

July 2024

Caisse des Dépôts Group  
climate policy

# Adaptation action plan

July 2024



Caisse  
des Dépôts  
GROUPE

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# Introduction

## Increasing resilience to climate change

### of Caisse des Dépôts' Group and of French territories

In front of climate change, Caisse des Dépôts Group intends to reduce its GHG emissions to contribute to maintain global warming below 1.5°C. Nevertheless, the latest IPCC report states that there is at least a 50% chance that global warming will exceed 1.5°C in the next 5 years compared with pre-industrial levels, even if emissions are drastically contained and then reduced. While average global temperatures have already risen above 1°C, weather disruptions directly attributed by experts to this warming are already being observed around the world, causing increasing losses and damages to local activities, assets and inhabitants.

We must therefore anticipate and prepare responses to future climate events to avoid and minimize impacts, but also to respond to crises, to limit their consequences, to repair damages and to rebuild better.

In 2022, the Caisse des Dépôts Group published its first climate change adaptation action plan, with two components:

#### ■ **Adaptation of the Group's operational and financial activities**

This approach aims to systematize adaptation to climate change in management decisions and processes. The Group's action plan is being rolled out gradually, using a consistent approach by asset classes and types of activity.

#### ■ **Territorial adaptation and offers to customers**

Banque des Territoires has developed a new range of support and financing solutions addressing the adaptation needs of territories. These are in addition to the adaptation solutions which have already been spread out by subsidiaries and strategic holdings such as Scet, CDC Biodiversité and Société Forestière.

**This 2024 version extends the scope of the adaptation action plan and updates its progress.**

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# Adapting the Group's activities

The deployment of the adaptation action plan is sequenced and segmented by asset classes and types of activity with the aim of covering the whole Group by 2025. It has been prepared by internal workshops to introduce the issues, methods, and levers for action, and, where it is possible, best practices.

As part of the action plan, each entity is committed to including adaptation to climate change in all or in some part of its activities, whether operational or financial. This consists of:

- identifying and estimating climate risks on activities,
- gradually implementing an adaptation policy, plan and actions where significant risks have been identified,
- ensuring the quality of the adaptation process and a robust level of adaptation.

Adaptation to climate change is an unprecedented objective, localized by nature, linked to multifaceted risks and which cannot be measured by simple objectives and indicators or by comparison with an optimum. As a result, the action plan remains largely qualitative and narrative.

## ► Deployment by 2025

### ■ In 2022: launch and priority to real estate and infrastructure

Icade (Office property investment), CDC Habitat (lessor), CDC Investissement Immobilier (investor), CNP Assurances (investor), Banque des Territoires (minority investor), and Stoa (minority investor in infrastructure) participated in this first step of work. Caisse des Dépôts and CNP Assurances are also shareholders in two major energy transmission networks in France: RTE and GRTGaz. Depending on its ownership rates and the management methods of these activities, Caisse des Dépôts Group has a more or less direct capacity to adapt assets.

### ■ In 2023: extension to other activities

- **Operating subsidiaries and strategic holdings**

The 2023 workshops brought together Compagnie des Alpes (ski resorts and leisure parks operator), Transdev (mobility operator) and La Poste (mail and parcel delivery). The activities of these companies, and therefore their vulnerabilities, are very diverse, and they are encouraged not to limit their vision of adaptation to that of their real assets alone. Société Forestière (forestry asset management) and CDC Biodiversité (restoration and preservation of natural sites) can, beyond the need to adapt, also provide nature-based adaptation solutions. Most of these companies will be subject to the CSRD in the short term and must make a double materiality assessment in 2024 which includes climate risks.

- **Listed and unlisted securities portfolios**

This scope covers Caisse des Dépôts as asset manager of its own balance sheet and that of the Savings Fund (asset management department), CDC Croissance (asset management of listed European SME securities), as well as LBP AM (third party asset management), CNP Assurances (life insurance and retirement savings) and Bpifrance (investment in companies of all sizes, listed and unlisted, direct and indirect). Work has been launched in 2023 and aimed to include the adaptation objective in their ESG policies. Sovereign debt has been excluded from this work for now, due to the lack of leverage available to investors. Private debt securities will also be discussed during the workshops dedicated to lending activities.

- **In 2024: full deployment and thematic study**

- **Lending**

Banque des Territoires, with new support and financing offers for the local public sector that will be fully deployed in 2024, is playing a pioneering role in France. The work will be extended in 2024 to the Group's other credit institutions: La Banque Postale, Sfil, Bpifrance and part of LBP AM (listed and private debt).

- **In depth work**

This deployment across all Group entities will enable more cross-functional work to be launched from 2024. The following themes are considered:

- monitoring adaptation actions: objectives and indicators
- accounting for adaptation-related financial flows
- contribution to public policies, especially to the 3rd French National Plan for Adaptation to Climate Change (PNACC3).

- **Segmentation of work by adaptive levers**

<b>Assets/activities/bodies</b>	<b>Possible levers and key moments</b>
Real estate and infrastructure	<ul style="list-style-type: none"> <li>- asset design in their environment</li> <li>- renovation and maintenance</li> <li>- after weather events causing loss and damage</li> <li>- crisis management and readiness</li> </ul>
Companies	<ul style="list-style-type: none"> <li>- upstream: supply chain</li> <li>- operation (assets, process, working conditions...), by sites</li> <li>- downstream: customers and markets</li> <li>- crisis preparedness and management</li> </ul>
Institutional investors and asset managers	<ul style="list-style-type: none"> <li>- counterpart analysis (risks and adaptation policies)</li> </ul>

	<ul style="list-style-type: none"> <li>- shareholder dialogue</li> <li>- exclusion</li> <li>- investment in adaptation solutions</li> </ul>
Banks	<ul style="list-style-type: none"> <li>- dialogue with at-risk customers</li> <li>- financing project adaptation or adapted projects</li> <li>- financing adaptation solutions</li> </ul>

### ■ Deployment indicator

To support this action plan, a deployment indicator has been developed in 2023. This semi-qualitative indicator has been designed to measure the progress made by Group entities towards their adaptation objectives, through two main stages: the assessment of physical risks, and the existence of an adaptation process (policy, action plans, adaptation actions, etc.). Workshops organized in 2024 will specify the method for developing and spreading out the indicator.

## ► Articulating the adaptation process to regulatory requirements

- Caisse des Dépôts Group's financial institutions are subject to transparency requirements, stemming from **Article 29 of the French Energy and Climate Law**, on the physical climate change risks in their portfolios and on these risks management.
- The new European directive **CSRD**<sup>1</sup>, will also extend companies' transparency obligations on their climate risks and adaptation policies and actions.
- Caisse des Dépôts and its subsidiaries must also calculate their green share according to the definitions established by the **European taxonomy**. Within this framework, any activity that complies with the taxonomy must meet either stringent adaptation criteria (substantial contribution to adaptation) or lighter criteria ("do no significant harm" to adaptation). Joint work to interpret these criteria is being carried out within the Group, especially regarding to developments of the European Commission doctrine, and will lead to strengthen requirements from 2023 reporting. These taxonomic criteria have largely inspired the Caisse des Dépôts' group adaptation principles (see below).
- Wherever possible, the Group's adaptation approach seeks to lean on these regulations, although the emphasis they place on the financial risk materiality does not facilitate their operational use. Caisse des Dépôts Group is therefore looking for building its adaptation approach on a demanding interpretation of these texts to ensure an effective risk management and to increase its assets, activities, and counterparties' resilience to climate change.

### In-house and collective tools for physical risk rating

- To facilitate and harmonize these regulations implementation, Caisse des Dépôts has created in 2023 an in-house tool for scoring physical risks linked to climate change, which will be rolled out to Banque des Territoires in 2024 and tested on a large scale afterwards. Initially tailored for Caisse des Dépôts, this tool may be used by its subsidiaries and strategic holdings. Several subsidiaries have also developed their own tools: CDC Habitat, Bpifrance, LBP AM.

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<sup>1</sup> Corporate sustainability reporting directive

- In 2023, the Caisse des Dépôts Group also provided its support to the Bat'Adapt program, developed by the Observatoire de l'immobilier durable (OID). This decision-making tool for adapting the real estate sector to climate change is in open access and gives the opportunity to concretely analyze buildings vulnerabilities according to their specific characteristics (size, materials, etc.). It also suggests actions to adapt to the identified risks. The Caisse des Dépôts group recommends its use by its counterparties which do not have access to other tools.
- These physical risk rating tools should be updated and enhanced as often as possible to improve their accuracy and the robustness of the input data. Whatever tools which might be used, Caisse des Dépôts Group recommendation is to carry out in-depth studies of each asset and counterparty when some high risks are identified, before defining the adaptation actions to be implemented.

## ► Applying shared principles of “good adaptation”

Uncertainty about the future scale of global warming and its impacts makes adaptation decisions difficult. The Caisse des Dépôts Group is inspired by frameworks of reference which provide a basis for rigorous adaptation approaches, to ensure their relevance in terms of both process and level of adaptation. To this end, the Group has developed adaptation principles. The Group's adaptation principles, drawn up in 2022 and initially endorsed by real estate and infrastructure players, were refined in 2023 and extended to all Group companies. They can also inspire financial investors when analyzing their counterparties.

- The **principles relating to process** quality are based on the European taxonomy adaptation criteria. These generic criteria defined for activities eligible for the taxonomy are just as relevant for activities not included in it. This is why the Caisse des Dépôts Group has decided to draw inspiration from them and extend their scope of application.
- The choice of **proportionate levels of adaptation** is the subject of another of the Group's adaptation principles. The taxonomy does not set any criteria relating to the degree of risk protection to be achieved by adapted activities and adaptation solutions. While Caisse des Dépôts Group does not impose a specific level of adaptation, it does recommend robust measures, as described in the best practice frameworks such as of the IPCC<sup>2</sup>, development banks such as the World Bank<sup>3</sup> and the EBRD<sup>4</sup>. It also draws on the concept of adaptation trajectories advocated by the French Environment Agency, Ademe, to define, as far as possible, progressive adaptation approaches based on risk thresholds. Finally, the Group will seek to make the best use of the Reference Trajectory for Adaptation (TRACC) of France, when it will be published.

Caisse des Dépôts and its subsidiaries have thus adopted a series of principles which aims at counterbalancing the uncertainty related to the future climate by applying some rigorous methods. The Caisse des Dépôts Group entities are committed to adapting their activities for increasing their resilience to climate change. They seek to work with their stakeholders to integrate adaptation to climate change from the design stage of the projects.

- They base their adaptation approaches on forward looking physical climate risks assessments. Gradually, as appropriate tools are deployed, these assessments will be based, if possible, for long-lived assets, on the analysis of multiple hazards, over several

<sup>2</sup> AR6 WG2 : [https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC\\_AR6\\_WGII\\_SummaryForPolicymakers.pdf](https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf)

<sup>3</sup> <https://www.worldbank.org/en/news/feature/2020/11/17/the-adaptation-principles-6-ways-to-build-resilience-to-climate-change>

<sup>4</sup> <https://www.ebrd.com/news/2019/worlds-first-dedicated-climate-resilience-bond-for-us-700m-is-issued-by-ebd-.html>

time horizons, using several climate scenarios, including a high emissions scenario leading to a high warming level (RCP/SSP5 8.5).

- They seek to implement, and finance proportionate and progressive adaptation approaches, by designing short/medium term action plans that favour robust measures, i.e. relevant in any future climate, including no regret measures (that are effective now), flexible, reversible, or take safety margins (allowing for adaptation to the worst-case scenario). These proportionate and progressive approaches aim to avoid under-adapting or even over-adapting their activities. They may be planned within adaptation trajectories.
- They seek to avoid maladaptation, i.e., the significantly negative consequences of their measures from an environmental and social point of view.
- They systematically consider the use of nature-based adaptation solutions and seek to identify their environmental, social, and economic co-benefits.
- They commit to :
  - implement long-term climate change risk and adaptation management, to be integrated into their risk management, activities, and investments management processes,
  - assess the residual risks, provide feedback on the observed climate events, and measure financial loss and damages.
  - integrate climate risks into their emergency and contingency plans.
- They take local adaptation plans into account and look for coordinating their adaptation policies with those ones from the local authorities as well as from their stakeholders.

Each Group entity translates these principles into its own adaptation plan, through the operational actions which suit the most to its activities.



## ► Deployment commitments

### ■ Real estate and infrastructure

For investment, ownership and direct management of real estate and infrastructure assets, adaptation to climate change is a process to be carried out asset by asset. Three key moments are identified:

- **At the initial project investment stage**

The teams integrate climate-related risks into their analysis of investment projects. Regarding new assets, they will ensure that these risks have been reduced from the design stage and over the lifetime of the assets. For acquisitions of existing assets, they will plan adaptation actions where appropriate.

In future, this may lead them to set and make public adaptation criteria in their investment decisions, notably in relation to the European taxonomy of sustainable assets.

- **For assets already acquired or managed**

Analyses of physical risks linked to climate change are gradually being carried out at a portfolio and estates level, to classify assets by level of operational and financial risks. This will aim to define adaptation priorities, take immediately necessary actions, draw up short/medium-term plans and, over the long term, ensure dynamic management of adaptation trajectories as risks will evolve.

- **Monitoring risks, adaptation plans and business resilience**

The goal here is to integrate the monitoring and management of climate physical risks, as well as adaptation plans, into the management processes of Caisse des Dépôts and its subsidiaries. Where these entities are not direct operators, this process will aim to engage a dialogue with property and infrastructure managers on this issue. It will give them opportunities to obtain regular information on the evolution of risks and their management over time, on the adaptation measures implemented and planned, and on the observed impact of events linked to climate change.

The timetable for implementing these three objectives (see table below) varies according to the portfolios and assets, depending on the level of ownership and the management method, which determines the ability of the Group's entities to act. It is spread out over time for assets held by minority and indirect shareholders, which requires additional efforts to collect information to enable risk analysis and dialogue with co-investors and managers.

- **Status and commitments in real estate**

	<b>Portfolio climate risk assessment</b>	<b>Portfolio adaptation measures and plan</b>	<b>Inclusion of adaptation in acquisitions</b>
<b>Icade</b> - Commercial property investment	<b>2023</b> Updated using new Bat'Adapt-R4RE tool	Commitment to adapt the whole assets at risk by 2030	<b>Since 2022</b>
<b>CDC Habitat</b> (lesser to low income households)	<b>Since 2020</b>	Adaptation underway as part of renovation programs	<b>2023</b> Recommendations currently being studied

		Climate risk assessment using in house tool DPR	Deployment of DPRs through the award of a 4-year framework agreement to carry out 500 DPRs	for new construction standards. Climate risk mapping tool made available to operational staff.
La Poste group	La Poste Immobilier (exploitation)	2021 Risks assessment	Adaptation program for the 50 riskiest strategic assets underway	2023 Recommendations integrated into construction standards
	CNP Assurances (Groupe LBP Group)	2023 Physical risk assessment updated on direct and club deal assets (> 50 %)	For each major retrofit Proposed action plans to mitigate these risks in the event of proven exposure Strategy currently being defined	Risk assessment in due diligences
CDC Invest Immo - Managed portfolio ----- - Delegated managed portfolio		End of 2022 ----- End of 2024	2023 ----- Commitment by 2024 on majority and directly managed portfolio  Adaptation criteria published in the 2022 responsible investment policy	2024 ----- 2025 Topic gradually introduced in AGMs.
Caisse des Dépôts (Exploitation)		2023 : risk rating of the portfolio and synthetic assessment ongoing	2 <sup>nd</sup> half of 2024	By the 1st quarter of 2024
Banque des Territoires (minority shareholdings and delegated management)		2024 Risk assessment	Ongoing: Alignment to the DNSH adaptation criteria of the European taxonomy	2024 Targets (taxonomy and labels) will be required for new buildings

- Status and commitments - Infrastructure

	Risk assessment in portfolio	Adaptation process of the portfolio	Risk assessment in due diligences

<b>Banque des Territoires</b> (minority holdings) - Transport and mobility - Renewable energy - Digital infrastructure	<b>2023</b> - Financial climate risk assessment on a sample of assets - Internal risk rating tool tested on all portfolios <b>2024:</b> Internal risk rating tool deployed at front offices	<b>2024</b> Shareholder dialogue on the riskiest assets with a value of over €20m and a participation rate of over 20% (Transport and Mobility).	<b>2024</b> - Taxonomic analysis for investments over €2m - Systematic for major projects submitted to the Group's investment committee approval. - Progressive integration of ESG criteria, including adaptation issues, into contractual clauses and shareholder agreements, to provide a framework for reporting and shareholder dialogue.
<b>Stoa</b> Minority holdings	Climate risk assessment of each asset	Part of the SRI policy monitoring	Systematic

- **Strategic holdings in infrastructure**

Caisse des Dépôts and CNP Assurances own nearly 50% of RTE and 40% of GRTGaz. Dialogue on climate change resilience strategies has begun in 2022 with these two strategic holdings. Since 2023, board members representing Caisse des Dépôts Group have been examining these two networks risk assessments and adaptation plans of on an annual basis.

- **Adaptation of subsidiaries and strategic shareholdings**

In 2023, the work was extended to the Caisse des Dépôts Group's service operating subsidiaries.

In a corporate approach, made up of a complex mix of activities, sites and functions, an initial stage of materiality analysis for the company has been recommended, in line with reference methods, such as the Ocara<sup>5</sup> method developed by Carbone 4 with the support of Ademe. This initial step aims to identify the key issues for the company, by breaking down its activities across the entire value chain (supply, operations and markets), and prioritizing them according to their contribution to the company's business model, then cross-referencing them with their intrinsic vulnerability and actual damages and losses (historic weather-related risks).

The adaptation process can then follow the steps common to all activities: assessing forward-looking risks, identifying adaptation levers, choosing actions within a structured plan that takes uncertainties about the future climate and its impacts into account, and setting up continuous monitoring of risks and adaptation.

Special attention has been paid to integrating the consequences of extreme climate events or acute risks into emergency and contingency plans, especially for Group companies providing essential services.

<sup>5</sup> <https://www.carbone4.com/en/expertises/innovation/ocara>

## Status and commitments

		<b>Risk assessment</b>	<b>Adaptation actions and action plan</b>
	<b>Transdev</b>	<b>2023:</b> materiality assessment of climate physical risks	<b>2023: Development of an action plan by climate hazard and transport mode</b> <b>2024: Deployment of the action plan</b>
	<b>Compagnie des Alpes</b>  - Ski resorts  -----  - Leisure parks	- Assessment of snow conditions up to 2100  -----  - Vulnerability assessment	<b>2024:</b> Systematic integration of assessments conclusions into the ski resorts development plans (reasoned development of artificial snow installations, lifting of so-called "snow front" areas, replacement of chairlifts by gondolas, de-equipping of glaciers, etc.).  -----  - Adaptation of parks to hot days: developing "indoor" attractions, deploying shaded areas for parking and queuing, etc.
<b>La Poste group</b>	<b>Groupe</b>	<b>2024 :</b> First TCFD risk assessment updated	Risks on real-estate assets: La Poste Immo, manager of La Poste's real-estate assets, is incorporating adaptation into its works plan (see above). Risks on people: action plan to be updated in 2024/2025
	<b>Mail and parcel delivery</b>	<b>2023 :</b> risk assessment completion + in depth territorial study of two sites: (interconnections, subcontractors, networks and infrastructure, major customers...)	<b>2024 :</b> adaptation action plan
	<b>Géopost</b>	<b>2024:</b> risk assessment to be launched (European scope)	<b>2025:</b> adaptation action plan to be formalized
	<b>Société forestière</b>	- climate risk assessment in the due diligence process - soil studies and climate projections at forest stand renewal	Integrated management: monitoring forest stand health, fire and storm insurance, crisis management, species selection...
	<b>CDC Biodiversité</b>		Adaptation plan to be drawn up in 2nd half of 2024

## ■ Financial investors and adaptation to climate change

The mobilization of traditional responsible investment levers for adaptation was studied in 2023.

Work focused on equities and corporate bonds. The issue of investing in debt funds was also addressed with LBP AM. It and will be addressed again during other workshops on credit. The levers that can be used by investors regarding sovereign debt appear to be more limited.

The financial investors of the Caisse des Dépôts group are aware that current and future climate disruptions will impact the business models of companies in which they invest and therefore the assets performance and value in their portfolios. They are gradually integrating the issue of adaptation to climate change into their process of managing corporate equity and bond portfolios, mainly through the analysis of physical risks weighing on the companies invested in and through shareholder dialogue on adaptation. **They consider that adaptation in the real economy is generally the most responsible way of reducing risks in portfolios.**

### ● Analysis of business' adaptation policies

The analysis of companies' adaptation policies is gradually being included in ESG analyses of assets in portfolio, and before investment decisions. It is conducted by investment teams<sup>6</sup>. It is mainly based on the study of documents published by companies, on expertise in economic sectors vulnerabilities and on regulatory estimates of physical climate risks that financial players must carry out (Article 29 of the French Energy Climate law and SFDR regulation) at the portfolio level. It covers:

- the identification and assessment of physical risks that weigh on the company,
- the adaptation actions carried out by the company to reduce the most significant risks,
- the quality of the monitoring of these risks and the company's ongoing adaptation policy.

The objective is to deepen knowledge of the risks and opportunities in investment decisions (see Appendix 3 for a list of questions that can guide this analysis and shareholder dialogue).

### ● Engagement/shareholder dialogue

Investors in the Caisse des Dépôts group expect the companies in which they invest to develop adaptation policies that are proportionate to the climate risks they face and will face in the future.

They are gradually integrating adaptation issues into their shareholder dialogue. They expect companies to assess their physical risks related to climate disruption, to reduce these risks through adaptation actions that increase their resilience, to manage their risks over time and to report on their policies.

In both their analyses and their shareholder dialogue, the Group's financial investors are paying close attention to the adaptation process quality and to the level of resilience sought by counterparties, from risk estimation to monitoring adaptation actions. In this, they draw inspiration from the Caisse des Dépôts Group's adaptation principles and may use the indicative list of questions in Appendix 3 of this document.

### ● Investment in companies that offer adaptation solutions

According to the terminology introduced by the TCFD, climate change also creates investment opportunities in companies that offer adaptation solutions, i.e. products and services that enable their customers to reduce their physical climate risks.

These innovative solutions can be offered by companies seeking to provide services which are complementary to their core activities (e.g. water management) or greentech companies for adaptation. Some of these solutions are listed in the European taxonomy as “enabling activities” for adaptation.

Where relevant, in particular through greentech investment funds, the Group’s investors will seek to broaden their investment universe to innovative adaptation solutions, and to identify these investments.

- **SMEs and midcaps support**

Bpifrance, in its mandate to support businesses, is studying the tools to offer SMEs and midcaps to facilitate their adaptation to climate change.

Together with ADEME, the ambition is to design a dedicated support approach in the format of the Bpifrance - ADEME "Diag'action" range which will be widely deployed to businesses in France in 2025, relying on a community of experts listed by Bpifrance. The approach currently being built and tested in 2024 aims to:

1. raise awareness among businesses of the challenges of adaptation vs. mitigation,
2. enable businesses to measure their vulnerability to the main present and future risks linked to their exposure to the physical consequences of climate change (rising sea levels, heat waves, precipitation, etc.),
3. build their adaptation trajectory in order to strengthen their resilience.

The diagnosis will take place in 3 phases, over a maximum period of 6 months, with a minimum mandatory on-site visit. The analyses will be conducted at the scale of a priority site identified by the company, taking its upstream, in situ but also downstream value chain and its territorial and sectoral issues into account. The proposed method must be easily used by the company and replicable on other sites (i.e. transparency on the tools, models and sources used). The support of around a hundred SMEs-midcaps is envisaged as part of the deployment of the diagnosis deployment in 2025, with a gradual increase in this objective in the following years.

- **Deployment timetable**

Asset class	Physical climate risk assessment	levers mobilised and timetable	Investment in adaptation solutions
<b>Caisse des Dépôts (asset management of the Savings fund and own balance sheet)</b>			
listed equity + corporate bonds + sovereign debt: €244 bn (market value)  Active and direct management	<b>2024:</b> qualitative assessment via the internal climate risk rating tool and documents provided by companies	<b>2024</b> Sectors considered to be at the highest risk: > equities: analysis of the adaptation policies of companies presenting a Say on climate at the AGM > equities + corporate bonds: dialogue with analyzed companies that do not have a satisfactory risk assessment or adaptation plan > sovereign debt: monitoring of the adaptation policies of the underlying assets	

		<b>2025:</b> integration of adaptation into the yearly targeted climate engagement plan	
<b>CNP Assurances</b>			
Listed securities directly owned: circa € 100bn  Delegated and active management	- Climate risk assessment achieved in <b>2019</b> (provider). - <b>By 2025:</b> assessment update	- 5 climate dialogues per year, systematically integrating physical risks	
<b>LBP AM and LFDE under Tocqueville Finance brand</b>			
<b>listed equity</b> Circa €40bn (excluding LFDE) Active and direct management	- internal risk rating tool supplemented by a non systematic qualitative analysis	<b>2024</b> - update of the climate engagement policy, to include adaptation <b>2024</b> - engagement with the 5 highest-risk issuers	
<b>debt funds</b> - infrastructure: €1,9 bn - real estate: €1,2 bn - corporates: €0,65 bn	<b>Infrastructure:</b> risk assessment is required for for each counterpart.	<b>Infrastructure:</b> already integrated into the due diligence grid <b>Real estate:</b> integration into the due diligence grid in 2024	
<b>CDC Croissance</b>			
Eurozone Listed SMEs equity: - 170 companies €3bn AUM - 4 funds and 1 Sicav - Active and direct management	Internal ESG score model supplemented by internal country/sector research across the entire investment universe	- Level of physical risks integrated into the ESG sheets and scores used in the analysis of companies for investment decisions, in valuation and in the identification of engagement topics <b>2024:</b> - expansion of work on the Trucost risk model (complete description of the physical locations of SMEs in the portfolio) - occasional engagement in relation to the level of materiality for the company's activity and the risks identified	
<b>Bpifrance</b>			
Listed and unlisted equity - development capital: €28bn AUM; 660 shareholdings - innovation: €7bn AUM; 380 shareholdings	<b>2025:</b> provision of the internal Bpifrance risk rating tool to front offices	<b>2023:</b> physical risk systematically integrated into pre-investment decision process for large, medium and small businesses <b>2025:</b> development of a support tool for SMEs with ADEME	Possible via the FIEE2, Green Venture and SPI funds in particular

## ► Integrating adaptation to climate change into the Group's management

To anchor adaptation to climate change in the Group's governance, strategy and management, the objective of adaptation to global warming:

- is gradually included in the guiding letters that Caisse des Dépôts sends each year to its representatives at its subsidiaries and strategic holdings boards, according to the pace of deployment of the Group's adaptation action plan,
- is now a systematic ESG criterion in decisions taken by the Group's investment and financing committees.



# 2

## Material and financial adaptation solutions

### ► Banque des Territoires' financial offer

Local authorities are and will be on the front line when faced with the impacts of climate change and will be called to develop their territories resilience. However, Banque des Territoires has observed on the ground that these issues remain complex to operationally address, with local stakeholders having to deal with decisions of unknown scope and complexity. This context calls for strong support tailored to local specificities to develop qualitative local adaptation strategies and the emergence of short, medium and long-term projects that it can help finance. In 2022, Banque des Territoires initiated an action plan to support the adaptation of territories to climate change, with this topic subsequently being prioritized as one of the sixteen flagship measures of Banque des Territoires Strategic Plan for 2028.

The adaptation plan is endowed with €100m in engineering credits and plans to mobilize resources in loans, equity investments on a case-by-case basis and deposits. The ambition is to provide a tailor-made response to the territories, taking their specificities or specific vulnerabilities into account as is the case for coastal and overseas territories, mountains, and cities.

#### Deployment timeline:

2 <sup>ème</sup> semestre 2023	1 <sup>er</sup> semestre 2024	2 <sup>ème</sup> semestre 2024	Courant 2024
coastal and overseas offer	support for pos-crisis recovery	- mountain offer - training/awareness raising - offer to cities	- evolution of financing guidelines

#### ■ Project support

Banque des Territoires offers various forms of support designed to facilitate and encourage local stakeholders to undertake adaptation action:

- **advise:** Banque des Territoires supports local stakeholders in developing adaptation action plans based on systemic vulnerabilities (floods, coastal erosion, submersion, biodiversity erosion, heat waves and urban heat islands, fires, etc.), prioritization of actions regarding financial and human resources, support for the operationalization of development projects, adaptation of economic activity, resource management, support for testing solutions.

**- loans and investments:** loans from Banque des Territoires are part of the financial resources that can be mobilized to implement action plans. It can offer complementary loans to French State subsidies from the Green Fund. Banque des Territoires has adapted its range of loans to the local public sector so that they can finance either adaptation solutions or projects adaptation. This range mobilizes resources from Savings Funds, Caisse des Dépôts and the EIB; loan terms can range from 20 to 60 years. It is mainly aimed at public authorities and local publicly owned companies. Equity investments are analyzed on a case-by-case basis.

- **secure projects through a strengthened role for escrow deposits:** environmental deposit to secure the financing of offsetting requirements, deposit of expropriation compensation, particularly in the event of litigation, deposit for coastal municipalities (registered in the implementing decree of the climate and resilience law) of the amount of the demolition of a building constructed in a coastal area and affected by the coastline erosion over a period of 30 to 100 years.
- **operate:** Caisse des Dépôts subsidiaries offering adaptation solutions can be mobilized to offer adaptation solutions.

This plan is part of the broader ambition to contribute to new development models that are more mindful of natural resources management and preservation. The position of Banque des Territoires thus integrates the principles of the European Green Deal principles regarding the decisive role of biodiversity restoration and preservation for mitigation and adaptation to global warming.

To strengthen the capacities of local stakeholders, Banque des Territoires supports awareness-raising and training programs. It is also working on possible support for post-crisis management.

For coastal and overseas territories, it also plans, exceptionally, in the event of a lack of engineering and a willingness to engage in the operationalization of climate change adaptation projects, to co-finance the recruitment of local project managers dedicated to adaptation.

#### **Examples of supported projects:**

- the local strategy for managing the Biscarosse coastal strip,
- the relocation of the Coutances Mer et Bocage community, within the framework of a development project supported by the French State,
- the construction of a new village in Miquelon (Saint-Pierre-et-Miquelon) and the renaturation of the current village in the face of rising sea level by 2100,
- the dikes system of the Authie Bay project.

#### **■ Priority programs gradually integrate adaptation**

At the beginning of 2023, the national Action cœur de ville program was updated so that adaptation issues are fully measured and considered in the revitalization of the centers of medium-sized cities. Similarly, the EduRénov program launched in 2023 aimed at accelerating the renovation of 10,000 schools by 2027 takes the issue of adaptation to Summer heat into account. Finally, the agreement between Banque des Territoires and the National agency for urban renovation (ANRU) was amended at the beginning of 2023 so that Banque des Territoires would finance a “Resilient Neighborhoods” program launched by the ANRU in 2022, which is the operator, to the tune of €10 million in around fifty target neighborhoods benefiting from reinforced support.

## ■ Digital infrastructure: promotion of local resilience plans

Banque des Territoires invests in digital infrastructure, particularly in public initiative fiber networks. These networks are essential for maintaining economic and social activity and will be the only networks when the copper network is gradually closed in 2030. However, these networks can be affected by climate hazards, but also by malicious acts, including cyberattacks, technological risks and other natural risks. It is therefore essential to improve these infrastructures resilience, i.e. their ability to withstand the consequences of a crisis or an attack and to return to normal operation as quickly as possible. This is a new issue for the sector's stakeholders that first requires awareness-raising, information, and support.

As a first step, Banque des Territoires encourages the stakeholders to equip themselves with a local resilience plan to assess risks, identify both organizational and technical actions to improve service continuity and recovery in the event of a crisis and prioritize actions. With the French National Agency for Territorial Cohesion (ANCT), it published a methodological guide for the development of these resilience plans in September 2023. Banque des Territoires offers local authorities the opportunity to co-finance the development of these local resilience plans.

The action plan will include organizational improvements and reinforcements of infrastructure. In order to support local authorities in financing their action plan, Banque des Territoires offers, as part of adaptation to climate change, loans to the local public sector benefiting from preferential conditions (concessional loans).

## ► Adaptation solutions provided by subsidiaries and strategic holdings

### ● The Group's biodiversity offers and adaptation to climate change

In 2022, Caisse des Dépôts and its subsidiaries have been working to coordinate their services and products in favour of biodiversity. In particular, they propose to massively deploy nature-based solutions to adapt territories at all scales, while preserving and restoring biodiversity.

#### ● Scet

Scet with its subsidiary specialised in the environment, Even Conseil, helps local authorities to develop strategies for adapting to and controlling climate vulnerability (anticipating changes in risks, changes in the known balance of the water cycle, changes in the distribution of species, etc.). Scet mobilises this expertise in the operational design of projects and participates in the awareness raising/training of technicians and local decision-makers.

#### ● CDC Biodiversité

CDC Biodiversité offers a comprehensive "Nature in the City" package. In addition to their benefits for biodiversity and quality of life, the projects developed implement nature-based solutions for adapting to climate change, notably against urban heat or flooding. Since 2016, it has also managed a "Nature 2050" programme, which supports voluntary nature-based adaptation projects funded by companies.

#### ● Société forestière

Société Forestière manages forest assets of investor clients, including Caisse des Dépôts and CNP Assurances. To help them reduce the risks of climate change, it provides them with the expertise enabling to integrate climate change into their medium-term forest management

plans, to diversify the geographical location of their forests, to diversify their tree species, particularly by introducing new species, and to take out insurance against the main risks. It also participates in collective discussions, experimental research and the introduction of adaptation criteria in the PEFC and FSC sustainable forest management certificates.

- **Egis**

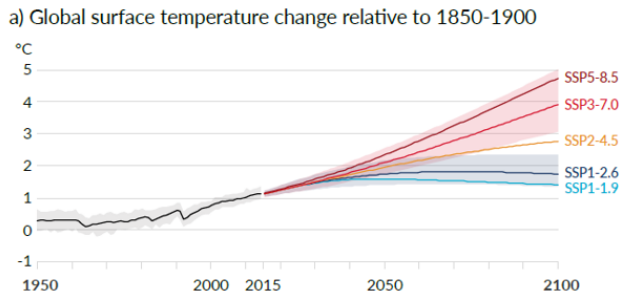
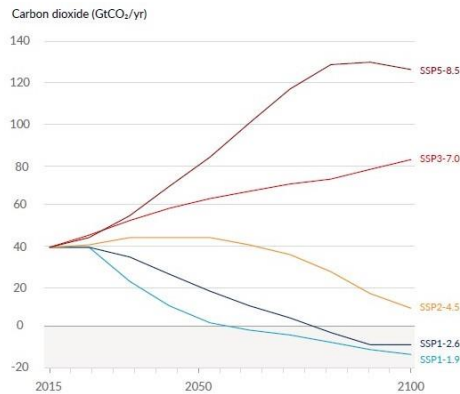
Egis, an international engineering company and strategic holding of Caisse des Dépôts, has committed to systematizing climate vulnerability assessments in its engineering projects by 2030, thanks to its risk assessment tools, and is developing specific solutions to adapt infrastructure and territories to climate change.

# Annexes

## Annex 1 From global warming to physical risks

- The IPCC establishes forward-looking scenarios of possible greenhouse gas emissions levels (left). From these emission volumes it derives possible levels of warming (right).

Whatever the future emissions volume, the global warming up to 2040 is already determined by past and present emissions (overlap area on the right). Thereafter, the scenarios diverge, showing the importance of reducing emissions.

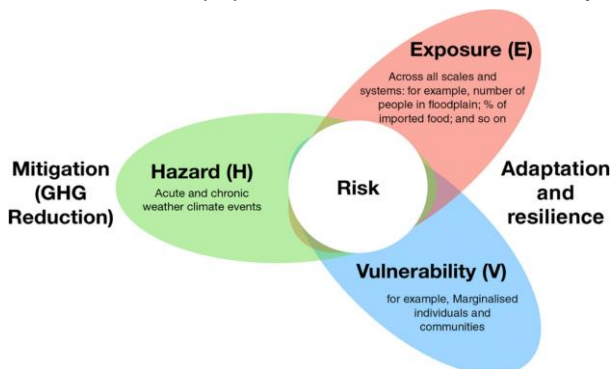


- Global warming expresses itself in various hazards, depending on geographies.
  - Chronic hazards: increasing average heat, changing wind and rain patterns, coastal erosion, etc.
  - Acute hazards: heat and cold waves, storms, wildfires, heavy rainfall, floods, landslides, etc.

Regional projections make it possible to assess hazard levels (frequency, intensity) according to the various IPCC scenarios.

- the impact chain of global warming on activities/assets/populations

The physical risks of climate change result from a combination of hazard, exposure of activities/assets/populations and their vulnerability levels.



**Hazard:** climate change related event, trend or impact

**Exposure:** location + supply chain + market + other contextual factors

**Vulnerability:** intrinsic characteristics of the asset/activity/population

## Annex 2 Climate change in France and outlook

### Vulnerabilities

According to a government study<sup>7</sup>, six out of 10 French people are already affected by climate related events, with 15% of the population being very highly exposed and 47% being highly exposed. Climate risks are concentrated on approximately 15% of the territory or 15% of the municipalities. About two thirds of climate related events are floods and one fifth are atmospheric phenomena (cyclone, hurricane, storm). Most of the victims (85%) result from heat waves.

The overseas territories are also affected by hurricanes throughout their territories and exposed to marine submersion on their coastlines.

### Past and future damage and claims

Claims paid by insurers<sup>8</sup> following natural hazards amounted to €74bn between 1989 and 2019, mainly due to storms, floods and, to a lesser extent, droughts. By 2050, in an SSP/RCP 8.5 scenario, a near doubling is expected (+93%); the increase will be significantly higher for drought (+215%) than for floods and storms (+87% and +46% respectively). According to France Assureurs, after droughts, marine submersion is the second danger that can generate significant additional compensation costs.

### Climate projections according to Météo France<sup>9</sup>

Up to 2040, the **average warming** in mainland France will be similar under different scenarios. By the end of the century, it would be around +1°C in SSP/RCP2.6, compared with the period 1976-2005, +2.2°C in SSP/RCP4.5 and +4.5°C in SSP/RCP8.5. The temperature increase will be stronger in summer, more pronounced in the South, East and mountains.

The number of **heat wave days** is projected to increase in all scenarios. By the end of the century, it could double in the SSP/RCP2.6 scenario but increase by a factor of 3 to 4 in the SSP/RCP4.5 scenario and by a factor of 5 to 10 in the SSP/RCP8.5 scenario. This evolution will be exacerbated in the Mediterranean arc, the Rhône corridor, and the Garonne valley.

**Precipitation** will change little on average, but strongly between seasons with an increase in Winter, particularly in the North, and a decrease in Summer. The intensity of extreme rainfall will increase slightly throughout the century over practically the entire territory, especially in the North and North-East and on the Channel coast. In addition, there will be an increase in the number of Mediterranean episodes that have not yet been modelled.

**Precipitation deficit** episodes increase by the end of the century by 30 to 50% in the SSP/RCP4.5 and SSP/RCP8.5 scenarios respectively. The regions most affected are the south-western half of the country, particularly the Mediterranean region, the Aquitaine Basin and western France (Brittany and Pays de la Loire).

The evolution of **strong winds** in France is highly uncertain. The regions with the highest probability of wind strengthening are the north-eastern quarter and even the northern half. Conversely, the highest probability of decrease is in the southern half and particularly in the Southwest.

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<sup>7</sup> <https://www.statistiques.developpement-durable.gouv.fr/risques-climatiques-six-francais-sur-dix-sont-dores-et-deja-concernes>

<sup>8</sup> <https://www.franceassureurs.fr/assurance-protege-finance-et-emploie/assurance-protege/actualites/changement-climatique-quel-impact-sur-lassurance-a-lhorizon-2050/>

<sup>9</sup> <http://www.drias-climat.fr/accompagnement/sections/296>

## **Annex 3 Indicative framework for shareholder analysis and dialogue**

Caisse des Dépôts group's investors shareholder dialogue with the investee companies may focus on the following topics:

**1 Identification and prioritization of future climate risks** based on at least one pessimistic warming scenario (IPCC SSP5-8.5), along their supply chain, on their sites and their products and markets, at various time horizons (2030, 2040, 2050, etc.). The publication of material impacts and financial losses due to climate events in the last three years (acute and chronic risks), the location of their sites and assets / as well as those of their suppliers or the geographical origin of their supplies by function and by contribution to the business model (to the turnover), are essential information for assessing future risks.

### **2 Implementation of an adaptation policy and action plan**

A quality adaptation process, if possible, in accordance with the European taxonomy criteria, contributes to adaptation plan credibility, as does the choice and planning of adaptation measures. No-regret adaptation measures and measures that take safety margins in relation to the assessed risks are considered robust. These business approaches can be planned, for example within the framework of flexible adaptation pathways, and proportionate to the risks assessed. The publication of the following information facilitates the assessment of these plans by investors:

- description of the adaptation actions taken and planned, and if possible financial quantification of the resources allocated,
- explanation of the maladaptation<sup>10</sup> avoided,
- inclusion of potential extreme climate events in the crisis management plans.

### **3 Establishment of effective governance enabling the adaptation action plan management**

Companies explain how they:

- integrate risk management and adaptation into their key functions,
- define indicators for monitoring their adaptation actions and, if possible, risk reduction (means and results indicators, etc.),
- describe the means implemented to reduce these risks: governance, policy management.

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<sup>10</sup> adaptation actions that harm the adaptation of others and/or have negative environmental and social impacts