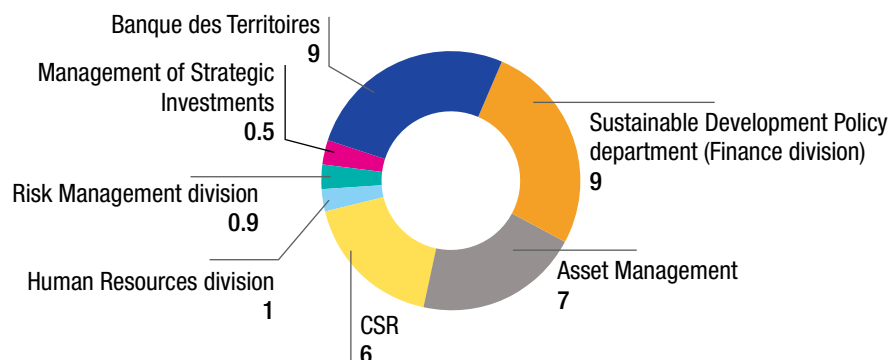
On 1 January 2023, a new climate risk management team was created within the Group Risk Management division's cross-functional risk management department.

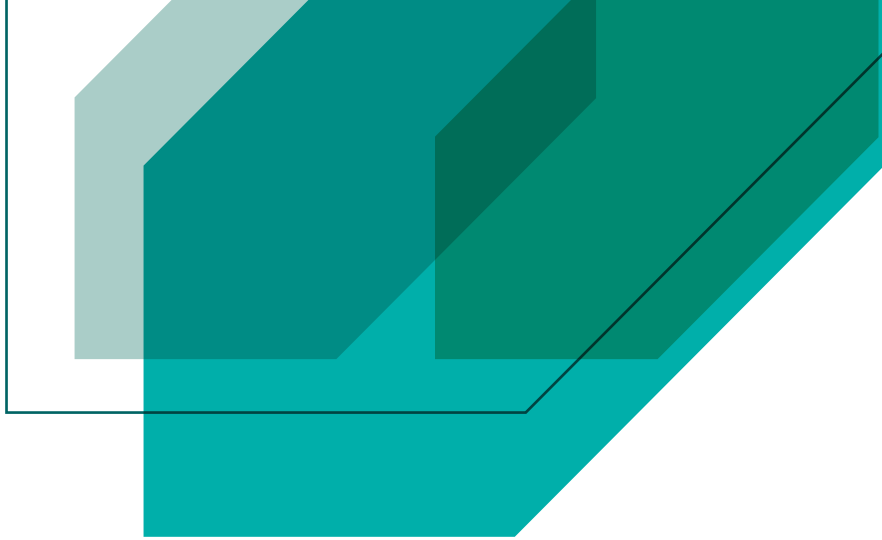
This team comprises 4 FTEs and is tasked with:

- developing methodologies to measure and take climate risks into account in the Public Institution's risk processes;
- coordinating and harmonising the work carried out across the Group in this area, in close collaboration with the Sustainable Development Policy team of the Finance and Sustainable Development Policy division.

FIGURE 1

Breakdown of FTEs by division





The work of this new team will enable us to better identify and assess these risks and thereby help to guide Caisse des Dépôts' mitigation and adaptation efforts.

The objective for 2023 is to develop scoring systems covering physical risks and transition risks relating to all the Public Institution's assets.

By 2024, these systems will be fully deployed and integrated into the loan approval and investment processes, counterparty risk assessment, stress testing, and internal and external reporting.

The team is also starting to develop its own expertise in biodiversity-related risks, which will be the basis of a dedicated work schedule in 2024.

The Group's Sustainable Development Policy department has also been strengthened, with the arrival of a

dedicated EU taxonomy manager and a trainee working alongside a new, experienced Responsible Investment manager.

The proportion of permanent employees of financial entities with direct responsibility for ESG issues and the number of full-time equivalents (FTE) working on ESG issues is monitored at Group level. The number of employees working on ESG issues represents an average of 3% of the total workforce of the following financial entities: Asset Management, Management of Strategic Investments, Banque des Territoires (weighted average).

TABLE 1

Percentage of employees with direct responsibility for ESG issues

	Percentage of permanent employees with direct responsibility for ESG issues at 31 December 2022
Asset Management division	7%
Management of Strategic Investments division (incomplete reporting)	2%
Banque des Territoires	3%
Weighted average	3%

6.1.1.2

Financial resources

The Public Institution's various entities committed a total of €4.65 million to take ESG issues into account in their activities and operations in 2022, in particular by setting aside budgets dedicated to ESG issues (e.g. purchases of services and software for implementing SD/CSR policies).

CDC Croissance earmarked €2.5 million for ESG portfolio management, employee training and the internal structuring of the ESG department.

The budget of the Sustainable Development Policy department of the Finance and Sustainable Development Policy division covers surveys and intellectual services, as well as subsidies to think tanks and research centres focusing on ecological transformation.

N.B.

61% of the grants awarded by Caisse des Dépôts' Institute for Research relate to the ecological transformation, and almost all of them concern ESG.

TABLE 2

Financial resources allocated to ESG issues (€m)	
Banque des Territoires	0.25
Asset Management division	0.6
Finance division's Sustainable Development Policy department	3.8
Total	4.65

6.1.1.3

Technical resources

Caisse des Dépôts has developed internal tools to better incorporate ESG criteria into its investment decisions.

For example:

- the ESG analysis and rating matrixes that apply to all projects presented to the Investment Approvals Committee. The aim of this tool is to fulfil the Group's commitment under the Responsible Finance Charter "to incorporate all ESG issues into the analysis of its investments and financing", and to inform the Committee's decision by ensuring that the projects contribute to the Group's sustainable development policy and by providing the appraisal teams with the necessary means to assess their sustainability. These matrixes come into effect in 2023;
- the Banque des Territoires rating tool used by investors during the appraisal, which provides input and guidance for the internal decision-making process by estimating the positive and negative external impacts of new investment projects presented to the Committee. This tool comprises qualitative and quantitative indicators

- in the three ESG dimensions (environment, social and governance);
- a software as a service (SaaS) tool is currently being developed by Asset Management to centralise all ESG data and automate the preparation of reports, with systematic controls. This tool will be operational from 2023-2024.

In 2022, the Public Institution also carried out an initial sector-based analysis of the dependence and impact of its portfolio on nature-related risks, using tools provided by ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) and SBTN (Science Based Targets Network), which required the use of internal resources (20 man days).

Actions taken to strengthen internal capabilities

Most of the Group's entities implement awareness-raising and/or training initiatives relating to sustainable development. This can take the form of training courses specific to business lines or cross-functional initiatives through the organisation of events and multi-channel communication campaigns. In 2022, 95% of employees in financial entities received training in ESG issues (weighted average).

Examples at Group level include:

- in 2022, mandatory e-learning module on the SDGs, developed for all Caisse des Dépôts employees. Employees can also attend “Climate Fresk” workshops and train to lead the workshop themselves. They are encouraged to do so via internal communication tools;
- training on LBP's sustainability strategy⁽³⁴⁾ (a key lever for its performance as a mission-led company), CSR fundamentals, climate risks, eco-actions, Climate Fresk (La Banque Postale);
- training in sustainable finance (CNP Assurances);
- environmental, social and compliance training (STOA);
- e-learning to raise awareness of the challenges of mandatory compliance with the EU taxonomy (Banque des Territoires);
- Since 2019, a mandatory core compliance training programme has been in place for all the Public Institution's employees (anti-corruption, anti-money laundering, ethics, GDPR, etc.).

A new e-learning course was rolled out from January 2022 on sustainable finance, ESG and CSR regulations, green finance, ESG analysis and impact assessment within the *École de la finance* platform for employees in Caisse des Dépôts' financial business lines. Both in-person and virtual training sessions were offered. CDC Croissance and Novethic also worked together to create an educational video on new regulatory challenges. Table 4 shows ESG training offered and the number of employees trained in 2022.

FIND OUT MORE

For more information on Caisse des Dépôts Group training courses for employees, see the [Social Responsibility Report](#) (in French only).

TABLE 3

Percentage of employees within financial entities trained in ESG issues	
Investment division, Banque des Territoires	93.86%
Loans division, Banque des Territoires	94.32%
Asset Management division	100%
Management of Strategic Investments division	95%

TABLE 4

ESG training	Number of employees trained
Key concepts of impact investing	31
AMF sustainability certification	7
From ESG rating to impact measurement	27
Disclosure, CSRD taxonomy: new framework for ESG data	22
Assessing a portfolio based on taxonomy	19
Finance and biodiversity: capital risk	18
Green finance and the climate: issues, strategies and tools	37
Incorporating SDGs into a responsible investment approach	11
New challenges of green finance	33
Key concepts of the EU taxonomy	27
New rules of sustainable finance	31

(34) Training on the roadmap rolled out by LBP as part of its “sustainability commitment”, around which its CSR policy is structured, covering all the initiatives implemented to address environmental, societal, regional and digital challenges.

In addition to the mandatory training on SDGs in 2022, the Asset Management division convention organised for employees was focused entirely on ESG and included a regulatory component. Equity managers also received coaching from brokers on article 29, taxonomy and ESG overcrowding⁽³⁵⁾.

Within Banque des Territoires, 275 out of 293 employees in the Investments division (93.86%) and 166 out of 176 employees in the Loans division (94.32%) have received ESG training.

Lastly, through cross-functional working groups, the Sustainable Development Policy department raises awareness among employees about:

- data collection for non-financial reporting;
- supporting, implementing and developing non-financial tools for investors: rating tool, investor portfolio analysis system, etc.;
- taxonomy;
- financial, climate and biodiversity risks.

6.1.3

Strengthening ESG analysis

To fully incorporate ESG into investments, the portion of investments subject to an ESG analysis is assessed both for decision-making and investment monitoring purposes, with the aim of meeting the target at 100% for all investments made by the Group and its financial subsidiaries.

At Caisse des Dépôts, “ESG analysis of an investment” means applying an ESG approach to the investment based on an internal procedure aimed at minimising the investment's ESG risk. Depending on the case, this analysis may be based on compliance with an exclusion policy or a detailed analysis based on internal tools or non-financial ratings from recognised agencies.

At Caisse des Dépôts, “ESG monitoring of an investment” means applying an ESG approach to tracking the securities based on an internal procedure aimed at minimising the securities' ESG risk.

Depending on the case, this analysis may be based on compliance with an exclusion or a detailed analysis of internal tools or non-financial ratings from recognised agencies.

Based on the data available to date, 98.19% of investments are subject to an ESG analysis for decision-making and monitoring purposes (99.93% for decision-making purposes and 97.78% for monitoring purposes).

For Asset Management, these analyses are often accompanied by strict decision-making rules, including minimum ESG performance thresholds, quantitative integration of ESG considerations in the valuation process, exposure limits. They are then updated during the holding period on a regular basis, and are subject to controversy monitoring by a dedicated committee. Table 6 shows the type of ESG analysis carried out by asset class (fixed income, equity and real estate/forests). ESG analysis coverage varies depending on asset class and relevance.

In 2022, 14% of fixed-income investments were subject to an NZAOA decarbonisation target and 94% of real estate assets and forests were subject to a biodiversity footprint measurement.

(35) Overcrowding is a trend where there are a limited number of companies suitable for impact investing, in which investors prefer to invest.

All of the Investment Approvals Committee's⁽³⁹⁾ commitments are subject to a compliance analysis that includes an assessment of risks

relating to business ethics, corruption and money laundering.

TABLE 5

Percentage of investments subject to ESG analysis

		Decision-making	Monitoring	Decision-making and monitoring
Scope of article 29 of the French Energy and Climate Act	Asset Management ⁽³⁶⁾	100%	100%	100%
	Banque des Territoires	96%	9%	25% ⁽³⁷⁾
	Management of Strategic Investments	100%	-	-
	Central Sector Treasury ⁽³⁸⁾	100%	100%	100%
Financial subsidiaries with available data	CDC Croissance	100%	100%	100%
	Société Forestière	100%	100%	100%
	STOA	100%	100%	100%
	Total (weighted)	99.93%	97.78%	98.19%

The Management of Strategic Investments division monitors ESG issues through shareholder dialogue (see Section 6.2.3). Given that the 2022 monitoring data is not reliable at this stage, it is not included in this report.

TABLE 6

Typology of ESG analysis by asset class

	Exclusion	Controversy	ESG screening	Detailed ESG analysis	Decarbonisation/ NZAOA target	SD questionnaire and monitoring	Biodiversity: measurement
Total % of ESG analysis coverage	100.0%	37%	53%	39%	32%	4%	33%
Fixed-income investments	100%	25%	69%	25%	14%	2%	16%
Equities	100%	83%	3%	80%	88%	11%	83%
Real estate and Forests	100%	0%	0%	94%	94%	6%	94%

(36) For further information, see table 6 "Typology of ESG analysis by asset class".

(37) For Banque des Territoires, this amount corresponds to assets backed by sustainability bonds. At this stage, ESG monitoring is limited to this scope. Others are subject to an ESG analysis, but this is not monitored. Banque des Territoires intends to strengthen the monitoring of its investments by enhancing its internal resources in this area. To this end, a roadmap is currently being drawn up.

(38) For the Central Sector Treasury, only the list of exclusions and controversies are used in the ESG analysis.

(39) The purpose of Caisse des Dépôts' Investment Approvals Committees is to:

- authorise transactions submitted to them in accordance with their respective rules of procedure;
- verify, encourage and adopt a common strategy for all subsidiaries and affiliates, in line with the Group's overall vision; and/or
- authorise the Caisse des Dépôts representative to take a position within the entity's governance bodies, it being specified that the Investment Approvals Committees do not replace the management bodies of the subsidiaries and affiliates.

6.1.4

List of the financial products mentioned in respect of articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019

The Public Institution does not manage any funds and only the financial products mentioned under articles 8 and 9 for Bpifrance, CDC Croissance and Société Forestière are identified.

These entities' financial products are listed in Table 7.

Asset Management calculates the allocation of financial products under the SFDR, taking into account the total number of funds managed in relation to the total number of funds (for unlisted funds only). The allocation is 21.6% of funds under article 6, 54.5% under article 8, and 23.9% under article 9.

TABLE 7

Breakdown of financial products under the SFDR		
Entity	Total financial products referred to in articles 8 and 9 of Regulation (EU) 2019/2088 (in €m)	Funds
Bpifrance	4,714	SPI, Ecotech and LAC Funds
CDC Croissance	118	CDC Croissance Durable Funds
Société Forestière	660	Regulated FIA funds
Total investments	5,492	

6.1.5

Information on the EU taxonomy

Article 29 of the French Energy and Climate Act requires issuers to disclose the proportion of their investments aligned with the EU taxonomy. In this respect, Caisse des Dépôts, which is subject to article 29 by name, analyses the eligibility and alignment of its investments within the Public Institution scope. The analysis has focused solely on the Public Institution's investment business lines (Asset Management, Banque des Territoires Investment division, Central Sector Treasury). Subsidiaries are excluded from the calculation.

However, in the interests of transparency, Caisse des Dépôts publishes eligibility and alignment indicators for its main subsidiaries separately.

The analysis was conducted according to the same principle and methodology as the eligibility analysis under article 8 of Regulation (EU) 2020/852:

- only indicators published by counterparties subject to the NFRD are taken into account in the regulatory ratio;
- estimates are excluded or included in the voluntary indicator on a residual basis;
- the voluntary indicator reflects the analysis carried out by Caisse des

Dépôts based on the criteria of Delegated Regulation (EU) 2021/2139 for earmarked projects, investment real estate and forests. The analysis is conducted using disclosures that attest to the alignment of projects, based on available data or discussions about questionnaires with project sponsors.

The alignment analysis for 2022 brought to light the following timing constraints:

- not all non-financial undertakings have published their alignment indicators, as their publication timetable does not always coincide with the end of Caisse des Dépôts’ fundraising campaign;
- financial entities will only publish an alignment indicator on 30 June 2023 for investment funds governed by articles 8 and 9 of Regulation (EU) 2019/2088 and in 2024 for financial undertakings subject to the NFRD.

At 31 December 2022, the percentage of eligible investments was 8% under the regulatory approach and 18% under the voluntary approach. Investments have been calculated taking into account only debt securities, equity instruments, tangible assets (real estate investments and forests) and derivatives. This means that loans to local authorities and social housing are excluded, even though these asset classes contribute strongly to the Group’s eligibility in the analysis carried out under article 8 of Regulation (EU) 2020/852, included in the Social Responsibility Report (in French only).

The percentage of aligned investments is 1.5% under the regulatory approach, and 2% under the voluntary approach. This initial alignment analysis enabled the business lines to familiarise themselves with the sustainability analysis methodology of the EU taxonomy.

Due to the publication timetable, the indicators will increase from next year:

- the financial entities in which Caisse des Dépôts invests will publish their alignment indicators as from the next financial year, in line with the publication timetable of Delegated Regulation (EU) 2021/2178;
- sustainable investment funds do not yet publish their alignment indicators, and will publish them for the first time in June 2023 in line with the timetable set out in Regulation (EU) 2019/2088 (SFDR);
- at the closing date for the collection of taxonomy data by Caisse des Dépôts, not all non-financial undertakings had published their alignment indicators;
- in accordance with the rules for analysing eligibility and alignment, Caisse des Dépôts must consider that its exposures to companies not subject to the NFRD as non-eligible and non-aligned. The gradual entry into effect of the CSRD means that the eligibility and sustainability (within the meaning of the EU taxonomy) of these counterparties, which form a strategic basis for Caisse des Dépôts’ sustainable development policy, can be analysed. **The results presented in the tables below are based on partial results obtained using information available to date.**

TABLE 8

Eligibility and alignment of investments (weighted by turnover)

Indicators	Eligibility	Alignment
Proportion of eligible and aligned investments according to the EU taxonomy (regulatory approach)	8%	1.5%
Proportion of eligible and aligned investments according to the EU taxonomy (voluntary approach)	18%	2%

Several other Caisse des Dépôts Group entities are also analysing their activities in respect of the EU taxonomy:

- the Group’s financial entities are keeping to the regulatory schedule and analysing the eligibility of their assets for the second consecutive year. They will be required to disclose alignment data next year;
- The Group’s industrial entities subject to the NFRD are analysing the alignment of their turnover and capital expenditure for the first time;
- the Group’s non-financial entities that are required to disclose non-financial information publish very high eligibility indicators, reflecting their potential to contribute to achieving sustainability objectives. The first alignment analysis of

climate change mitigation and adaptation objectives underscores the effective contribution they have made, thanks to their business model.

To continue complying with the EU taxonomy and to prepare for the next alignment analysis of the Group’s financial entities, Caisse des Dépôts is conducting internal and external workshops to familiarise employees with the sector-specific and reporting challenges linked to this new sustainability framework.

The next analysis campaigns and the implementation of the six sustainability objectives will enable Caisse des Dépôts and its different entities to report on their contribution to environmental sustainability.

TABLE 9

Eligibility and alignment of main subsidiaries and strategic investments (turnover ratio, regulatory method)		
Indicators	Eligibility	Alignment
Non-financial entities		
La Poste (industrial sector entity)	85.27%	27.88%
CDC Habitat	90.75%	38.90%
Icade	98%	38.90%
RTE	99.38%	86.38%
Compagnie des Alpes (activities not currently covered by the EU taxonomy delegated acts)	0.02%	0%
Financial entities subject to disclosure requirements		
La Banque Postale	49.59%	Not submitted in 2023
Bpifrance	5.02%	Not submitted in 2023
SFIL	3.77%	Not submitted in 2023
Financial entities not subject to disclosure requirements (voluntary analysis)		
CDC Croissance (fund)	41%	5%
STOA	68.17%	Not submitted



Dialogue with portfolio companies

Shareholder dialogue is one of the pillars of our responsible investment strategy. It enables us to influence the behaviour of companies in terms of improving their strategy, governance or structure.

The Group's financial entities (Asset Management division, LBP AM, CNP, CDC Croissance) have a voting policy and publish a specific report.

6.2.1

Asset Management division

Asset Management aims to promote best practices in corporate governance and ensure that companies are run in a way that serves the long-term interests of all stakeholders. To do so, Asset Management refers to their voting policy, which sets out their expectations in terms of corporate governance.

The Group's teams of ESG analysts and managers of listed asset portfolios systematically raise ESG issues during their meetings with company senior managers to encourage them to make progress in this area.

6.2.1.1

External resolutions

An external resolution is a resolution put forward by shareholders at a shareholders' meeting, and differs from conventional internal resolutions put forward by the company's senior management. The Asset Management division voted for 410 external resolutions in 2022. More than a quarter (25.1%) of these resolutions related to social themes, 8.8% to environmental themes and 50.7% to governance themes.

Twelve resolutions concerned biodiversity. The external ESG resolutions, which are put to the vote at shareholders' meetings and allow Caisse des Dépôts to clearly exercise its responsibility as a committed shareholder, were widely supported by Caisse des Dépôts, particularly the social (96.1%), environmental (83.3%) and biodiversity (100%) resolutions.

TABLE 10

Resolutions by theme		
Themes	Number of resolutions	Asset Management division approval rate
Environmental	36	83.3%
Social	103	96.1%
Governance	208	59.1%
Corruption	47	100%
Weapons	4	100%
Biodiversity	12	100%
Total	410	76.8%

TABLE 11

Positioning of the Asset Management division on external resolutions (environment and biodiversity)			
Sub-themes	Number of resolutions	Asset Management division approval rate	Number of votes FOR
Transformation of the company's activities	5	20%	1
Climate lobbying ⁽⁴⁰⁾	4	100%	4
Climate reporting	6	100%	6
Climate governance	4	100%	4
Climate policy	8	100%	8
GHG target	8	75%	6
NZAOA	1	100%	1
Total	36	83.3%	30

Asset Management division positioning on external biodiversity resolutions			
Animal welfare	3	100%	3
Plastic	3	100%	3
Pesticides	1	100%	1
Water	3	100%	3
Deforestation	1	100%	1
Biodiversity impact	1	100%	1
Total	12	100%	12

Six environmental resolutions were rejected, mainly due to the excessive demands of the shareholders who submitted them, such as the need to

make an immediate, drastic or inadequate change to the company's business.

(40) In line with its shareholder engagement strategy, Caisse des Dépôts Group: 1- joins collective investor engagement campaigns calling on companies around the world to adopt a policy that directly and indirectly promotes the implementation of the Paris Agreement, in line with their climate commitments and with the highest levels of accountability and traceability, 2- supports shareholder resolutions calling on companies to be transparent about their climate-related lobbying policies and activities. These are examined on a case-by-case basis, taking into account the ongoing shareholder dialogue.

TABLE 12

Asset Management division positioning on external resolutions (social)

Sub-themes	Number of resolutions	Asset Management division approval rate	Number of votes FOR
Working conditions	16	100%	16
Cyber security	3	100%	3
Diversity and inclusion	22	95%	21
Human rights	24	100%	24
Sensitive geographic area reporting	4	50%	2
Just transition	2	50%	1
Child labour	6	100%	6
Public health	14	100%	14
Equal pay	10	100%	10
Stakeholders	2	100%	2
Total	103	96%	99

Four social resolutions were rejected, mainly due to the excessive demands of the shareholders who submitted them or the fact that they were not within the company's responsibility.

6.2.1.2

Say on climate

“Say on climate” is a resolution put to the vote of a company's shareholders at its shareholders' meeting. It can relate to the company's climate strategy and its implementation. In 2021, the Asset Management division committed to encouraging issuers in their approach and reaffirmed its demands in 2022, voting more decisively.

Over the years, to compare companies' ambitions with those of their peers, the Asset Management division has developed its specific say-on-climate analysis matrix. The following were assessed: data transparency, the carbon neutrality objective and the actions deployed to achieve it (continued Capex investments, use of offsetting mechanisms), the effectiveness of the quantitative targets for reducing CO₂ emissions (scope, volumes of

reduction, time horizon), and the monitoring of commitments and indicators (timetables for monitoring progress and approval by shareholders).

In addition, the Asset Management division has drawn on its shareholder engagement experience and in-depth analyses of companies to assess the sincerity of companies' climate ambitions and, in so doing, to fine-tune its opinion.

Of the 20 resolutions of companies in which the Asset Management division invests directly, it voted for four of them, abstained on seven of them and voted against nine of them, which it deemed to be unsatisfactory and for which shareholder engagement was unsuccessful. In 2021, it voted in favour of 10 of the 14 resolutions on which it voted.

FIGURE 2

Breakdown of Asset Management division 2022 votes on internal climate resolutions (out of total resolutions)

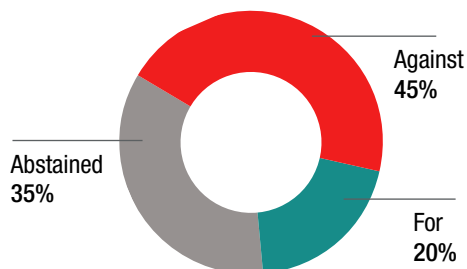
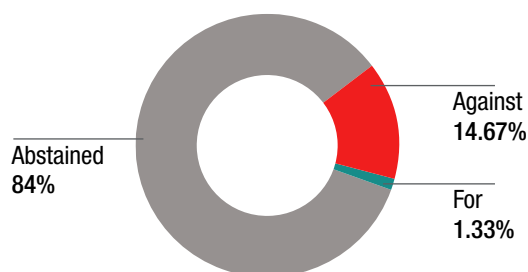


FIGURE 3

Breakdown of Asset Management division 2022 votes on internal climate resolutions (out of total investments)



6.2.1.3

Ongoing strong shareholder dialogue on governance issues

Promoting good governance practices is an integral part of Caisse des Dépôts' commitment as a responsible shareholder. In this respect, it encourages shareholder dialogue with the companies in which it invests.

In 2022, 53 meetings focusing on governance were held to enable it to prepare shareholders' meetings, discuss voting policy and, where possible, change resolutions that did not comply with Caisse des Dépôts' principles.

Most of these interviews were attended by a member of the Board of Directors or Supervisory Board.

The Asset Management division is committed to strengthening this dialogue, and will continue to do so in the coming years in order to prepare for changes in voting policy and for shareholders' meetings.

FIND OUT MORE

The "Voting policy and principles of governance of listed companies" is available on the Caisse des Dépôts website and is updated annually.

www.caissedesdepots.fr/en/committed/at-the-service-of-the-French/ecological-transition/our-levers-as-a-responsible-investor

6.2.1.4

Outcome of shareholder dialogue on specific themes for the Asset Management division

Caisse des Dépôts engages in shareholder dialogue and monitors progress on a regular basis using governance, climate, social, biodiversity and business ethics indicators.

The proportion of portfolio companies engaging in shareholder dialogue around ESG issues was 58% in 2022 (based on directly and indirectly held listed equity portfolios and corporate bonds).

Table 13 below shows the number of issuers that made commitments in 2022 and the associated targets for 2024.

TABLE 13

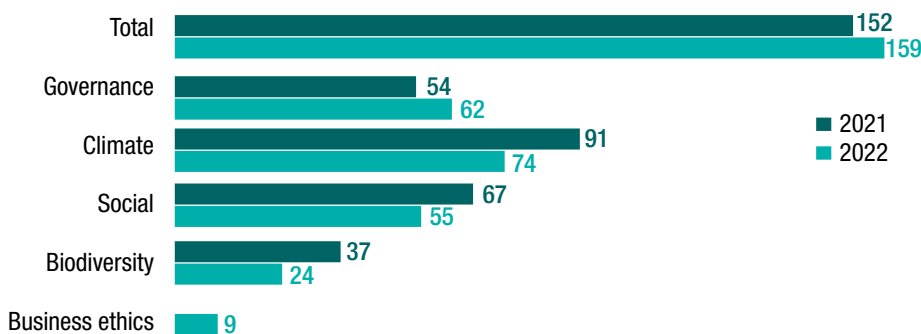
2022 results compared to our targets		
2024 targets	2022 results	
	Number of issuers that have made commitments	Example of sectors of activity
60 issuers, including the 20 companies in the portfolio with the most emissions (including the energy sector), by 2024	57	Climate lobbying, climate reporting, climate governance
60 issuers to commit to biodiversity by 2024	23	Water, plastic, pesticides
30 issuers by 2024 (multi-sector)	58	Working conditions, diversity and inclusion, human rights, just transition

In 2022, the asset managers conducted 159 direct interviews, corresponding to 100 companies, i.e. one every two business days on 58% of the Asset Management division portfolio.

For 19% of the companies concerned, at least one vote was cast against the resolution at their 2022 shareholders' meeting. Figure 4 below shows the number of interviews conducted on the various ESG themes in 2021 and 2022.

FIGURE 4

ESG interviews 2021-2022 (Asset Management division)



6.2.2

Banque des Territoires

A roadmap is currently being defined and will include shareholder dialogue about ESG issues with the companies in which Banque des Territoires has invested.

ESG clauses are currently being incorporated into shareholders' agreements, and will continue to be incorporated systematically.

EXAMPLE OF AN ESG CLAUSE IN A PRIVATE EQUITY SHAREHOLDERS' AGREEMENT

Shareholders, shareholders' representatives, the chairman and the company are hereby informed of the commitment made by the Investors, as signatories of the United Nations Principles for Responsible Investment (UNPRI), to take into account environmental, social, societal and corporate governance criteria ("ESG" criteria) in the company's investments and in the monitoring of its holdings, including:

- the use of natural resources;
- environmental impact;
- employment;
- social dialogue;
- human resources;
- attention to employees;
- supplier and customer relationships;
- regional links and stakeholder relations;
- governance;
- management.

Banque des Territoires monitors the environmental and social performance of its assets backed by sustainability bonds⁽⁴¹⁾ on a yearly basis through discussions and interviews with the counterparties concerned. A dialogue on the ecological transformation and/or climate change is held for projects connected with an environmental theme, such as green real estate, soft mobility or green energy production.

A project must meet certain eligibility criteria to be backed by sustainability bonds. With respect to real estate, the eligibility criteria for the 2019, 2020 and 2021 sustainability bonds required that:

- the project must have at least one environmental label e.g. BBC Effinergie+; HQE (High Environmental Quality) Excellent; BREEAM Very Good; LEED Gold; NF Habitat et Environnement; E+C compliance;
- for new buildings, the energy performance must comply with the French Energy Efficiency Standard (RT2012).

Since the introduction of the 2022 sustainability bond, backed assets must be aligned with the taxonomy where applicable.

(41) See the "Sustainability bonds" section of the Caisse des Dépôts website:
<https://www.caissedesdepots.fr/en/you-are-investor/green-social-and-sustainability-bonds>.



Management of Strategic Investments division

6.2.3.1

Shareholder dialogue

In 2022, particular attention was paid to the following:

- objectives aimed at gradually aligning the activities of each strategic investment in order to limit global warming to 1.5°C, broken down according to the progress made by each entity, as well as specific objectives based on the business sector of the strategic investments to improve their contribution to the ecological and energy transition;
- objectives to enable the strategic investments to join existing initiatives and coalitions, namely *Entreprises engagées pour la nature* (business committed to nature) and Finance for Biodiversity, and implement biodiversity action plans, as well as specific objectives based on the business sector of the strategic investments to preserve biodiversity or limit their impacts;

- more general CSR objectives (e.g. implementing an e-learning programme to raise awareness among all employees on sustainable development and CSR, and deploying a plan to reduce workplace accidents).

In addition, an annual review of the achievement of these objectives has been put in place, as part of the strategic reviews conducted at the end of the year by the Management of Strategic Investments division with the directors representing Caisse des Dépôts.

In 2022, 95% of investments engaged in shareholder dialogue focusing on the ecological transformation (directly).

In 2023, the objectives relating to social issues will be strengthened by incorporating ESG criteria into the executive remuneration of subsidiaries and strategic investments (Management of Strategic Investments division).

6.2.3.2

Stepping up the incorporation of ESG criteria into corporate officers' remuneration

In 2022, the executive officers of the subsidiaries and strategic investments⁽⁴²⁾ received variable remuneration representing an average of 39% of their fixed remuneration.

ESG criteria represented on average 23% of their variable remuneration, with:

- environmental criteria representing an average of 10% of their variable remuneration. These include, for example, broadening the scope for calculating the company's carbon footprint, reducing greenhouse gas emissions, deploying climate

- resilience strategies, and rolling out offerings and solutions for the ecological and energy transition;
- social criteria, representing an average of 13% of their variable remuneration. These include, for example, reducing workplace accident rates, increasing the proportion of women in the company's teams and management, and deploying offerings and solutions to promote social cohesion.

(42) Based on the voluntary reporting scope specified in [Section 1.2.3](#).

6.2.3.3

Monitoring of sustainable development and CSR policies through the governance of each strategic investment

The directors representing Caisse des Dépôts on the strategic investments' governance bodies ensure that sustainable development and CSR issues are taken into account, based on entity-specific characteristics.

To enable the Caisse des Dépôts directors to monitor these issues, the Management of Strategic Investments division has implemented the following measures:

- referrals to Caisse des Dépôts' expert divisions (Sustainable Development Policy, Compliance, Audit Risks, etc.) when preparing meetings of the governance bodies, in order to analyse documents presented with regard to responsible investment issues, and in particular their coherence with the Group's Responsible Finance Charter and climate and biodiversity policies, as well as its ethics, anti-money laundering and anti-corruption policies;
- setting up committees dedicated to CSR issues within the governance of subsidiaries and strategic investments. As of end-2022, these committees exist within the governance of Icade, La Poste group, La Banque Postale, Bpifrance, SFIL, Transdev, CDC Habitat and Compagnie des Alpes;
- stepping up the monitoring of ESG criteria in setting the variable remuneration of executive officers of the strategic investments;
- enhancing the training of directors on these issues. In 2022, two training sessions were organised on the implementation of the EU taxonomy and regulatory requirements in terms of gender equality.

TABLE 14

Assessment of shareholder dialogue for 2022	
Number of strategic investments that have engaged in shareholder dialogue on ESG issues	20/20 – 100%
Number of strategic investments that have engaged in shareholder dialogue on climate change issues (mitigation and adaptation)	19/20 – 95%
Number of strategic investments that have engaged in shareholder dialogue on the efficient use of natural resources, pollution or quality of supply chain	17/20 – 85%
Number of strategic investments that have engaged in shareholder dialogue on social cohesion issues	18/20 – 90%
Number of strategic investments that have engaged in shareholder dialogue on human resources issues	17/20 – 85%





Carole Abbey
Director, Management of Strategic Investments
division

Our objective is to ensure that the Group's commitments to responsible financing, the climate and biodiversity are central to each entity's strategic priorities. This involves providing support to the directors representing Caisse des Dépôts, so that they can share these commitments, support the initiatives already implemented by our subsidiaries and strategic investments and challenge them to develop best practices. In 2022, Icade became the first real estate company to adopt a "say-on-climate and biodiversity" resolution, which was approved at 99.3% by its shareholders' meeting.

6.3

Impact of our investment and financing

on the ecological transformation

With a view to ensuring consistency with the Social Responsibility Report (in French only) and the Group's commitments to the ecological transformation, the scope

presented in this section covers the equity investments and financing of Caisse des Dépôts.

6.3.1

Financing the ecological transformation and contributing to national climate objectives


Financing and investment to drive the ecological transformation

At Group level, the amounts committed in loans and investments to the ecological transformation in 2022 came to €23 billion, up 35% on 2021 (see Section 4.2.2.5 and Appendix A.1 for the definition of ecological transformation flows – GT flows). All of the Group's financial entities increased their financial commitment to the ecological transformation in 2022, with a focus on local and regional projects as well as investment in green bonds.

With more than €53 billion committed between 2020 and 2022, the Group has achieved almost 90% of its €60 billion target for 2020-2024 in just three years. As announced by Éric Lombard on 20 June 2023 at the Group's "Climate Objective" day, we are continuing our contribution to the "Green France" strategy, by setting ourselves a new target of contributing €100 billion in financing for the ecological transformation between 2024 and 2028.

At the Public Institution level, the commitment for the year came to €10.6 billion in 2022, up 43% compared to 2021. For Banque des Territoires, financing and investment for the ecological transformation accounted for more than 43% of its overall new financial flows in 2022.

TABLE 15

Annual amount committed to the ecological transformation (GT) (in €bn)						
Indicators	Scope	2020	2021	2022	2020-2022 cumulative	2020-2024 targets
Annual amount committed to the GT (in €bn)	CDC	6.4	7.4	10.6	24.3	
	Group ⁽⁴³⁾	13.3	17.1	23	53.4	60 
Of which investment in support of the GT	CDC	1.8	2.6	4.7	9.1	
	CDC, Bpifrance, LBP, CNP Assurances (LBP AM from 2021)	5.3	7	9.4	21.7	

Focus on investment

In 2022, the Group's financial entities (Caisse des Dépôts, Bpifrance, La Banque Postale and CNP Assurances) invested €9.4 billion in the ecological transformation.

This included investment in:

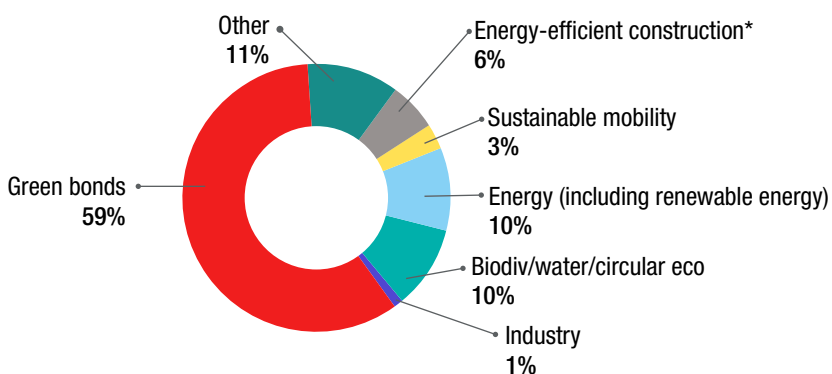
- the acquisition of green assets: green bonds, new energy-efficient buildings and forestry assets
- sustainable mobility infrastructure (e.g. installing electric vehicle charging stations), renewable energy production (wind, solar, water and biomass), etc.
- water and waste treatment infrastructure, brownfield site rewilding projects, etc.
- supporting innovation.

These financial commitments are defined in Appendix A1 to this report. They correspond to the amounts of investment in green assets approved during the financial year (e.g. new purchases of green bonds), net of any disposals (e.g. of energy-efficient real estate investments).

The amounts recorded in 2022, which were up 25%, reflect the Group's ongoing commitment to regional projects and an acceleration in the acquisition of green bonds by the asset management divisions of Caisse des Dépôts and CNP Assurances.

FIGURE 5

Group investment in the ecological transformation in 2022 by sector (€9.4 billion)

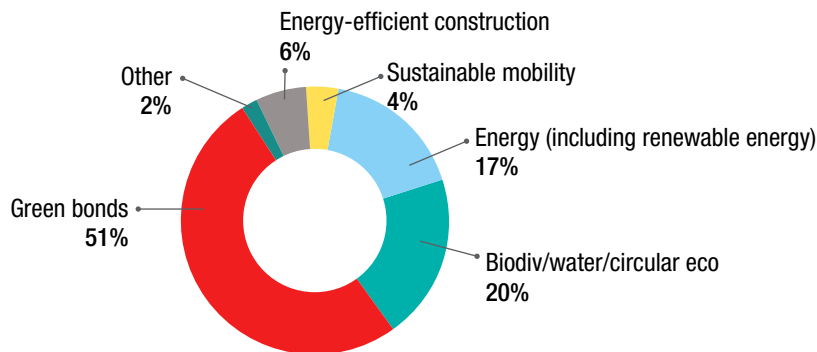


See the Social Responsibility Report (in French only), which presents the concrete results produced by our financing and investment in the ecological transformation in line with SDG 7 (access to affordable and clean energy).

*Buildings whose energy performance goes beyond current environmental regulations (e.g. HQE or BREEAM certification)

FIGURE 6

Caisse des Dépôts' investment in the ecological transformation in 2022 by sector (€4.7 billion)



At the Public Institution level, a total of €4.7 billion was committed in 2022, up 81% versus 2021.

(43) CDC, Bpifrance, LBP (including LBP AM in 2021), CNP Assurances and SFIL.

6.3.2

Green and sustainability bond issues

With one issue of green bonds (which matured in 2022) and four issues of sustainability bonds respectively carried out in 2017 and every year since 2019, Caisse des Dépôts is a recurring issuer on the sustainable debt market.

Caisse des Dépôts' green and sustainability bonds respond to the three priorities it has set for the coming years: the ecological transformation, energy, industrial, digital and financial sovereignty, and regional and social cohesion.

The funds raised through these issues make it possible to finance green and social projects in fundamental sectors such as renewable energies, sustainable real estate, sustainable mobility, the digital transition, education and professional integration, the food transition and support for the ageing population.

Caisse des Dépôts selects the assets it invests in based on its expertise in these major sectors, with a focus on the following:

- equity and quasi-equity investments, loans, bonds and mezzanine financing
- regional projects in France that are not subject to any claims, have all the necessary authorisations and permits, and are not involved in any controversies following impact studies

- generating a balanced distribution between: financing and refinancing, future projects and projects in operation.

Wherever possible, Caisse des Dépôts has aligned itself with the EU taxonomy's requirements for the five green categories⁽⁴⁴⁾ covered by the delegated acts for the climate change mitigation objective.

In line with the commitments it has set itself in terms of transparency and exemplary conduct in its Green, Social and Sustainability Bond Framework, Caisse des Dépôts provides investors with an exhaustive list of eligible projects by name prior to the execution of each bond transaction and publishes an annual aggregate report presenting:

- an attestation on the proper allocation of funds;
- certificates stating the projects' compliance with the eligibility criteria;
- the performance and social and environmental impact indicators for the projects.

SUSTAINABILITY BOND OF THE YEAR – AGENCY awarded by Environmental Finance



On Thursday 6 April 2023, online news and analysis service Environmental Finance awarded Caisse des Dépôts the Sustainability Bond of the Year – Agency prize for its most recent October 2022 issue.

Launched following the April 2022 publication of Caisse des Dépôts' updated Green, Social and Sustainability Bond Framework, the 2022 sustainability bond is consistent with the EU Taxonomy delegated act, incorporating the criteria for making a substantial contribution to climate change mitigation and the "Do No Significant Harm" (DNSH) principle.

With this new bond framework, Caisse des Dépôts is aiming to integrate the EU Taxonomy as a business management tool.

(44) Production of renewable electricity, green buildings, sustainable mobility infrastructure and services, eco-efficient data centres, food transition.

FIGURE 7

Amounts allocated by sector via sustainability bond issues

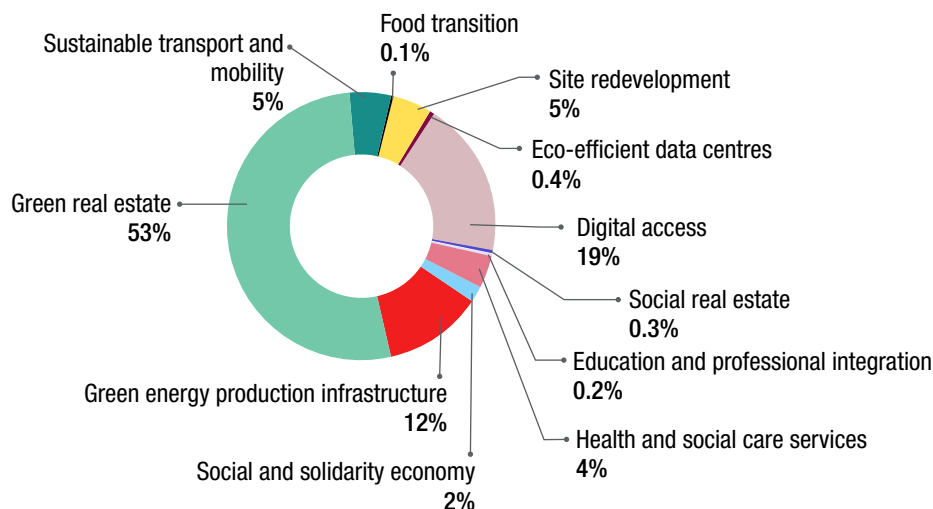


TABLE 16

Features of the four outstanding sustainability bonds

	Sustainability bond (2019)	Sustainability bond (2020)	Sustainability bond (2021)	Sustainability bond (2022)
ISIN	FR0013426426	FR0013534443	FR0014003RL9	FR001400DCH4
Format	EMTN	EMTN	EMTN	EMTN
Rating	Aa2 (Moody's) / AA (S&P)	Aa2 (Moody's) / AA (S&P)	Aa2 (Moody's) / AA (S&P)	Aa2 (Moody's) / AA (S&P)
Amount	€500m	€500m	€500m	€500m
Transaction date	12.06.2019	08.09.2020	25.05.2021	12.10.2022
Settlement date	19.06.2019	15.09.2020	01.06.2021	19.10.2022
Maturity date	19.06.2024	15.09.2025	01.06.2026	25.11.2027
Annual coupon	0.0%	0.01%	0.01%	3.00%

2022 impact and activity indicators for green and sustainability bonds



More than **600 people trained in digital professions** since 2019, via training courses for fibre optic technicians and digital training schools



– Over **41,000 households supplied with green electricity** since 2019
– Nearly **275,000 MWh produced by green energy infrastructure every year**, equivalent to the average annual electricity consumption of 120,000 French people



Some **12,800 direct and indirect jobs supported**, taking into account the construction and operational phases of financed projects



– **Fibre optic coverage across over 65%** of the public initiative network zones
– **Fibre optic rolled out in nearly 30 départements across mainland France**, as well as in Saint-Martin in the French West Indies and in La Réunion



More than **1,600 places created**, or in the process of being created, in elderly care homes, including over 1,300 places in sheltered housing, some 200 places in *Âges et Vies* coliving spaces and nearly 100 places in nursing homes



– Over **13 million kWh/PE saved per year** through compliance with France's RT2012 heating regulation
– Nearly **900 alternative refuelling stations** (electric and hydrogen recharging stations)



More than **100,000 tonnes of CO₂ equivalent avoided** (thanks to sustainable transport and mobility, green energy infrastructure and site redevelopment projects)



– More than **35 former brownfield sites cleaned up** or in the process of clean up
– Over **200 hectares of land decontaminated** since 2019

Monitoring our climate commitments

Proportion of financial assets aligned with a 1.5°C scenario or covered by decarbonisation targets aligned with the objectives of the Paris Agreement

This indicator – which is part of the Caisse des Dépôts Group's corporate purpose – has been calculated for the first time for a scope that includes the following Group financial entities: the Caisse des Dépôts Public Institution (Banque des Territoires, Asset Management division, CDC Croissance, Management of Strategic Investments division), Bpifrance, La Banque Postale, La Banque Postale Asset Management, CNP Assurances and SFIL. It is presented for all financial assets at 31 December 2022 (outstanding loans and investments) and for investments only. In the future it may be analysed further to take into account the specific characteristics of the lending and investment businesses.

In practice, this indicator aggregates, at Group level, the proportion of financing and investment that falls into one of the following three categories:

- earmarked for assets that are "aligned" by definition, in particular in connection with the financing of the ecological transition (e.g. renewable energies, green bonds, etc.) or that meet the EU Taxonomy criteria
- related to counterparties that have themselves set decarbonisation targets in line with the Paris Agreement
- part of a portfolio for which an aligned target has been set according to a recognised methodology and, where possible, validated by a third party (see note on methodology in Appendix A2).

At 31 December 2022, this alignment indicator stood at 52%, based on a total asset value (outstanding loans and investments) of €1,055 billion.

The Group's commitment to gradually align all of its activities with 1.5°C scenarios should result in an increase in this indicator. As the indicator has not yet

TABLE 17

Proportion of assets aligned with or covered by targets aligned with the objectives of the Paris Agreement

Indicators	Loans and investments (€bn)	Investments (€bn)
Financial assets at 31.12.2022 taken into account for the indicator	1,055	670
Value of portfolios covered by decarbonisation targets aligned with the objectives of the Paris Agreement	267	193
Value of assets whose counterparties have set decarbonisation targets aligned with the objectives of the Paris Agreement	241	239
Value of aligned assets (green assets, assets supporting the ecological transformation)	38	8
Total assets aligned with or covered by targets aligned with the objectives of the Paris Agreement	546	440
Proportion of assets aligned with or covered by targets aligned with the objectives of the Paris Agreement	52%	66%

stabilised, the Group does not yet have a related progress pathway.

The lender business lines still have work to carry out/complete in order to establish targets for long-term loans for which little GHG

emissions data exists.

See Appendix A2 for more details on the methodology used to calculate the carbon footprint and 1.5°C scenario alignment of the Caisse des Dépôts Group's activities.

6.4.2

Decarbonisation of asset management portfolios

In order to align its business portfolios with 1.5°C scenarios, Caisse des Dépôts has a fossil fuel management and exclusion policy. In line with the commitment made as part of the Net-Zero Asset Owner Alliance (NZAOA), the

asset management objective is to achieve carbon neutral investment portfolios by 2050. Intermediate decarbonisation targets for 2030 have been set for listed equities, corporate bonds and directly held real estate.

6.4.2.1

Management of investment in fossil fuels

Withdrawal from the sector

Effective 1 January 2022, Caisse des Dépôts, La Banque Postale, La Banque Postale AM and Bpifrance no longer hold any securities in companies whose revenue is exposed to thermal coal (above a 10% threshold, lowered to 5% from 2023) if they have not announced a plan to withdraw from thermal coal between now and 2030 in OECD countries and 2040 for the rest of the world.

In 2022, in accordance with its exclusion policy, Caisse des Dépôts' Asset Management division excluded two companies with thermal coal exposure and one company with exposure to the oil and gas sector that had not announced

an exit plan in line with the Group's commitments. In 2021, 12 companies in the oil and gas sector were excluded from the asset management portfolio.

In addition, overall, CDC has excluded 98 investees for exposure to coal, 70 for exposure to non-conventional oil and gas, and 49 for failure to align with 1.5°C scenarios. One company was excluded from the asset management portfolio in 2022 following a decision by the Controversies Committee⁽⁴⁵⁾, bringing the total number of exclusion decisions by this committee to eight since it was set up in 2019.

Exposure

A new methodology and databases covering a more exhaustive scope were used to calculate the proportion of exposure to companies active in the fossil fuel sector across the equity and corporate bond portfolios and for all of CDC's asset management portfolios (based on balance sheet values). Due to these changes, the values presented in table 18 for 2021 and 2022 cannot be compared. Using the previous methodology applied in 2021, the proportion of exposure to fossil fuel companies in the equity and corporate bond portfolios (based on balance sheet values) would have been 10.15% in 2022, and 2.58% across all of CDC's asset management portfolios (balance sheet values), demonstrating a reduction in exposure between 2021 and 2022.

Caisse des Dépôts is not currently able to calculate the proportion of exposure to companies that produce fossil fuels as it currently only has access to data on coal and non-conventional oil and gas (as a % of revenue).

However, an indicator on companies that are predominantly active in fossil fuels is tracked to provide an overall view. The results are presented in table 18.

(45) The Controversies Committee, which meets three or four times a year, carries out a regular review of any controversies that portfolio companies may face.

Once the controversy has been (re)assessed, the committee decides on one of the following courses of action: continued monitoring, reducing the Group's holding in the company, disposal, bilateral or collaborative engagement, or a protest vote at the next shareholders' meeting.

TABLE 18

Caisse des Dépôts asset management fossil fuel exposure

		2021 Previous method	2022 New method
Proportion of exposure to thermal coal ⁽⁴⁶⁾	On equity and corporate bond portfolios (balance sheet value)	0.06%	0.05%
	On all CDC asset management portfolios (balance sheet value)	0.02%	0.01%
Proportion of exposure to companies active in fossil fuels (based on 100% of their activity) ⁽⁴⁷⁾	On equity and corporate bond portfolios (balance sheet value)	12.26%	14.08%
	On all CDC asset management portfolios (balance sheet value)	3.23%	3.59%
Proportion of assets held above the thresholds set in the coal and oil & gas policies appended to the financial business lines' climate policy	On all CDC asset management portfolios (balance sheet value)	0.00%	0.00%

6.4.2.2**Decarbonising investment portfolios**

In line with the commitment made as part of the Net-Zero Asset Owner Alliance (NZAOA), the objective is to achieve

carbon neutral investment portfolios by 2050, with a target of a 55% reduction in listed portfolios between 2020 and 2030.

Source data

Carbon intensity (in tCO₂eq/€k invested) is estimated each year by Caisse des Dépôts' Asset Management division. The source data needed for the calculation is extracted from the Scope 1 and Scope 2 greenhouse gas emissions data published by the companies concerned. The most up-to-date information is used.

Consequently, at 31 December 2022, carbon intensity was calculated based on the companies' 2021 greenhouse gas (GHG) emissions (year Y-1).

The total amount of investment is calculated for 2022 (year Y). Carbon intensity at 31 December 2022 was calculated on the basis of securities held directly at that date. The benchmark year used corresponds to the carbon intensity calculated at 31 December 2019. If data is unavailable for one or more companies, the results obtained are recalculated in order to obtain a carbon intensity covering 100% of the portfolio (balance sheet value).

FIND OUT MORE

See the calculation methodology set out in Appendix A.4.

Outcomes

In line with the pathway set out by the NZAOA protocol⁽⁴⁸⁾, the carbon intensity of listed equity and corporate bond portfolios is monitored quarterly by the management teams and is reviewed at the monthly investment management committee meetings. This makes it

possible to identify, for example, the reasons for monthly changes, such as an increase/decrease in companies' CO₂ emissions or an increase/decrease in exposure to one or more companies (non-exhaustive list).

In 2022, the carbon intensity of directly

(46) Coal: this indicator represents the Asset Management division's investment in companies involved in thermal coal according to the selected data provider, and companies added manually where this data was not supplied by the provider. The investment is weighted according to the percentage of revenue that thermal coal represents in the company's total revenue.

(47) Indicator calculated using all of CDC's asset management portfolios (balance sheet value). In addition to exposure to oil and gas producers, this indicator covers exposure to all players in the value chain, including utilities and related network, transport and equipment services. The indicator is presented based on a combination of sector data and fossil fuel revenue data, supplied by two separate data providers. In order to comply with the spirit of article 29 of the French Energy and Climate Act, the Asset Management division considers 100% of an exposed company's revenue without applying any weighting based on the proportion of fossil fuel-related activities alone, i.e. without taking into account other activities or "green" activities. Less than 1% of the companies in the portfolio generate more than 50% of their revenue from fossil fuel-related activities.

(48) Net-Zero Asset Owner Alliance (NZAOA), see Section 4.6.1 for more information.

held listed equity portfolios reduced by 27% and the carbon intensity of corporate bond portfolios fell by 16% compared with the benchmark year (2019).

Shareholder dialogue focused on the reduction of greenhouse gas emissions, particularly in the transport and oil sectors.

TABLE 19

Change in carbon intensity for listed equities and corporate bonds

Investment portfolios	Indicator	Unit	31.12.2019	2020	2021	2022	2020-2025 target	2020-2030 target
Directly held equity portfolio (asset management)	Carbon intensity	tCO ₂ /€k	0.290	0.309	0.228	0.211		
	Year-on-year change	%		+6.55%	-26.21%	-7.46%		
	Change in carbon intensity versus the benchmark year (31.12.2019)	%		+7%	-21%	-27%	-20%	-55%
Corporate bonds portfolio (asset management)	Carbon intensity	tCO ₂ /€k	0.119	0.109	0.101	0.100		
	Year-on-year change	%		-8.40%	-7.34%	-0.99%		
	Change in carbon intensity versus the benchmark year (31.12.2019)	%		-8%	-15%	-16%	-20%	-55%

As part of the NZAOA/NZAMI commitments, decarbonisation targets for the equity and bond portfolios of the Asset Management division, CNP and LBP AM are set every 5

years, covering the period until 2050. See CNP's Sustainable Investment Report and LBP AM's Article 29 Report (in French only) for further information.

FIGURE 8

Carbon intensity of the Asset Management division's listed equity portfolios (Scopes 1 and 2, in tCO₂eq/€k)

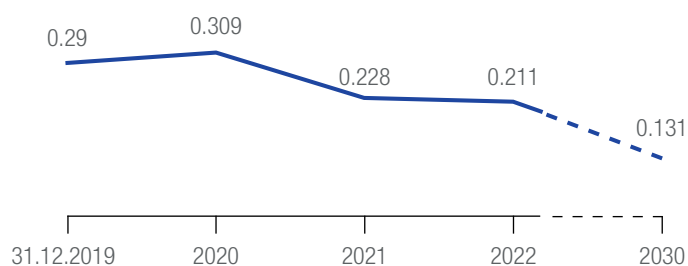
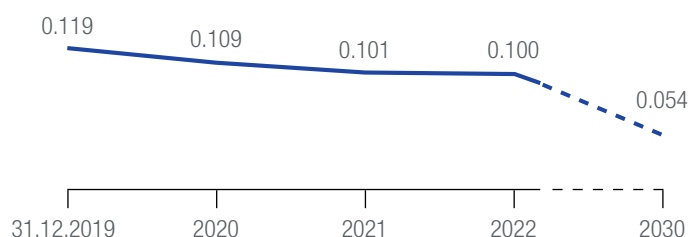


FIGURE 9

Carbon intensity of the Asset Management division's corporate bond portfolios (Scopes 1 and 2, in tCO₂eq/€k)



The carbon intensity of the listed equity and corporate bond portfolios has fallen since 31 December 2019, decreasing from €0.290 tCO₂/€k to €0.211 tCO₂/€k at 31 December 2022 for listed equities and from €0.119 tCO₂/€k to €0.100 tCO₂/€k for corporate bonds. This reinforces the downward trend already seen between 2014 and 2020 (Scope 1 and 2 CO₂ emissions).

CO₂ emissions are highly concentrated by sector: 92.1% of the portfolio's CO₂ emissions are produced by four sectors:

- utilities (37.7%)
- construction and materials (35.2%)
- energy (15.1%)
- industry (4.1%).

FIGURE 10

Contribution to the asset management portfolio's carbon intensity by sector (at 31 Dec. 2022)

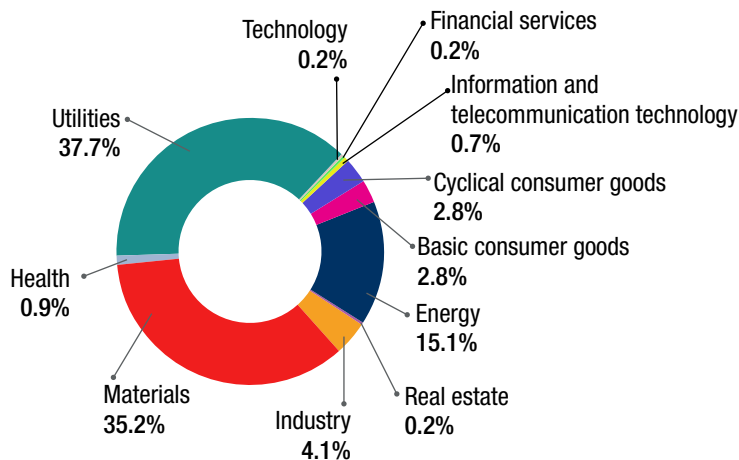
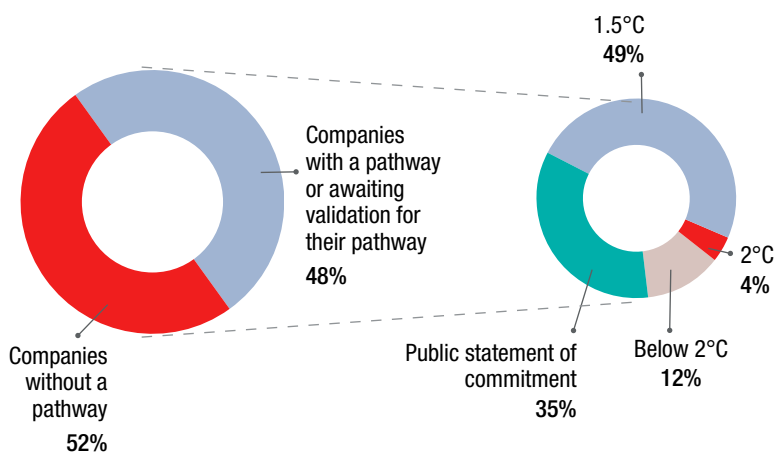


FIGURE 11

Proportion of companies in the equity and corporate bond portfolios with a science-based low-carbon pathway



In 2022, 48% of the 1,261 companies in the portfolios had committed to a process of alignment with a science-based low-carbon pathway.

This is an 8-point increase compared to 2021 (40%).

6.4.2.3

Decarbonising the real estate portfolio

Regulatory environment

France's RE2020 environmental regulation provides for improvements in energy efficiency of buildings. It came into force on 1 January 2022 for new residential building projects for which an intermediary emissions objective of 15 kgCO₂eq/sq.m/year has been set for 2030 (based on a 2015 benchmark value of 35 kgCO₂eq/sq.m/year).

For new tertiary investment, the RE2020 came into force in July 2022 and defines exemplary performance levels.

For investment in existing assets, the *Éco-Énergie Tertiaire* programme requires all assets to have reduced their energy consumption by 40% by 2030 or to comply with a cap on consumption and then achieve increasingly high performance levels until 2050.

Strategy implemented

To meet the Group's objectives, the asset management teams are working across the entire asset portfolio to incorporate energy and carbon performance actions into their multi-year work programmes with a view to achieving alignment with

regulatory and Net-Zero Asset Owner Alliance pathways.

Acquisition decisions are taken on the basis of the energy performance of the real estate assets concerned and their public transport links.

Real estate sector

In 2022, the Public Institution launched energy audits on the four largest contributors to its residential real estate asset portfolio, which accounted for 66% of the portfolio's GHG emissions at 31 December 2022 and for which significant improvement targets have been set for their energy/carbon footprints.

At the same time, plans were launched to improve the energy/carbon footprint of the tertiary assets in the managed portfolio, which are required to reduce their energy consumption by 40% by 2030 pursuant to the applicable regulations. The findings of the analyses launched and the resulting action plans are expected by the end of 2023. A five-year disposal plan was drawn up and set in motion in 2022. It involves disposals of assets with poor environmental performance for which energy renovation would be too expensive.

In 2023, assets identified as priorities will have to undergo multi-criterion audits focusing in particular on climate change mitigation (via energy/carbon footprint improvements and assessment against the CRREM 1.5°C 2050 pathway) and incorporating climate risk analyses into the adaptation component.

For new investments, Caisse des Dépôts bases its decisions on the **EU Taxonomy**, investing in new real estate assets with high energy efficiency performance (at least RT2012 – 30% or RE2020). For office buildings, CDC Investissement Immobilier has set itself a maximum emissions target of 10 kgCO₂eq/sq.m/year calculated on the basis of energy consumption for properties in use (Scopes 1 and 2, all energy uses).

For off-plan (VEFA) real estate acquisitions, environmental certification is required and there is a particular focus on obtaining the BiodiverCity® label.

If it acquires existing assets that are not energy efficient, Caisse des Dépôts takes major restructuring assumptions into account with the aim of improving the buildings' energy performance, and undertakes to carry out the related work (which is included in the business plan for the acquisition) as soon as the property is vacated by the occupants.

For real estate assets over which the Group does not have operational control, its entities undertake to dialogue with the stakeholders concerned (managers, co-owners, occupants, etc.) to find out

about the assets' energy/carbon footprint and encourage the achievement of reduction targets in line with the 1.5°C goal.

Performance monitoring

All energy used in the operation of assets in the managed portfolio is recorded and monitored using a tool developed in-house, which enables the Group to assess the corresponding GHG emissions (Scopes 1 and 2, all energy uses).

The monitoring scope covers more than 99% of the value of the portfolio.

Where data on non-regulated energy uses is unavailable, standard values are applied.

Data reliability is ranked as follows: regulatory energy performance diagnostics, design calculations, energy audits and, lastly, theoretical values from Ademe, which are used where other data sources are unavailable.

Outcomes

In 2022, the real estate portfolio's energy consumption (in kWh/sq.m./year) was 2% lower than in 2021 and 17% down on 2014.

Carbon intensity (in kgCO₂eq/sq.m./year) decreased by 7%, from 28 kgCO₂eq/sq.m./year in 2021 to 26 kgCO₂eq/sq.m./year in 2022, reflecting the quality of the investment and its positive impact on this carbon indicator.

TABLE 20

Changes in energy consumption and carbon intensity (Scopes 1 and 2) of the real estate portfolio

Indicator	Unit	2014	31.12.2019	2020	2021	2022	2020-2025 target	2020-2030 target	2014-2030 target
Carbon intensity	kgCO ₂ eq/sq.m/year		32.1	27.4	28.0	26.0			
Year-on-year change	%			-15%	+2%	-7%			
Change in carbon intensity (Scopes 1 and 2) versus the benchmark year (31.12.2019)	%			-15%	-13%	-19%	-15%	-50%	
Energy consumption of the real estate portfolio in relative terms: consumption of primary energy for all uses, per sq.m of floor space	kWh/sq.m/year	435	346	356	368	362			
Year-on-year change	%			+3%	+3%	-2%			
Change in energy consumption of the real estate portfolio (versus 31.12.2014)			-20%	-18%	-15%	-17%			-38%

6.4.3

Climate risks

Caisse des Dépôts is currently developing harmonised methodologies for identifying and assessing climate risks across the whole of the Public Institution's balance sheet. These methodologies will be finalised by the end of 2023. It is therefore not yet possible to present the results of this work.

In 2022, Caisse des Dépôts carried out a climate stress test on its equities (4,000 shares and €76 billion). The financial impact of this exercise was moderate in terms of both magnitude and quality, partly for methodological reasons and partly for reasons related to the specific characteristics of Caisse des Dépôts' prudential models.

An exploratory approach was used with the aim of fine-tuning the methodological developments currently underway rather than building up additional capital reserves for climate risks.

Based on the NGFS (Network for Greening the Financial System) scenarios, a list of sectors vulnerable to transition risks (in the case of the disorderly transition scenario⁽⁴⁹⁾) and to physical risks (for the hot house world scenario⁽⁵⁰⁾) has been drawn up, leading to changes in risk class ("denotching") and impacting the probabilities of default (PD) compared with the benchmark scenario, which is the orderly transition.

TABLE 21

Results of the climate stress test on equities (4,000 shares and €76 billion)

Economic sector	Weighting in the sample	Impact by scenario	
		Disorderly transition	Hot house world
Manufacturing	31%	medium	low
Financial and insurance activities	22%	medium	medium
Information and communication	9%	low	low
Electricity, gas, and air conditioning production and supply	6%	medium	medium
Real estate activities	6%	medium	medium
Transport and storage	5%	high	medium
Professional, scientific and technical activities	4%	low	low
Mining and quarrying	3%	high	low

At this stage, it is not possible to communicate the exact financial impact as there are currently too many limitations on the analysis work possible. The sectors with the highest emissions are the most exposed to transition risks.

Sector-specific climate policies (transport and energy) have been put in place designed to reduce pockets of high risk.

(49) This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and sectors. As a result, emissions exceed the carbon budget temporarily and strong policies are then needed to limit global warming to below 2°C. Transition risks are high, physical risks are moderate.

(50) This scenario assumes that global efforts are insufficient to halt significant global warming and critical temperature thresholds are exceeded (2.6°C to 3°C). Transition risks are low, physical risks are high.

6.5

Our impact on biodiversity

In order to assess the impact of Caisse des Dépôts' activities on biodiversity and to reduce its impact in accordance with its policy, several levers are used:

- an analysis of biodiversity risks
- a measurement of the biodiversity footprint
- investment in forests.

6.5.1

Initial analysis of biodiversity risks

In 2022, Caisse des Dépôts drew up its first biodiversity risk map for the whole of the Public Institution's portfolio (loans and investments), with the aim of identifying the most at-risk sectors.

To measure the portfolio's impact on the factors reinforcing the five direct drivers⁽⁵¹⁾ of biodiversity loss defined by the IPBES⁽⁵²⁾, Caisse des Dépôts used tools provided by the SBTN⁽⁵³⁾, which qualifies the intensity of pressures on diversity by sector.

Impacts

The entire portfolio has at least one impact on one of the twelve pressure categories analysed (water use, greenhouse gas emissions, solid waste, terrestrial ecosystem use, soil pollutants, water pollutants, non-GHG air pollutants, disturbances, freshwater

ecosystem use, biological alterations/interferences, marine ecosystem use, and use of other resources).

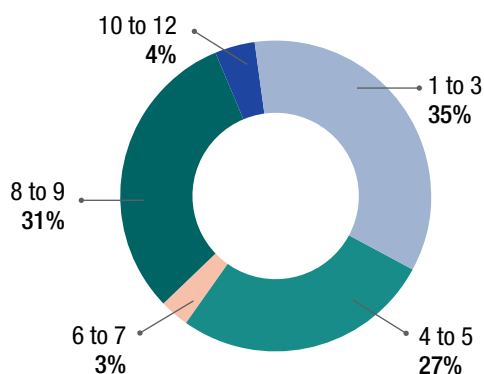
(51) Changing use of sea (tourism, urbanisation of coastal areas) and land (agricultural expansion, urbanisation), direct exploitation of organisms (over-fishing, poaching, excessive harvesting of certain tree species, etc.), climate change, pollution (including plastic, chemical, noise and light pollution), and invasion of alien species (leading to changes in ecosystems, predators and disease).

(52) Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

(53) Science Based Targets Network (a network that publishes guidelines and produces tools for companies to measure their impacts on biodiversity).

FIGURE 12

Proportion of portfolio with direct impacts (by number of pressure factors)

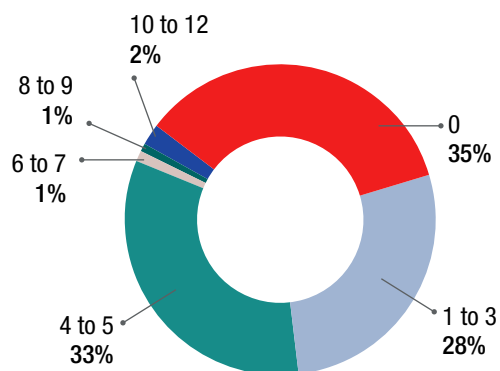


The entire portfolio has at least one impact on one of the 12 pressure factors analysed.

65% of the portfolio has at least one impact on more than four pressure factors, 35% on more than seven.

FIGURE 13

Proportion of portfolio with high or very high direct impacts (by number of pressure factors)



65% of the portfolio has at least one high or very high impact on one of the 12 pressure factors analysed.

37% of the portfolio has a high or very high impact on more than four pressure factors.

The sectors with high or very high negative impacts are electricity, transport, food industries, wholesale trade and hydrocarbon extraction.

These results are incomplete because for more than two-thirds of the portfolio, the SBTN tool only provides sector scores for six of the 12 pressure factors. The analyses may be supplemented in the future by including the geographical aspect of the exposures. At this stage, they are purely sector-based.

(54) Exploring natural capital opportunities, risks and exposures, a tool developed by the Natural Capital Finance Alliance in partnership with Unep-WCMC. <https://encore.naturalcapital.finance/en>

Dependency

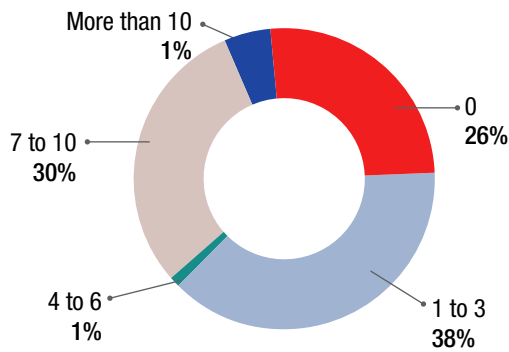
In order to measure the portfolio's dependence on ecosystem services, Caisse des Dépôts used the tools provided by Encore⁽⁵⁴⁾ to assess the depletion of natural capital assets (which fuel ecosystem services and underpin the economy by providing the necessary inputs for human activity) as a result of environmental change factors.

Encore facilitates the analysis of dependency on 21 ecosystem services.

Over a third of the Public Institution's portfolio is dependent on more than seven ecosystem services.

FIGURE 14

Proportion of portfolio by number of dependencies

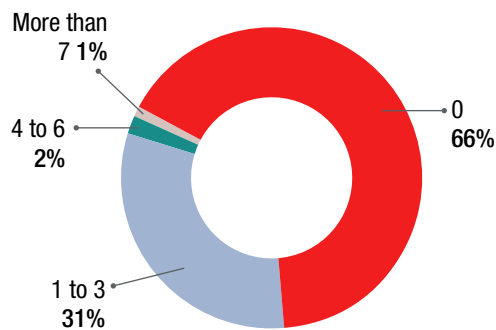


74% of the portfolio is dependent on at least one of the 29 ecosystem services analysed.

Over a third of the portfolio is dependent on more than seven services.

FIGURE 15

Proportion of the portfolio with high and very high dependencies (by number of dependencies)



34% of the portfolio is highly or very highly dependent on at least one ecosystem service.

The portfolio has high and very high dependencies on four ecosystem services in particular: surface water, ground water, water flow maintenance and erosion control.

dependencies on ecosystem services are wholesale trade, food industries, warehousing and support activities for transport, electricity and land transport.

The sectors with more than ten

This analysis work, carried out as part of Caisse des Dépôts' biodiversity policy, represents an important first step in taking natural risks into account in its activities.

It provides an initial approach to and an awareness of the portfolio's impacts and dependencies. In 2024, it will be supplemented by the inclusion of geographical data regarding exposures.

6.5.2

Measuring the biodiversity footprint of the Asset Management division's activities

6.5.2.1

Methodology used to measure the biodiversity footprint

The GBS tool developed by CDC Biodiversity is used to analyse the contribution to reducing the main pressures and impacts on biodiversity defined by the IPBES⁽⁵⁵⁾. The BIA-GBS database for listed assets, which was co-developed with Carbon4 Finance, is based on the Global Biodiversity Score (GBS) methodology.

The Global Biodiversity Score is a unique indicator of a company's biodiversity impact, designed to play the same role for biodiversity as the tonne of CO₂ equivalent (tCO₂e) plays for the climate.

It uses a robust methodology that links companies' consumption (statistical sources) to the contribution of each raw material to a pressure on biodiversity as defined by the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) and, from there, calculates a measurable impact on biodiversity.

The methodology has solid foundations: the MSA (Mean Species Abundance) and the IMAGE⁽⁵⁶⁾ and GLOBIO⁽⁵⁷⁾ models, validated by the IPCC⁽⁵⁸⁾ and the CBD⁽⁵⁹⁾.

The GBS covers the main pressures on terrestrial and aquatic biodiversity

TABLE 22

Pressures on terrestrial and aquatic biodiversity covered by the GBS			
IPBES pressures	GBS/GLOBIO pressures		
	Terrestrial	Aquatic	Marine
Land-use change	<ul style="list-style-type: none"> – Land use – Fragmentation of natural ecosystems – Human encroachment 	Wetland conversion	Not covered
Exploitation of biological resources	Pressures due to resources extraction	Hydrological disturbance due to direct water use	
Climate change	Climate change	Hydrological disturbance due to climate change	
Pollution	<ul style="list-style-type: none"> – Atmospheric nitrogen deposition – Terrestrial ecotoxicity 	<ul style="list-style-type: none"> – Land use in the catchment of rivers/ wetlands – Freshwater eutrophication – Freshwater ecotoxicity 	
Invasive species		Not covered	

(55) Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

(56) IMAGE (Integrated Model to Assess the Global Environment) is an integrated assessment modelling framework that simulates the environmental consequences of human activities worldwide. It represents interactions between society, the biosphere and the climate system to assess sustainability issues such as climate change, biodiversity and human well-being. The objective of the IMAGE model is to explore the long-term dynamics and impacts of global changes that result from interacting socio-economic and environmental factors.

(57) GLOBIO calculates local terrestrial biodiversity intactness, expressed by the Mean Species Abundance (MSA) indicator, as a function of six human pressures: land use, road disturbance, fragmentation, hunting, atmospheric nitrogen deposition and climate change.

The core of the model consists of quantitative pressure-impact relationships that have been established based on extensive terrestrial biodiversity databases. GLOBIO combines the pressure-impact relationships with data on past, present or future pressure levels, typically retrieved from the IMAGE model.

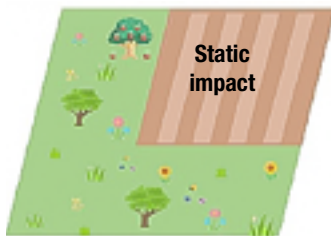
(58) Intergovernmental Panel on Climate Change.

(59) Convention on Biological Diversity.

The GBS accounts separately for static impacts (stocks) and dynamic impacts (flows)

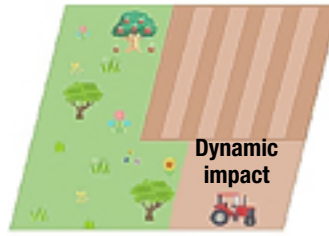
FIGURE 16

Static versus dynamic impacts



State of biodiversity at the start of the assessment

What is the equivalent surface area of the impact of activities on biodiversity?



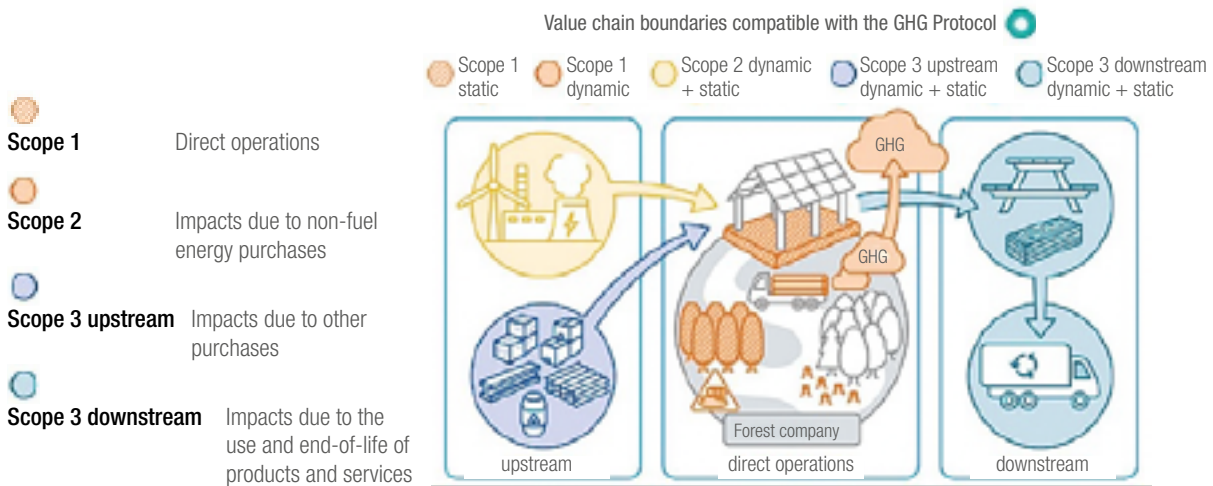
Change in impact during the assessment period

What is the surface area equivalent of the new impacts of activities on biodiversity during the assessment period?

The concept of scopes is used to consider the impacts across the entire value chain

FIGURE 17

Impact on biodiversity across value chain by scope



The impact is expressed in MSA.sq.m. MSA (Mean Species Abundance) is a metric recognised by the scientific community for measuring the average abundance of species at a given location.

The tool uses financial or operational data to estimate the pressures, by breaking down the inputs used to generate the revenue of the company concerned. It may also use data on pressures reported directly by companies, such as their carbon footprint.

6.5.2.2

Asset Management division outcomes

CDC's Asset Management division has pledged to measure the biodiversity footprint of its portfolios of directly held listed equities and bonds. For this purpose, it uses a metric based on the BIA-GBS score developed by CDC Biodiversité and Carbon4 Finance. It is expressed here in MSA.sq.m in relation to the revenue generated by the companies in the portfolios.

To generate €1,000 in revenue, the activities of companies whose securities are held by the Asset Management division have a (static) impact on terrestrial biodiversity of 231 MSA.sq.m and create a new (dynamic)

impact of 25 MSA.sq.m (based on the portfolios of directly-held equities and listed bonds, at balance sheet value).

The change in intensity between 2021 and 2022 was mainly due to a more complete use of the tool on the portfolio analysed, giving a more accurate picture of the actual intensity of our investments. Financial and real estate companies are now taken into account when calculating the biodiversity footprint.

TABLE 23

Intensity of the biodiversity impact per €k of revenue in MSA.sq.m/€k ⁽⁶⁰⁾		
Year	2021	2022
Dynamic terrestrial impact ⁽⁶¹⁾	26	25
Static terrestrial impact ⁽⁶²⁾	268	231

The reduction in the main pressures and impacts will be measured as and when the measurement of the biodiversity footprint is integrated within Caisse des Dépôts and its

subsidiaries. An initial estimate will be made in 2023 for Banque des Territoires.



(60) Balance sheet value, for listed equities and bonds.

(61) Dynamic impacts represent impacts that occurred during the year in question.

(62) Static impacts result from accumulation of previous biodiversity losses.

6.5.3

Biodiversity assessment at Banque des Territoires

Banque des Territoires' aim is to measure the biodiversity footprint of its entire portfolio by 2024. In 2022, an assessment of the biodiversity impact of Banque des Territoires' activities was launched with a specialist consultancy firm and will be completed in 2023. Its main objectives are to:

- carry out an analysis of Banque des Territoires' existing activities in relation to biodiversity (in particular offers) and to identify the tools and data needed to measure the portfolios' biodiversity footprint
- measure Banque des Territoires' biodiversity footprint using the Global Biodiversity Score (GBS) tool
- assess the impact of the loss of biodiversity on Banque des Territoires' activities (biodiversity stress test)
- deepen Banque des Territoires' response to biodiversity issues through additional interviews on specific topics.

In line with the biodiversity assessment and the Group's biodiversity policy, Banque des Territoires is working on drawing up a roadmap to assess the impact on biodiversity and dependence on ecosystems of its entire portfolio (static and dynamic).

Banque des Territoires is also supporting MEB (Mission Économie de la Biodiversité) which publishes research on issues relating to the reconciliation of economic development and biodiversity. A study was finalised in early 2022 to explore the possibilities of investing in biodiversity. Following this study, a new offer will be developed to increase our biodiversity-related investment, particularly in carbon credits and offsetting.

An initial biodiversity investment policy will be proposed, with the following objectives:

- to invest in local carbon cooperatives that bring together carbon sequestration projects based on biodiversity restoration initiatives
- to invest in a land piggybacking vehicle, which will acquire land in France that can be leased to biodiversity offset operators
- to invest in corporate ventures dedicated to the concept of living capital, on a case-by-case basis, depending on opportunities.

6.5.4

Focus on Société Forestière's outcomes

Since January 2022, all the Group's forest estates have been managed in line with a sustainable management charter that focuses on the long-term social, environmental and economic challenges facing forests. More than 50 indicators have been defined to monitor these commitments.

They are divided into six categories:

- having productive, resilient forests that are adapted to climate change
- protecting biodiversity
- protecting soils and avoiding erosion
- expanding carbon sinks
- understanding stakeholders and taking their expectations into account
- taking responsibility across the whole of the value chain.

Tonnes of CO₂ stored by assets

Carbon sinks in forests: 482,697 tonnes of CO₂ equivalent.

Projects certified as low-carbon

11 projects submitted (awaiting MTE approval) for an estimated pre-certification carbon volume of 25,473 tonnes of CO₂ and a total project area of 118.16 hectares over the 2022-2023 period.

Certification

All of Société Forestière's assets are PEFC eco-certified, and it is in the process of obtaining FSC Group certification for certain areas which will then have dual PEFC/FSC certification.

Environmental partnerships

Seven environmental partnerships entered into between 2017 and 2022: bat cave monitoring by Groupe Mammalogique Breton, riverbank restoration with planting of adapted species with Syndicat Mixte de l'Eure, natural restoration of two riverbeds and work to clear ponds with OFB/SAGE/Smixte, educational projects with the Pontivy apprentice training centre and projects involving alternative, sustainable forestry practices (protection of woodland with sheep's wool and trials of uneven aged forests in the Landes de Gascogne region).

CNP ASSURANCES AND SOCIÉTÉ FORESTIÈRE EXPERIMENT WITH AGROFORESTRY

In the last few years, the CNP Assurances Group has acquired two properties managed using agroforestry, an agricultural practice that consists of combining trees (in all their forms: hedges, rows, groves, etc.) with agricultural crops and/or livestock on the same plot of land.

Properly integrating trees into agriculture increases overall production, diversifies income and protects ecosystem services such as the renewal of natural resources including water, soil and its fertility and biodiversity.

Covering a total area of almost 150 hectares in the Gers region of France, these two properties are being used by CNP Assurances, in collaboration with Société Forestière and a farmer, to combine poplar forestry with an organic pea crop.

Peas fix nitrogen in the soil, which boosts the surrounding trees, and poplars produce quality timber while allowing access to sunlight for the plants sharing the land. While different crops may be grown in the future depending on the organic farming market and harvest dates, the experiment has proved conclusive in validating agroforestry as a concept, and CNP is likely to invest in more such plots of land in the coming years.

"In addition to generating additional income through the production of wood and high-quality ecosystem services, after many years of land consolidation and widespread hedgerow destruction, agroforestry is restoring harmony between farmers and trees," said Jean-Pierre Mesnil, Director of Forestry and Land Investments at Société Forestière.



Appendices





Appendix A: Notes on methodology

A.1. Financing the ecological transformation (ET flows)

The "ET flows" indicator measures the Group's contribution to financing the ecological and energy transition (mobilisation of financing and investments).

The definition of ET flows follows Group-level principles indicating which sectors are eligible, but the eligibility criteria are defined by each business line. The main ET flow items cover the following sectors and themes:

Industries (including green tech)	Investment and financing allocated to supporting the decarbonisation of industries and partnering green tech companies.
Renewable energies	Investment and financing allocated to energies derived from constantly renewable natural processes, in particular energy from solar, wind, hydraulic, geothermal or organic (wood, biofuels, etc.) sources. This includes the production of solar, wind, hydraulic, marine and geothermal electricity and heat, as well as the co-generation of electricity and gas from agricultural and forestry biomass, the production of biogas and biofuels, the transport and distribution of renewable or low-carbon energy, the production, transport and storage of renewable hydrogen, the production of heat and cooling from waste heat recovery, heat and cooling networks supplied with 65% renewable energy, heat pumps, and the storage of renewable and low-carbon energy.
Exemplary buildings	Investment and financing dedicated to the construction of buildings whose environmental performance goes beyond the energy regulations applicable at the date of the building permit, as evidenced by a label or certification.
Energy renovation of buildings	Investment and financing allocated to the renovation of buildings that includes significant energy improvements.

Low-carbon transport	<p>Investment and financing dedicated to low-carbon passenger and freight transport infrastructure and services. For passenger transport, this includes public transport infrastructure and services, particularly urban, as well as mixed-mode and rail transport, electric charging stations and low-carbon gas or hydrogen refuelling stations.</p> <p>For soft or active mobility infrastructure and services, this includes, for example, cycle paths, etc. For freight transport, it includes low-carbon logistics infrastructure, particularly rail and river freight, electric charging stations and low-carbon gas or hydrogen refuelling stations. Rail and river transport services include those using low-carbon fuels and active mobility (cargo bikes, etc.).</p>
Green assets not allocated by sector	This includes, in particular, investments in green bonds for which the sector could not be identified, as well as labelled funds and climate funds.
Biodiversity	Investment and financing that improve the health of ecosystems, reduce the pressures they face and/or support the services they provide (including forests).
Water	Investment and financing dedicated to water networks (drinking water and wastewater treatment), reducing water demand and recycling wastewater.
Circular economy	Investment and financing that help to reduce the need for natural resources and circularise the economy, in particular by extending the life of products and infrastructure, or by recycling them.
Adaptation	Investment and financing aimed at reducing the physical risks associated with climate change (from 2023).

ET flows are consolidated for the following scope: the Public Institution, Caisse des Dépôts – including Banque des Territoires and the Asset Management division – Bpifrance, La Banque Postale, CNP Assurances and SFIL.

For the lending business lines, consolidated ET flows correspond to the amounts of loans signed during the financial year representing loan offers for financing the ecological transformation (e.g., Bpifrance loans for financing renewable energy projects), for which the allocation criteria include criteria related to ecological transformation (e.g., Banque des Territoires' Ecoprêts which are based on energy efficiency criteria).

For the investor business lines, consolidated ET flows correspond to the amounts of investments approved during the financial year (e.g., new purchases of green bonds), net of any disposals (e.g., investments in energy-efficient property). The actual disbursement of the loan or the completion of the investment therefore takes place after the ET flows are recorded.

A.2. Methodology used to calculate the carbon footprint and alignment of the Caisse des Dépôts Group's activities with a 1.5°C scenario

The Group uses recognised methodologies, such as the "Below 1.5°C" and "1.5°C Low OS" scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the "Net Zero" scenario of the International Energy Agency (IEA), as well as the roadmap set out in the French Multiannual Energy Plan (MEP) relating to the reduction of oil- and gas-related emissions.

For the Asset Management division, the carbon footprint⁽¹⁾ is calculated for Scope 1 and 2 emissions and currently covers 100% of listed equities, 100% of directly held real estate and 100% of listed corporate bonds (excluding bonds issued by banks).

Simulation work has been carried out on the emissions pathways of sovereign debt, which accounts for a very large proportion of the Asset Management division's assets under management, but as the figure obtained is not reliable it has not been published.

For equities, the carbon footprint of a portfolio holding is equal to the CO₂ emissions of the company concerned at the end of year Y-1 multiplied by the Group's stake in the company at the end of year Y:

- for listed equities, direct and indirect emissions linked to the energy consumption required to manufacture the product (Scopes 1 and 2) are also taken into account;
- for bonds, the emissions are multiplied by the Group's holding in the company's total debt. The most recent carbon data (Scopes 1 + 2) is preferred; after that, the following order of priority applies: CDP (Carbon Disclosure Project) > MSCI > Bloomberg or the issuer directly;
- the sum of the portfolio's weighted emissions is divided by the amounts invested, based on balance sheet value;
- products issued by banks are excluded from the scope. The calculation is carried out based on Corporate Credit excluding products issued by banks (asset-backed securities, covered bonds and bank bonds).

(1) Definition of carbon footprint: quantification of emissions of carbon dioxide (and other greenhouse gases) associated with the various stages in a product's life cycle, in order to assess its potential impact on climate change.

A.3. Calculating the proportion of financing and investments aligned with – or covered by targets aligned with – the objectives of the Paris Agreement

The following Group financial entities and business lines are included in the calculation of the proportion of financial assets aligned with – or covered by targets aligned with – the Paris Agreement: The Public Institution (Asset Management division, Banque des Territoires and Management of Strategic Investments division), Bpifrance, La Banque Postale, La Banque Postale Asset Management, CNP Assurances and SFIL.

The indicator concerns the proportion of financing and investments, in terms of balance sheet value at 31 December, meeting one of the following three criteria:

Criterion	Example
Be earmarked for green assets or assets aligned by definition, in particular in connection with the financing of the ecological transition or meeting the criteria of the EU taxonomy.	Outstanding loans for financing renewable energy projects, amounts invested in green bonds.
Be put in place with counterparties that have themselves set decarbonisation targets in line with the Paris Agreement (i.e., in line with a 2°C or lower scenario) and, where possible, validated by a third party.	Amounts invested in shares of companies committed to an SBTi approach with validated targets. Amounts invested in sovereign bonds of a list of EU member states (+ the United Kingdom) with national strategies aimed at achieving net carbon neutrality by 2050 at the latest.
Be part of a portfolio for which a decarbonisation target aligned with the Paris Agreement (i.e., in line with a 2°C or lower scenario) has been set according to a recognised methodology and, where possible, validated by a third party.	Amounts invested in listed equities and bonds covered by decarbonisation targets validated by the Net-Zero Asset Owner Alliance (NZAOA).

Each entity or financial business line contributing to the indicator defines the asset classes and/or portfolios that make up the 100% base used to calculate the indicator, with the aim of making this base as broad as possible. An asset can only be counted under one criterion.

The indicator is calculated based on "balance sheet value", i.e. the financial commitment actually made/disbursed.

$$Indicateur = \frac{\sum_{Entités\ financières} V_{Actifs\ alignés} + V_{Portefeuilles\ alignés} + V_{Contreparties\ alignées}}{\sum_{Entités\ financières} V_{totale}}$$

The values used for the formula are:

- $\sum_{Financial\ entities}$ = CDC, Bpifrance, LBP, LBP AM, CNP Assurances, SFIL;
- $V_{Aligned\ assets}$ = value of the entity's financing and investments whose physical underlyings are "green" or aligned by definition;
- $V_{Aligned\ portfolios}$ = value of the entity's asset portfolios for which a decarbonisation target has been set;
- $V_{Aligned\ counterparties}$ = value of the entity's financing and investments whose counterparties have set decarbonisation targets;
- V_{Total} = total value of the financial entity's financing and investments analysed for the calculation of the indicator.

A.4. Calculating greenhouse gas emissions

Methodology for calculating the carbon intensity of a portfolio holding

For equities, the carbon footprint of a portfolio holding is equal to the CO₂ emissions of the company concerned at the end of year Y-1 multiplied by the Group's stake in the company at the end of year Y. For bonds, the emissions are multiplied by the Group's holding in the company's total debt. The sum of the portfolio's weighted emissions divided by the amounts invested based on balance sheet value.

Equities

- Absolute carbon footprint of the portfolio (in tCO₂eq.):

$$\sum \text{Empreinte carbone en absolu des titres détenus en portefeuille}$$

Where:

- absolute carbon footprint of a security (in tCO₂eq.) = the company's carbon emissions * CDC's % interest in the company's share capital;
- the percentage interest takes into account the different markets and classes of outstanding shares, and is calculated as follows:

$$\frac{\text{Nombre de titres détenus}}{\text{Nombre total de titres en circulation}}$$

- Relative carbon footprint of the portfolio (tCO₂eq./€1 million invested):

$$\sum \frac{\text{Empreinte carbone en absolu des titres détenus en portefeuille}}{\text{Valeur bilan du portefeuille}} * 1\,000\,000$$

Bonds

- Absolute carbon footprint of the portfolio (in tCO₂eq.):

$$\sum \text{Empreinte carbone en absolu des titres détenus en portefeuille}$$

Where:

- absolute carbon footprint of a security (in tCO₂eq.) = the company's carbon emissions * CDC's % interest in the company's total debt;
- the % interest in the company's debt is calculated as follows:

$$\frac{\text{Dette détenue par la CDC}}{\text{Dette totale émise par la société}}$$

- Relative carbon footprint of the portfolio (tCO₂eq./€1 million invested):

$$\sum \frac{\text{Empreinte carbone en absolu des titres détenus en portefeuille}}{\text{Valeur bilan du portefeuille}} * 1\,000\,000$$

An analysis of changes in the carbon footprint of the various portfolios is carried out quarterly and integrated into the monthly investment management committee meeting. This process enables the Group to identify, among other things, the reasons for monthly changes, such as an increase or decrease in companies' CO₂ emissions, or an increase or decrease in exposure to one or more companies (non-exhaustive list).

Appendix B: Cross-reference table for the information required by the decree implementing article 29 of the French Energy and Climate Act

In compliance with article D. 533-16-1 of the French Monetary and Financial Code:	Information required by Decree 2021-663	Scope	Parts of the report dealing with the subject (Comply or Explain)
1° Information on the entity's general approach	<p>Brief overview of the entity's general approach for taking account of environmental, social and governance quality criteria and, in particular, in the investment policy and strategy.</p> <p>The content, frequency and means used by the entity to inform subscribers, affiliates, contributors, beneficiaries and clients about the environmental, social and governance quality criteria which are factored into the investment policy and strategy.</p> <p>A list of the financial products mentioned in respect of articles 8 and 9 of the EU Sustainable Finance Disclosure Regulation (SFDR) (financial products that promote environmental and/or social characteristics and financial products that have sustainable investment as their objective).</p> <p>Adherence of the entity or certain financial products to a charter, code, initiative, or obtaining certification for taking account of environmental, social and governance quality criteria, and a brief description of these, consistent with d) of 2 of article 4 of the SFDR.</p>	<p>Asset Management division, Central Sector Treasury, Banque des Territoires, Management of Strategic Investments division + Social Policy division</p> <p>Asset Management division, Treasury, Banque des Territoires, Management of Strategic Investments division + Group financial entities</p> <p>Asset Management division + financial entities concerned</p>	<p>Comply:</p> <p>1.2 Responsible investment within the Group</p> <p>Comply:</p> <p>1.4. Transparency and external communication</p> <p>Comply:</p> <p>6.1.4 List of the financial products mentioned in respect of articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019</p> <p>Comply:</p> <p>4.6.1 A founding member of the PRI and NZAOA 4.6.2 National and international initiatives to promote sustainable finance supported by Caisse des Dépôts and its subsidiaries 6.4.2.3 Decarbonising the real estate portfolio</p>
2° Information on the internal resources deployed by the entity	<p>Description of the financial, human and technical resources devoted to taking account of environmental, social and governance quality criteria in the investment strategy in relation to the total assets managed or owned by the entity. The description shall include all of some of the following indicators: the proportion, as a percentage, of the corresponding full-time equivalent staff; the proportion, as a percentage, and the amount</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division + Group-wide functions (finance, CSR, risk and HR)</p>	<p>Comply:</p> <p>3.1 Governance geared towards responsible finance 3.5 Role and organisation of the Sustainable Development Policy department 6.1.1 Internal resources deployed</p>

<p>in euros of the budgets earmarked for environmental, social and governance quality data; the amount of investments in research; and the use of external service providers and data suppliers.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 4.7 A responsible communication strategy 6.1.2 Actions taken to strengthen internal capabilities.</p>
<p>Initiatives introduced with an eye to bolstering the entity's in-house capabilities. The description shall include all or some of the information concerning training, the communication strategy and the development of the financial products and services associated with these initiatives.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 3. Governance 3.2 The Supervisory Board 3.3.1 Solid commitment to ESG issues 3.3.2 An Executive Committee serving the public interest 3.3.3 Sustainable development policy within the Executive Committee 3.4 Stakeholders Committee</p>
<p>3° Information on the approach to take account of environmental, social and governance quality criteria at entity-governance level</p>	<p>Public Institution (including Asset Management division, Banque des Territoires, Management of Strategic Investments division and Treasury)</p>	<p>Comply: 3.7 Remuneration policy 3.7.1 Integration of ESG into the remuneration policy for all employees: incentive schemes 3.7.2 Integration of ESG objectives into the variable remuneration of Executive Committee members and senior executives</p>
<p>4° Information on the engagement strategy vis-à-vis issuers or management companies and its implementation</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 3.2.3 The CSR and Ethics Committee</p>
<p>Scope of companies concerned by the engagement strategy.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 4.4.3 Shareholder dialogue for asset management 4.4.5 Shareholder dialogue at Banque des Territoires 4.4.6 Shareholder dialogue for the management of strategic investments</p>
<p>Overview of the voting policy.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 4.4.4 Voting policy (Asset Management division) 6.2.1 Asset Management division 6.2.2 Banque des Territoires 6.2.3 Management of Strategic Investments division</p>
<p>Review of the engagement strategy rolled out, which may include the proportion of companies with which the entity has started discussions, the topics covered and initiatives to monitor this strategy.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 6.2.1 Asset Management division 6.2.1.4 Outcome of shareholder dialogue on specific themes for the Asset Management division</p>

<p>5° Information on the EU taxonomy and fossil fuels</p>	<p>Review of the voting policy, in particular concerning tabling and voting on resolutions on environmental, social and governance quality issues at general meetings.</p> <p>Decisions taken on the investment strategy, particularly concerning sectoral disengagement.</p> <p>Note: Should the entity publish a specific report on its shareholder engagement policy, this information may be incorporated by referring to this article.</p> <p>Proportion of assets owned and under management concerning activities in compliance with the technical screening criteria defined in the delegated acts relating to articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, in accordance with the delegated act adopted pursuant to article 8 of that regulation.</p> <p>Proportion of assets owned and under management in companies operating in the fossil fuel sector, within the meaning of the delegated act under article 4 of the SFDR.</p>	<p>Asset Management division</p> <p>Asset Management division, Treasury</p> <p>Asset Management division</p> <p>Asset Management division, Banque des Territoires, Treasury and the main subsidiaries managed by the Management of Strategic Investments division (La Poste, CDC Habitat, Icade, RTE, Compagnie des Alpes, La Banque Postale, Bpifrance, SFIL, CDC Croissance, STOA)</p> <p>Asset Management division</p>	<p>6.2.2 Banque des Territoires</p> <p>6.2.3 Management of Strategic Investments division</p> <p>Comply:</p> <p>6.2.1.1 External resolutions</p> <p>6.2.1.2 Say on climate</p> <p>6.2.1.3 Ongoing strong shareholder dialogue on governance issues</p> <p>Comply:</p> <p>6.4.2.1 Management of investment in fossil fuels</p> <p>Comply:</p> <p>https://www.caissedesdepots.fr/sites/default/files/2023-04/Bilan_AG_2022_vf.pdf (in French only).</p> <p>Comply:</p> <p>6.1.5 Information on the EU taxonomy</p> <p>Note: the overall ratio for the Management of Strategic Investments division cannot be calculated due to the accounting methodology used (consolidation methods differ between subsidiaries).</p>
<p>6° Information on the strategy for alignment with the long-term objectives of articles 2 and 4 of the Paris Agreement on lowering greenhouse gas emissions and, where applicable, for the financial products for which the underlying</p>	<p>A quantitative goal between now and 2030 which will be reviewed every five years up to 2050. The goal shall be revised at least five years prior to its end date. The goal shall include direct and indirect greenhouse gas emissions in absolute value or in value of intensity in relation to a reference scenario and a reference year. It may be expressed by measuring the implicit rise in temperature or by the volume of greenhouse gas emissions.</p>	<p>Scope for decarbonisation targets:</p> <p>Asset Management division, CNP, LBP AM</p>	<p>Comply:</p> <p>6.4.2.2 Decarbonising investment portfolios</p> <p>Table 19, page 128</p> <p>The Asset Management division's target is to decarbonise its listed share and corporate bond portfolios by 2030 in line with the NZAOA framework. This target is reviewed every five years and has been set at a 20% reduction between 2020 and 2025 (carbon intensity in tCO₂/thousand euros) and a 55% reduction between 2020 and 2030. The Asset Management division has also set emissions reduction targets for its investment property portfolio of 15% between 2020 and 2025 (carbon intensity in kgCO₂eq./sq.m./year) and 50% between 2020 and 2030.</p> <p>In line with its NZAOA/NZAMI commitments, decarbonisation targets for the equity and bond</p>

<p>investments are all made in France, its National Low-Carbon Strategy as mentioned in article L.222-1 B of the French Environment Code (in line with d) of 2 of article 4 of the SFDR)</p>	<p>When the entity uses an in-house methodology, components of this methodology to assess the investment strategy's alignment with the Paris Agreement or with the National Low-Carbon Strategy.</p> <p>Quantification of the results using at least one indicator.</p>	<p>Public Institution (Asset Management division, Banque des Territoires, Management of Strategic Investments division), Bpifrance, LBP, LBP AM, CNP Assurances and SFIL.</p> <p>Group (including the Asset Management division, Management of Strategic Investments division, Banque des Territoires)</p>	<p>portfolios of CNP and LBP AM are set every five years covering the period until 2050. See CNP's Sustainable Investment Report and LBP AM's Article 29 Report (in French only) for further information. https://www.cnp.fr/en/cnp/content/download/10521/file/e/CNP-Assurances-RIR-2021_UK-accessible-V2.pdf</p> <p>https://www.lbpam.com/publication/FundDoc/LEC/TOA/French (in French only)</p> <p>Comply: See Appendix A.</p> <p>Comply: 6.4.1 Proportion of financial assets aligned with a 1.5°C scenario or covered by decarbonisation targets aligned with the objectives of the Paris Agreement</p> <p>Table 17, page 125</p> <p>The monitoring of our climate commitments is presented in Section 6.4, including in Section 6.4.1 which sets out the proportion of financial assets aligned with a 1.5°C scenario or covered by decarbonisation targets aligned with the objectives of the Paris Agreement. The Group's commitment to gradually align all its activities with 1.5°C scenarios should lead to an increase in this indicator. As the indicator has not yet stabilised, the Group does not yet have a related progress pathway.</p> <p>Not applicable</p> <p>Comply: 4.2.1 Responsible Finance Charter.</p>
<p>For entities managing index funds, information on use of the EU Climate Transition and Paris Agreement Benchmarks as defined in Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019.</p> <p>The role and use of assessment in the investment strategy and, in particular, the extent of complementarity between the selected assessment method and the other indicators on the environmental, social and governance quality criteria more broadly used in the investment strategy.</p>	<p>Not applicable</p> <p>Asset Management division, Treasury, Banque des Territoires, Management of Strategic Investments division</p>	<p>Not applicable</p> <p>Comply: 4.2.1 Responsible Finance Charter.</p>	

<p>Changes to the investment strategy relating to alignment with the Paris Agreement and, in particular, the policies introduced with an eye to gradually phasing out use of coal and non-conventional hydrocarbons and specifying the chosen schedule for withdrawal and the proportion of total assets managed or held by the entity covered by these policies.</p> <p>Any initiatives for monitoring outcomes and the changes having occurred.</p>	<p>Asset Management division, Treasury, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 4.2.2 Climate policy 6.4.2.1 Management of investment in fossil fuels</p>
<p>The frequency of the assessment, the projected dates for updates and the relevant selected development factors.</p>	<p>Asset Management division, Treasury, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 4.2.2.2 Monitoring the carbon footprint and alignment of the Group's activities with a 1.5°C scenario 6.4.2.2 Decarbonising investment portfolios 6.4.2.3 Decarbonising the real estate portfolio</p>
<p>7° Information on the strategy for alignment with biodiversity goals. The entity shall provide a strategy for alignment with long-term biodiversity goals, specifying the scope of the value chain selected, which shall include targets set for 2030 and every five years thereafter for the following:</p>	<p>Group (including the Asset Management division, Treasury, Banque des Territoires, Management of Strategic Investments division)</p>	<p>Comply: 4.2.2 Climate policy</p>
<p>8° Information on approaches to taking</p>	<p>Asset Management division, Banque des Territoires</p>	<p>Comply: 4.2.3.5 Contributing to international objectives 6.5.1 Initial analysis of biodiversity risks</p>
<p>The process for identifying, assessing, prioritising and managing risks related to taking into account environmental, social and governance quality</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply for the Asset Management division: 6.5.2 Measuring the biodiversity footprint of the Asset Management division's activities For Banque des Territoires and the Management of Strategic investments division: the entities will measure the biodiversity footprint of their activities, by 2024 for Banque des Territoires.</p>
<p>5. Analysis and management of ESG risks</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply: 5. Analysis and management of ESG risks</p>

<p>environmental, social and governance quality criteria into account when managing risks. Consistent with article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, the publication of information about taking account of environmental, social and governance quality criteria when managing risks shall include, in particular, physical, transition-related and liability risks related to climate change and biodiversity and, in particular:</p> <ul style="list-style-type: none"> - the publication of the information must comply with the requirements of article D-533-16-1 8 bis of the French Monetary and Financial Code 	<p>criteria, how the risks are integrated into the entity's conventional risk management framework, and how this process addresses the recommendations of the European Supervisory Authorities of the European System of Financial Supervision.</p> <p>A description of the principal environmental, social and governance risks taken into account and analysed, which includes, for each of these risks, a characterisation, a segmentation, an indication of the economic sectors and geographical areas affected by the risks, and an explanation of the selection criteria used.</p> <p>An indication of the frequency of the risk management framework review process.</p> <p>An action plan to reduce the entity's exposure to the main environmental, social and governance quality risks under consideration in Section 4.2.1.2.</p> <p>A quantitative estimate of the financial impact of the main environmental, social and governance quality risks identified and the portion of assets exposed, as well as the time horizon associated with these impacts, at the level of the entity and the assets involved, including the impact on the portfolio valuation. If a qualitative statement is issued, the entity shall describe the difficulties encountered and the measures planned to quantitatively assess the financial impact of these risks.</p> <p>An indication of the changes in the methodological choices and results.</p>	<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p> <p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p> <p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p> <p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply:</p> <ul style="list-style-type: none"> 4.2.1.4 ESG analysis of all our asset classes 5.3 Risks affecting all asset classes 5.6 Other ESG risks <p>Comply:</p> <ul style="list-style-type: none"> 5.5 Priority objectives 5.6 Other ESG risks 5.6.2 Incorporating ESG risks into the Group's risk map <p>Comply:</p> <ul style="list-style-type: none"> 5.6 Other ESG risks <p>Comply:</p> <ul style="list-style-type: none"> 5.5 Priority objectives; 6.4.3 Climate risks
		<p>Asset Management division, Banque des Territoires, Management of Strategic Investments division</p>	<p>Comply:</p> <ul style="list-style-type: none"> 5.5 Priority objectives 5.7 Focus on financial subsidiaries 6.4.3 Climate risks

Appendix C: Negative impacts and risk management (non-exhaustive)

Negative impacts identified (non-exhaustive)	Responsible Finance Charter			CDC Group compliance and ethics policies	Climate policy	Biodiversity policy	Voting policy and principles of governance of listed companies	Exclusion list
	Incorporating ESG into all investment decisions	Shareholder engagement	Norm- and sector-based exclusions					
Greenhouse gas (GHG) emissions	X	X	X	Code of ethics Banking and financial compliance Anti-corruption and influence-peddling measures Anti-money laundering and terrorism financing measures	X		X	X
Impact on biodiversity	X	X	X			X	X	
Overexploitation of natural resources (water, raw materials) Diversity	X			X		X		
Social cohesion							X	
Tax policies							X	
Terrorism financing and money laundering				X			X	X

Appendix D: Proportion of assets under management or owned classified as eligible under the technical screening criteria of Regulation (EU) 2020/852 (the "Taxonomy")

The analysis of eligibility and alignment was carried out for the scope of the Public Institution, based on its investment portfolios. Consequently it focused solely on the investment business lines (Asset Management division, Investment division of Banque des Territoires, Treasury) (covered assets). Subsidiaries are excluded from the calculation.

	Regulatory ratio based on counterparty disclosures ⁽¹⁾	Voluntary ratio reflecting estimates of the level of eligibility of counterparties
For covered assets: proportion of investments in taxonomy-eligible economic activities (%)	8.0%	18.0%
For covered assets: proportion of investments in taxonomy-non-eligible economic activities (%)	92.0%	82.0%
For covered assets: proportion of investments in taxonomy-aligned economic activities.	1.5%	2.0%
For all assets: proportion of exposure to central governments, central banks or supranational issuers (%)	59.0%	
For all assets: proportion of derivative products (%)	0.1%	
Are derivative products calculated at market value or based on exposure (underlying equivalent)?		Market value

(1) In accordance with the explanations provided by the European Commission in October 2022 in its Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets (question 20), financial undertakings must use the most recently available information provided by the financial or non-financial underlying investee entity or counterparty for their eligibility reporting.

Proportion of total assets represented by exposures to undertakings that are not listed in article 19a or article 29a of Directive 2013/34/EU and are therefore not subject to taxonomy eligibility and alignment reporting obligations (%).
 Articles 19a and 29a identify issuers subject to non-financial reporting including taxonomy eligibility and alignment indicators.

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Explanatory note

- Total assets considered to be all of the assets of the Public Institution's investment business lines, encompassing both the Central Sector and the Savings Funds: €309 billion.
- Covered assets are considered to be the total assets of the investment business lines adjusted for exposures excluded from the numerator and denominator, in accordance with the calculation rules set out in Delegated Regulation (EU) 2021/2178: denominator = €140 billion.
- The voluntary ratio used is governed by the same rules as the regulatory ratio, but includes, *inter alia*, investment property, forests owned outright and equity investments in SPVs with identified projects.
- The indicators are reported based on the analysis principle set out in article 29 (investments) of the French Energy and Climate Act, and are very different from the indicators published pursuant to article 8 of the Taxonomy Regulation (balance sheet).
- Caisse des Dépôts has also analysed the alignment of its investments, despite the limited availability of data, and discloses the results of its analysis by way of additional information.

Appendix E: Cross-reference table with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Themes	TCFD recommendations	Corresponding section of the report
<p>Governance Disclose the organization's governance around climate-related risks and opportunities.</p> <p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.</p> <p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>3.6 Oversight of ESG risks 3.6.1 Caisse des Dépôts' ESG Risk Oversight Committee 3.6.2 Close coordination with subsidiaries 3.6.3 Gradual integration into the Risk Management division 5.2. Strengthened governance and a dedicated team 4.2.2 Climate policy 4.2.2.1 Main commitments made across the investment and financing portfolios to regulate the financing of fossil fuels 4.2.2.2 Monitoring the carbon footprint and alignment of the Group's activities with a 1.5°C scenario 4.2.2.3 Decarbonisation of the portfolios 4.2.2.4 Climate Adaptation Action Plan 6.4 Monitoring our climate commitments 6.4.1 Proportion of financial assets aligned with a 1.5°C scenario or covered by decarbonisation targets aligned with the objectives of the Paris Agreement 6.4.2 Decarbonisation of asset management portfolios 6.4.3 Climate risks</p>

<p>Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>5.1 Focus on climate risks 5.2 Strengthened governance and a dedicated team 5.3 Risks affecting all asset classes 5.4 A strategic challenge for the Caisse des Dépôts Group 5.5 Priority objectives 5.6 Other ESG risks 5.7 Focus on financial subsidiaries</p>
<p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>5.5.1 Developing harmonised methodologies for identifying and assessing climate risks</p>

Appendix F: Glossary

ACPR	French Prudential Supervisory and Resolution Body (<i>Autorité de contrôle prudentiel et de résolution</i>).
ACT	Assessing low Carbon Transition (Ademe).
Ademe	French environment and energy management agency (<i>Agence de l'environnement et de la maîtrise de l'énergie</i>).
AMF	French financial markets authority (<i>Autorité des marchés financiers</i>).
AML-CFT	Anti-money laundering and countering the financing of terrorism.
Article 8 fund and Article 9 fund	The SFDR distinguishes between two types of ESG investments. Article 8 funds promote the social and/or environmental characteristics of the products offered as part of the investment process, while Article 9 funds – which are more ambitious – must specifically have sustainable investment as their objective and must contribute to an environmental or social objective, without causing significant harm to any other environmental or social objectives.
BDF	Banque de France.
Capex	Capital expenditure.
CBD	Convention on Biological Diversity.
CDC	Caisse des Dépôts.
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora.
Climate change adaptation	The process of adjusting to current and expected climate change and its effects.
CSR	Corporate social responsibility.
DNSH	Do No Significant Harm (EU taxonomy criterion).
DPE	Energy performance diagnostics (<i>Diagnostic de performance énergétique</i>).
ECB	European Central Bank.
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure.
ESG	Environmental, social and governance criteria.
ET	Ecological transformation.
EU	European Union.
French Energy and Climate Act	Adopted on 8 November 2019, the French Energy and Climate Act sets targets for France's climate and energy policy. Comprising 69 articles, it enshrines the objective of carbon neutrality by 2050 in response to the climate emergency and in line with the Paris Agreement.

FSC	Forest Stewardship Council: a label certifying forests that are responsibly and sustainably managed.
FTE	Full-time equivalent.
GBF	The Kunming-Montreal Global Biodiversity Framework.
GBS	Global Biodiversity Score.
GHG	Greenhouse gas.
GLOBIO	Global biodiversity model for policy support.
IEA	International Energy Agency.
IFRS	International Financial Reporting Standards.
IMAGE	Integrated Model to Assess the Global Environment.
Investment Approvals Committee	The purpose of CDC's Investment Approvals Committees is to (i) authorise transactions submitted to them in accordance with their respective rules of procedure, (ii) verify, encourage and adopt a common strategy for all subsidiaries and affiliates, in line with the Group's overall vision, and (iii) authorise CDC's representative to take a position within the entity's governance bodies, it being specified that the Investment Approvals Committees do not replace the management bodies of the subsidiaries and affiliates.
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.
IPCC	Intergovernmental Panel on Climate Change.
MEB	CDC's Biodiversity Economy unit (<i>Mission Économie de la Biodiversité</i>).
MSA index	Mean Species Abundance index: a metric for combining different types of pressure factors on biodiversity.
NFIS	Non-financial information statement (2017 to 1 December 2022) – French transposition of the NFRD.
NFRD	Non-Financial Reporting Directive.
NZAOA	Net-Zero Asset Owner Alliance.
Opex	Operating expenses.
Paris Agreement	International agreement on global warming adopted in December 2015 by 195 states at the Paris Climate Change Conference (COP 21). The agreement calls for global warming to be kept well below 2°C compared to pre-industrial levels by 2100, and for continued action to limit the rise in temperature to 1.5°C.
PEFC	Programme for the Endorsement of Forest Certification.
R&D	Research and development.
Risk appetite	Maximum level of risk that the Caisse des Dépôts Group is prepared to accept in order to achieve its strategic objectives.
RWA	Risk-weighted asset.

Say on Climate	Resolution at shareholders' meetings of listed companies – shareholder voting on specific strategic climate action plans.
SBTI	Science Based Targets initiative.
SBTN	Science Based Targets Network.
	The Greenhouse Gas Protocol provides an international framework for measuring and managing greenhouse gases, that has existed since the early 2000s. It distinguishes between three types (scopes) of emissions for entities or organisations:
	– Scope 1 covers all direct GHG emissions from sources (fixed or mobile) that are owned or controlled by the organisation;
	– Scope 2 covers indirect GHG emissions generated from the production of electricity, heat or steam that is purchased or otherwise brought into the entity or organisation's activities;
	– Scope 3 covers other indirect GHG emissions produced by the organisation's activities that are not included in Scope 2 but which occur in the organisation's value chain (upstream and downstream), such as the purchase of raw materials, services or other products, employee travel, upstream and downstream transport of goods, management of waste generated by the organisation's activities, use and end-of-life of products and services sold, and the capitalisation of goods and production equipment.
SDG	United Nations Sustainable Development Goals.
SF	Société Forestière.
SFDR	Sustainable Finance Disclosures Regulation: Regulation (EU) 2019/2088 on sustainability disclosures in the financial services sector came into force in 2021. It establishes harmonised rules for financial market participants and financial advisers on the transparency of sustainability risks and the consideration of negative sustainability impacts in their processes and describes the conditions attached to the definition and obligations of Article 8 and Article 9 funds.
SFIL	Société de financement local.
Shareholder engagement	Exercise of voting rights at general meetings of listed companies and dialogue with the management of listed companies on ESG issues.
SIF	French Sustainable Investment Forum (<i>Forum pour l'Investissement Responsable – FIR</i>).
Single materiality/Double materiality	Examining the sustainability of a company's activities can be approached from two angles: – internally, to measure the impact of deteriorating social and environmental conditions on the company's development, performance and results; – externally, by taking into account the negative or positive impacts of the company on its economic, social and natural environment.
SSE	Social and solidarity economy.
Taxonomy	The EU taxonomy classifies economic activities that have a positive impact on the environment. Its aim is to direct investment towards green activities. The basic principles were laid down in Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investment.

TCFD	Task Force on Climate-related Financial Disclosures.
TCO ₂ eq. or Teq. CO ₂	Tonnes of CO ₂ equivalent.
TNFD	Task Force on Nature-related Financial Disclosures.
UNEP FI	United Nations Environment Programme Finance Initiative.
(UN)PRI	Principles for Responsible Investment.
URD	Universal Registration Document.
VEFA	Off-plan real estate sales (<i>vente en état futur d'achèvement</i>).

Asset Management.
Banque des Territoires – investment division.
Banque des Territoires – loan division.
Banque des Territoires.
Management of Strategic Investments.
Social Policy

Entities cited in the report (non-exhaustive)

Arpavie
Bpifrance (public investment bank)
CDC Biodiversité
CDC Croissance
CDC Habitat
CDCII (CDC Investissement immobilier)
CNP Assurances
Egis
I4CE (Institute for Climate Economics)
LBP (La Banque Postale)

LBP AM (La Banque Postale Asset Management)

Louvre Banque Privée

Novethic

SFIL

Société Forestière

STOA

Publication, production

Caisse des Dépôts Group
Communication, Sponsorship and Partnership department

Produced by Havas Paris

Printed by Caisse des Dépôts

© Cover: Beya Rebaï, Didier Bizet
p.5: Jean-Marc Pettina, Caisse des Dépôts

p. 6-7, 20-21: Thomas Gogny
p. 25: François Le Guen - Photoheart
p. 26-27, 40-41, 86-87: Didier Bizet

23 054 – June 2023

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