16 December 2022

Responsible Finance Charter of the Caisse des Dépôts Group

Caisse des Dépôts GROUPE

Contents

1 Our ambitions in terms of ESG

Contributing towards sustainable economic development has long been one of the missions pursued by the Caisse des Dépôts Group. The French Monetary and Financial Code defines the Caisse des Dépôts Group as "**a public Group that serves the country's public interests and economic development**". The law states that it also contributes towards local and national economic development, especially in the fields of employment, city policy, the fight against banking and financial exclusion, business creation and sustainable development. Through their financing activities, all of the Group's entities contribute towards public interest and economic development in a balanced manner, in line with the Group's patrimonial interests and their individual social interests. In 2022, it stepped up its contribution towards ecological transformation and social and territorial cohesion, as well as towards inclusive economic development, by adopting a Group-level purpose (raison d'être).

Our raison d'être: A unique alliance of public and private economic players, the Caisse des Dépôts Group is committed, at the heart of the regions, to accelerating the green transformation and helping provide a better life for all.

This ambition to take on environmental, social and governance (ESG) issues is broken down into commitments and targets based on the Sustainable Development Goals which have been fully integrated into the Caisse des Dépôts Group's strategic priorities: ecological transition, inclusive economic development and employment, social cohesion and housing, territorial cohesion and land development.

Our goal: To be committed towards extra-financial performance in all our actions.

To act in line with its purpose, the Group undertakes to integrate all ESG issues in its investment and financing analyses. The Group also ensures its action in favour of sustainable development matches public policy objectives in terms of climate, biodiversity conservation and social and regional cohesion.

The Group uses ESG criteria that meet the principle of double materiality for all new investments and continues to work to increase its cover for the entire investor portfolio and its financing. By adopting these criteria, it aims to:
i) ensure its action has a positive impact on the environment and society, carry out its public interest mission and, more generally, act in line with its raison d'être.
ii) control any financial risks that may arise from its activities' exposure to climate change, loss of biodiversity, and to issues related to working conditions and respect for human rights throughout all value chains, or the good governance or social acceptability of its activities.

This *Responsible Finance Charter* specifies the list of exclusions applicable to all of its activities, and the frameworks applicable to its investments and financing. It sets out the tools implemented to incorporate this requirement in terms of ESG: in investment decisions, in criteria relating to shareholder dialogue with companies in which the Group is a stakeholder, in loan and other financing processes.

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Our principles

With this Charter, the Group applies six responsible finance principles to meet the industry's highest standards.

Principle 1: Our view of value creation

Our identity is reflected in a plural and long-term view of value creation throughout its activity, which is comprised, in a balanced manner, of:

- Financial value: the safety of the deposits entrusted to the Group, its portfolio's return in the long term, the recurrence of its revenue.
- Intangible value: the protection of the trust the Group has earned from its beneficiaries and partners, including at local/regional level.
- Societal value: the impact of the Group's activities on society and the environment, and the fulfilment of the needs expressed by the final beneficiaries of the group's action, which feed Caisse des Dépôts' strategic priorities.

Principle 2: Our commitment

We are committed to adopting the best practices in all our responsible investment and finance policies and goals, and to use all our levers of influence to contribute towards and implement public policies, particularly in favour of a fair ecological transition.

Principle 3: Our duty

We consider environmental, social and governance factors in our analysis processes when making all decisions pertaining to new investments and asset portfolio management, and we are continuing efforts to generalise and expand this analysis process to our financing.

Principle 4: Our impact

When assessing investment and financing projects, we consider the societal value that they generate for the community in terms of extra-financial benefits, including: the mitigation of climate change and adjustment to its effects; the limitation of biodiversity loss; the development of employment and human capital; the promotion of social and inter-generational diversity; sustainable urban and regional development; the fostering of innovation and a knowledge society;

Principle 5: Our responsibility

We are committed to taking all necessary steps to integrate environmental, social and governance risks in the conventional risk management framework and to control any related financial risks.

Principle 6: Our transparency requirement

We are committed to reporting on our activities, the results achieved and their impact, and on the level of fulfilment of our ESG commitments as part of an annual review. We require, where applicable in shareholder agreements, the publication of information on ESG topics such as the forwarding of business plans or sustainable development reports.

3 Our exclusion policy

In order to implement its sustainability goals, the Group has adopted an exclusion policy for investments and financing operations that it considers incompatible with the values and goals that it seeks to achieve. This exclusion list specifies the activities that the Group refuses to finance or invest in because of regulatory requirements or environmental, ethical or social criteria arising from its ESG commitments.

The provisions of this chapter will enter into force on 1 July 2023

Scope of application

The exclusion policy applies to all of the Caisse des Dépôts Group's investment and financing activities. Thus, each entity ensures compliance with this exclusion list.

a) Regulatory exclusions

The Group endeavours not to finance or invest in activities involving the production of or trade in any illicit product, or any activity that is illegal according to the laws of **France or the country of destination**, to national or international regulations applicable in France or the country of destination, or to international conventions or agreements that create obligations for France or the country of destination. To this end, the Group's entities have an analysis process for regulatory exclusions, applied, where possible, at the time of selection. They also employ a controversy treatment process. Regulatory exclusions apply in particular to:

1. Prostitution;
2. Activities involving forced labour[1], child labour[2] or human trafficking[3], as far as possible down the value chain;
3. Illegal activities involving organs, tissues and products of the human body or genetic engineering activities prohibited by the national bioethics regulations of France[4], the host country, or by European or international standards[5] applicable in this area;
4. The trade, production, breeding or possession of animals, plants and all natural products that do not comply with the provisions of the CITES[6];

[1] "Forced labour" is understood to mean all work or service performed involuntarily, exacted from any person under the threat of force or punishment, as defined by the ILO conventions.
[2] Employees must be at least 14 years of age as established by one of the ILO's fundamental Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or a minimum working age. In such circumstances, the oldest age must be considered.
[3] Council of Europe Convention on Action against Trafficking in Human Beings (2005): https://rm.coe.int/168008371d (2005); Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.
[4] V. AR. 16 to 16-14 of the French Civil Code (mainly arising from Act no. 94-653 of 29 July 1994 on respect for the human body and Act no. 2004-800 of 6 August 2004 on bioethics).
[5] Council of Europe Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine: Convention on Human Rights and Biomedicine (Oviedo, 04/04/1997); Council of Europe Convention against Trafficking in Human Organs (Saint-Jacques-de-Compostelle, 25/03/2015).
[6] CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington, 1993).

5. The production, use or trade of any product[7] as long as they are prohibited from production or use or subject to a progressive ban under the regulations of the country of destination or international regulations;
6. Transboundary trade in waste, except that which complies with the Basel Convention[8] and related regulations;
7. Illicit trade or activities of a nature to facilitate illicit trafficking in cultural goods[9;]
8. Projects where a forced eviction as defined by the United Nations[10] has taken place on the impact site of the planned project, for which a causal link can be established with the purpose of this project and for which it has been established that it is materially impossible to provide compensation[11].

Furthermore, in line with its legal commitments, Caisse des Dépôts has established a framework for procedures relating to the fight against money laundering, the financing of terrorism, the violation of embargoes and the fight against corruption.

Treatment of ESG controversies[12]

A controversy is defined as a negative allegation made against a public domain entity (in particularly an entity listed as such by data providers) relating to an event or a company's practices, products or activities which could cause a reputational risk due to their environmental, social and governance-related impact. A controversy is assessed in light of its relevance with regard to its age, its structural or temporary nature and the actions implemented by the company to resolve said controversy.

For the Group, a serious controversy is understood as the proven existence of a conviction or a range of indicia attesting to the breach of a principle recognised in international conventions (particularly in the OECD guidelines for multinational enterprises, the principles of the United Nations Global Compact, international conventions on labour law, the international charter of human rights, and those referred to above) as reported by warning systems and having not been subjected to a remediation process by the company concerned.

Note: In compliance with requirements relating to the taxonomy for sustainable activities, the Group considers that the activity of an issuer that is the subject of a serious controversy cannot be deemed in line with the taxonomy's sustainability criteria, even if it complies with all other taxonomy criteria.

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[7] Such as asbestos fibres, chemicals, pharmaceuticals, pesticides/herbicides, ozone-depleting substances or any other hazardous substance.
With the exception of activities relating to the treatment and recovery of hazardous waste, intended to comply with national and international regulations in this area.
[8]The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal is available at: www.basel.int.
[9] Trade in cultural goods is regulated by the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transport of Ownership of Cultural Property (1970).
[10]Resolution no. 1993/41 of the United Nations Sub-commission on Human Rights: "Forced evictions". "The term "forced evictions" as used throughout this general comment is defined as the permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection" (Committee on Economic, Social and Cultural Rights, General Comment No. 7)General Comment No. 7).
[11] Due to refusal by the project ownership or its inability to identify the populations who are the victims of forced evictions.
Projects for which remediation for the infringement of rights is possible are not excluded.
[12] The treatment of controversies does not apply to sovereigns, local authorities, public establishments and VSE/SMEs. In the context of export credit financing, all controversial issues will be handled at project level. At this stage, Bpifrance applies a controversy process to its equity operations in large companies and is looking to develop solutions for SMEs.

Before investing or financing a company[13], the Group undertakes to:

- Ensure that the company is not involved in an ESG controversy and, failing such, to take account of said controversy when performing the ESG analysis of the financing or investment, notably when analysing ESG criteria in the sustainability rating tool for investment applications presented to the Commitments Committee or the Investments Committee.

As part of the monitoring of its investments[14], the Group undertakes to:

- Lawfully verify the existence of a controversy (and *at least* on an annual basis) for its entire investment portfolio;

- Implement a controversy treatment process[15;]

- And, in the event of a serious controversy, quickly request that the company implement corrective measures. In their absence, or at the end of the period granted, the Group's entities may take the decision to freeze financing or exclude investments.

Each Group entity is responsible for ensuring that it monitors controversies affecting its portfolio.

b) Voluntary exclusions

The Group excludes the financing of and investment in the following activities, due to the proven or potential negative effects on human rights, inequalities, the climate or biodiversity, and which the Group considers to be incompatible with its commitments, regardless of the location of the investment or financing, i.e.:

1. The main activity of pornography-related production or trade[16;]
2. The main activity[17] of manufacture, storage and sale of tobacco[18];
3. The main activity[19] of gambling-related trade[20;]
4. The production, development, stockpiling, distribution, marketing or use[21] of anti-personnel mines and cluster munitions[22]; chemical weapons[23], depleted uranium

[13] In the context of export credit financing, all controversial issues will be handled at project level.
[14] Excluding sovereigns, local authorities and healthcare institutions.
[15] The Caisse des Dépôts' asset management has a controversy committee which meets quarterly to analyse controversies and decide which remediation measures will be requested of the company concerned by said controversy.
[16] The exclusion threshold applied by the La Poste Group is 10% of a company's turnover in this sector.
[17] Only the main activity is excluded as urban development plans that might subsequently integrate tobacco sales plans are not concerned.
[18] The exclusion threshold applied by the La Poste Group is 10% of a company's turnover in this sector. Bpifrance will gradually exclude all specialised producers, manufacturers and retail business, including electronic cigarettes.
[19] Only the main activity is excluded as urban development plans that might subsequently integrate sales plans are not concerned.
[20] The exclusion threshold applied by La Banque Postale Asset Management is 10% of a company's turnover in this sector. For CNP, this exclusion does not concern companies with a recognised policy on the prevention of gambling addiction. For Bpifrance, this exclusion does not concern casinos.
[21] The Group excludes any project relating to the financing of listed controversial weapons. Bpifrance and SFIL, as part of its export credit activity, will exclude all non-conventional weapons listed in international treaties ratified by France.
[22] The Oslo convention (or the Convention on Cluster Munitions) prohibits the use, production, stockpiling and transfer of all cluster munitions defined as such. It was signed on 3 December 2008 by 94 States including France, and now has 115 signatory States.
The Ottawa treaty (or the Anti-personnel Mine Ban Convention) prohibits the use, stockpiling, production and transfer of anti-personnel mines and encourages their destruction. It was signed on 3 and 4 December 1997 by 122 States including France, and now has 164 signatory States.
[23] Chemical weapons are defined as all toxic chemicals when used for military purposes, as well as munitions and devices specifically designed to cause harm through the toxic properties of the toxic chemicals. The 1997 Chemical Weapons Convention (CWC) on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction.

weapons[24], nuclear weapons sold in countries that are not signatories to the Treaty on the Non-proliferation of Nuclear Weapons[25], biological weapons[26] and, by the end of 2023, marketing for the use of incendiary weapons[27] [28] and blinding laser weapons[29];

5. Speculation on agricultural raw materials which has a direct impact on food prices[30] and raw material farmers and traders having not implemented a recognised prevention of deforestation policy[31] (cocoa, coffee, soya, farms, Hevea, palm oil, wood and pulp);
6. Companies whose activity exposed to pesticides represents over 20% of their turnover[32], from the end of 2023.

With its Climate Policy[33], the Group applies exclusions as regards fossil fuels.

As regards the thermal coal phase-out plan: the Group undertakes to achieve zero exposure to thermal coal across its investment portfolio by 2030 in OECD countries, and by 2040 in the rest of the world.
The Group excludes the following from its investment and financing portfolios[34]:

1. Companies whose activity exposed to thermal coal represents over 10% of their turnover. This threshold will be dropped to 5% of turnover as from 2023.
2. Companies developing new coal-fired power plants (threshold of 300 MW in new capacity) or new coal mines and dedicated infrastructures.
3. Mining companies for which the annual production of thermal coal exceeds 10Mt.
4. Energy suppliers with a coal-based electricity generation capacity exceeding 10GW.

Nonetheless, the Group may act to support companies in their transition towards a new production model that meets these criteria.
In terms of plans to phase-out non-conventional energy sources, the Group is committed to achieving zero exposition to non-conventional hydrocarbons by 2050 (i.e., derived from oil sands, the Arctic or hydraulic fracturing which notably allows for the extraction of shale gas) and to regularly reviewing said phase-out date to bring it forward.

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[24] Depleted uranium weapons are munitions using depleted uranium, a very dense substance, usually for the purpose of piercing through armour.
[25] Nuclear weapons rely on the energy created by the fission of atomic nuclei (uranium, plutonium or hydrogen). The 1970 Treaty on the Non-Proliferation of Nuclear Weapons (NPT) prohibits the transfer of nuclear weapons and controls the transfer of components that could be used to develop nuclear weapons. However, it encourages technological and scientific cooperation in terms of civil nuclear power.
[26]Biological weapons are microbial or other biological agents and toxins, which are not used for prophylactic, protective or other pacific purposes. The Biological Weapons Convention (BWC) of 1975 prohibits the development, production, stockpiling and acquisition of biological agents and toxins for military purposes.
[27] Incendiary weapons are bombs designed to set a fire. This type of weapon is generally created using napalm, thermite, chlorine trifluoride or white phosphorus. White phosphorus is a chemical substance derived from phosphorus, which can be used in the composition of incendiary weapons. These munitions can burn in open air for a long period of time and, when used in populated areas, can cause terrible injuries and serious burns to muscles and bone.
[28] The exclusion relating to incendiary weapons does not apply to CNP.
[29]Blinding laser weapons emit a ray capable of causing immediate and reversible blindness from a distance of several kilometres. The 1980 Convention on Certain Conventional Weapons (CCW) prohibits or restricts the use of certain conventional weapons that may cause unnecessary or unjustifiable suffering to combatants or to affect civilians indiscriminately.
[30] These are exchange-traded funds based, in particular, on basic agricultural raw food materials and on speculative transactions which could contribute towards inflating basic agricultural raw materials of agricultural or maritime origin (wheat, rice, meat, soya, sugar, dairy products, fish and corn).
[31] Excluding CNP Assurances and SFIL which are currently in the analysis stages on this topic. Excluding Bpifrance which will favour increased shareholder dialogue on this topic.
[32] Excluding CNP Assurances, LBPAM and SFIL which are currently in the analysis stages on this topic. Excluding Bpifrance which will favour increased shareholder dialogue on this topic. The refinancing of SFIL's export credits being intended to finance identified projects, the exclusion applies to the finance project.
[33] Read the CDC Group's Climate Policy and sectoral policies here: https://www.caissedesdepots.fr/en/committed/at-the-service-of-the-French/ecological-transition/Our-commitments-for-the-climate
[34] For CNP Assurances, this commitment only applies to new investment flows, and not stock, in order to take account of the uncertain energy supply backdrop. SFIL may continue to refinance low-carbon projects on export, or those which improve electricity generation or current electrical transmission or distribution infrastructures in the country in which the project is carried out, or in line with the transition strategy of the company or country in question. For Bpifrance: except for an unlisted company having announced plans to phase-out coal by 2030.

The Group excludes the following from its investment and financing portfolios:

1. Companies[35] [36] generating over 10% of their turnover from non-conventional hydrocarbons, except where financing targets a project or subsidiary dedicated to renewable energies.
2. Direct financing of infrastructures and exploration projects dedicated to such non-conventional hydrocarbons.

As regards the framework for oil and gas (conventional and non-conventional), the Group excludes the following from its direct investment and financing portfolios:

1. The development of new oil or gas projects (upstream)[37].
2. Transport infrastructures associated[38] with such new projects.

The Group is committed to not increasing its total exposition to companies developing new oil exploration or production projects[39]. The CDC is committed to excluding from its investments all companies that have not adopted a plan to reduce oil production. For LBPAM and CNP Assurances, as from 2025, the stoppage of oil and gas expansion will become a criterion for the sale of companies, on a case-by-case basis, after an examination of the following criteria:

i) immediate stoppage of investments in the exploration of new oil and gas reserves;

ii) quick stoppage of approval of the development of new oil and gas fields, and

iii) demonstration of the climatic compatibility of the development of new production and distribution capacities on existing oil and gas reserves with the sectoral trajectories established by the IPCC or the IEA in order to limit global warming to 1.5 °C by the end of the century.

Furthermore, each Group entity[40] must ensure that the new hydrocarbon production projects carried out by the companies in its portfolio represent less than 20% of developments in progress worldwide (in million barrels of oil equivalent) [41].

Bpifrance and SFIL's export activity is aligned with the State's policy and takes account of the end of export guarantees, as from 1 January 2023, for the fossil fuel sector's entire value chain: from the exploration and production stage upstream, to refining downstream, including transport and storage.

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[35] Excluding companies that provide products and services (known as "oil and gas-related companies"). Thus, the SFIL may support such companies on a selective basis with financing for low-carbon projects.

[36] Excluding *Green Bonds, Sustainable Bonds, Social Bonds* and excluding companies mainly operating in the transport, storage and distribution of gas in France and bordering countries for which activity is regulated and requires non-discriminate access to their infrastructures. The Group encourages the latter to make all efforts to limit their exposure to non-conventional energy sources, and requires them to publish the proportion of their activity stemming from such resources.

[37] With the exception of companies developing mine gas in France, allowing to reduce methane emissions from old coal mines.

[38] An infrastructure is considered associated with a project if the following conditions are met: (a) it is significantly related to the project, (b) it is carried out within a temporality related to the project, (c) the project is not viable without it, and (d) it would not be carried out if the project did not exist.

[39] Excluding green and sustainable bonds and the financing of projects not related to new oil projects. LBPAM is committed to including, on a case-by-case basis and in line with companies' decarbonisation trajectories, the development of new oil or fossil gas exploration or production projects within the management company's exclusion criteria.

[40] Excluding LBPAM.

[41] Excluding companies that provide products and services (known as "oil and gas-related companies"). This note applies to the fossil fuel exclusions above: SFIL may continue to refinance low-carbon projects on export, or those which improve electricity generation or current electrical transmission or distribution infrastructures in the country in which the project is carried out, or in line with the transition strategy of the company or country in question.

Application to the transport sector

- The Group excludes all financing and investment in infrastructure projects and transport services dedicated to the exploitation of coal or non-conventional hydrocarbons, or whose sales are dependent on these energies for more than 50%, in the absence of a plan to diversify sales below this threshold within two years.

- The Group excludes all financing and investment in oil infrastructure projects and transport services associated with new oil projects, such as airports or roads servicing areas where deposits will be exploited.

4 Investments and financing presented to the Commitment Committee and the Investment Committee

Scope

All investment and financing decisions relating to subsidiaries or merger operations with a significant impact on the Group's balances, or exceeding a certain level of exposure (Annex) must be made by the Group's commitment committee. Strategic investments or investments of €150m or more are presented by Caisse des Dépôts' Chief Executive Director to the Supervisory Board's investments committee, for its opinion.

All investment or financing applications are subject to an analysis of the project's expected impacts and ESG risks.

The provisions of this chapter will enter into force on 27 March 2023

Analysis process

Investment or financing decisions are taken based on an ESG opinion integrated into the financial opinion. Said opinion is drafted by the Sustainable Policy Department following an in-depth analysis of the investment or financing project's expected impacts and ESG risks, based on information provided by investigating teams using an ESG rating tool. Members of the CDE or CDI make their decision based on a financial opinion comprising an ESG analysis, a legal opinion and a risk opinion.

ESG rating tool

The ESG rating tool allows to:

- Verify that the application presented to the committees contributes towards the Group's sustainable policy,
- Objectivise the ESG analysis (expected impacts and risks incurred) to inform a decision.

The ESG analysis is centred around 8 topics:

- 3 relating to the environment: 1) project's contribution to mitigating the impacts of climate change and transition risk, 2) analysis of physical risks and adaptation to climate change and 3) impact on biodiversity and biodiversity dependencies;
- 3 relating to social issues: 1) employment and employer policy, 2) social and regional cohesion 3) clients and beneficiaries;
- 2 on governance: 1) Group's contribution to the project or company's governance on ESG issues and 2) risks relating to governance. Furthermore, as regards governance, the Compliance Department is in charge of verifying compliance with standards in terms of business ethics.

5 Our framework of reference for investments

Due to the diversity of its business lines, the Caisse des Dépôts Group's responsible investment policy is divided into several complementary focuses:

- An allocation of capital in line with the strategic guidelines set out in its medium-term strategic plan;
- Compliance with legal frameworks for an active approach to compliance;
- The systematic analysis of ESG risks associated with its activities and consideration of such risks for entries into the portfolio and for subsequent management decisions, based on conditions appropriate to each class of assets;
- Commitment for the entire duration assets are held, resulting in support to companies and careful monitoring of its ESG strategy and of the progress made based on impact and double materiality criteria;
- Stringent voting policies, consistent with our participation, in compliance with the public document entitled *Voting policy and governance principles for listed companies 2022*[42;]
- The setting of ESG-related goals for managers and the various Caisse des Dépôts entities involved in investment activities.

a) The investments of Caisse des Dépôts' asset management

When choosing and monitoring its investments, Caisse des Dépôts ensures compliance with this charter and, notably, with the Group's Climate Policy and its sectoral declinations. It systematically takes account of ESG criteria in its analysis, according to conditions tailored to each class of assets.

Direct management

Listed equities
Discretionary equity managers carry out an ESG analysis of each value based on the most material issues identified for each company in light of its long-term valuation risk and considering the Caisse des Dépôts' public interest mission. Among others, in terms of the environment, ESG criteria include: the amount of GHG emissions and decarbonisation targets in the three scopes, investment in low-carbon projects, biodiversity, etc.; In terms of governance, these include: the governance structure and remuneration of company directors, etc.; On a social level, they include: respect for human rights, gender parity, work accidents, social relations, etc.

Corporate bonds
For corporate bonds, this analysis relies on an external score calculated using around fifty indicators, based on the same criteria as above for discretionary equity. This score directly influences mangers' decisions to invest.

Sovereign bonds

[42] https://www.caissedesdepots.fr/en/voting-policy

For sovereign bonds, Caisse des Dépôts considers ESG criteria when analysing and choosing its direct investments in sovereign and public bonds. It establishes an internal score for each issuing country, based on a set of weighted ESG criteria which in environmental terms includes, among others, the country's average air pollution and its level of GHG emissions, etc.; In terms of governance, these include: the quality of regulation and freedom of opinion, etc.; On a social level, they include: the medical equipment rate and the Gini index measuring inequality, etc. The results of the ESG analysis are considered when assessing risk and determining the allocation, along with other financial parameters, and may result in the exclusion of countries representing a high ESG risk.

Real estate investments

For real estate investments, ESG criteria considered during acquisitions include:

- energy consumption in operation,
- greenhouse gas emissions in operation,
- proximity to public transport to avoid high-emission travel, and
- certification and labels integrating eco-design and environmental footprint issues, in particular those that are most demanding in terms of energy consumption and biodiversity.

An environmental annex is included in all commercial leases entered into between lessees and Caisse des Dépôts.
Special attention is paid to compliance with social standards for the development of new buildings.

Forests

The forests owned by Caisse des Dépôts are managed by La Société Forestière, a responsible and committed natural forest heritage manager acting with conviction.
Forest practices evolve with the lessons drawn from the consequences of climate change, which have a significant impact on the forest sector, in order to ensure forests are populated so as to be as resilient as possible. Biodiversity preservation and improvement are also afforded special care.

Indirect management

Listed asset funds

The selection and monitoring of listed asset funds takes account of ESG criteria, and particularly: for the management company: the adoption and scoring of the Principles of Responsible Investment (PRI), a voting guide, a commitment policy, the publication of an ESG report, an exclusion policy, etc.; for underlying assets: ESG rating, a climate strategy and measurements, measurement of the contribution of the fund's portfolio activity to SDGs, etc. In the event of an insufficient overall summary rating based on these criteria, the fund will not be selected or will be divested.

Unlisted asset funds

The selection and monitoring of unlisted asset funds (in capital and debt) includes an analysis of each fund based on extra-financial criteria: for the management company: company governance (independent members on the board, code of ethics, etc.), employee training, etc.; for underlying assets: ESG due diligence, notably as regards environmental risks, measuring respect for human rights, social impacts, the quality of the company's ESG reports, goals for improving the company, etc.

b) Subsidiaries and strategic holdings

The management of relations with strategic holdings is part of Caisse des Dépôts' strategic shareholder doctrine as formalised in October 2021, which establishes the principle of coherency between subsidiaries' activities and the Caisse des Dépôts' priority strategic goals (notably in terms of ecological transformation and social cohesion) and the preservation of the company and its employees' social interests. In accordance with this doctrine, all investment or divestment operations resulting in a change to the strategic holdings portfolio are also examined in light of their contribution towards public interest and the company and its employees' social interest.

The Group's strategic priorities and the prospects for value creation, as defined in the medium-term strategic plan, are monitored by the public institution's Executive Committee. These priorities are broken down on an annual basis in the guidance letters sent to subsidiaries, both in terms of extra-financial performance as part of their activities and in terms of internal exemplarity measures. These goals are regularly discussed as part of a dialogue between the public establishment and its subsidiaries and are the subject of an annual report submitted to the Supervisory Board. As part of its steering task, the strategic holding management department also strives to improve the ESG criteria taken into account as regards the variable pay of directors and the creation of committees dedicated to ESG matters within governance bodies.

The Caisse des Dépôts asks its subsidiaries to provide detailed information in order to assess their situation in the above areas, and to report on the deployment of their sustainable development policies. Every year, Caisse des Dépôts asks subsidiaries to report any controversies detected across their portfolio in the context of risk committees. Some of this information is consolidated in the Caisse des Dépôts Group's corporate responsibility report. Listed subsidiaries also have their own reports in this respect in compliance with regulations.

In addition to goal-setting and guideline letters, a letter listing all changes to Group standards and procedures, including to this charter, is provided to administrators on an annual basis. Chief executive directors are also informed of any such changes.

Administrators play a key role in the constant dialogue between Caisse des Dépôts and its subsidiaries. They ensure mutual understanding of respective goals and of the Group's procedures. Their action is governed by this charter.

6 Our framework of reference for financing

Pursuant to its public interest mission, the Group's financing meets a responsible financing goal either because it is intended to contribute towards a social or environmental utility goal, or because it is the subject of an ESG analysis depending on the project or counterpart financed.

In addition to complying with the exclusion criteria listed above and with the Group's climate policy, all Group financing operations are governed by various doctrines and mechanisms which set out the goal and targets in terms of:

- social landlords and local authorities for Banque des Territoires,
- support to growing or struggling companies, and particularly VSE/SMEs for Bpifrance,
- the local public sector (local authorities and public healthcare institutions) for the SFIL/La Banque Postale structure.

Among the principles set out in the Banque des Territoires and Bpifrance doctrines are:

- the consideration of societal issues in all processes,
- the pursuit of a knock-on effect for clients and partners,
- the types of counterparties eligible for financing.

a) Loans to the local public sector and social landlords

Loans granted to the local public sector and to social landlords meet a social utility goal and meet the objective of compensating for market failures, although focused on specific projects or used to financing investment budgets.

Banque des Territoires

The Banque des Territoires' financing operations exclusively aim to finance public interest projects, and social housing as a priority. All of the Banque des Territoires' loan clients are public actors and all uses are in the public interest (social housing, city policy, local public sector, ecological transition). In accordance with the French Monetary and Financial Code, use of the savings fund is decided by the Minister of the Economy and presented to the Supervisory Board.

The conditions under which the Banque des Territoires' acts are set out in its intervention doctrine, which includes a significant extra-financial section:

- when acting as a lender using a Savings Fund, its financing operations must provide borrowers with "a special advantage that the market is not able to provide them". The nature of said advantage can vary;
- it applies a principle of fairness and non-discrimination as regards the borrower's geographical location or credit rating, as materialised by a single rate;
- the interest rates applied are adjusted based on the social or environmental nature of the project financed. Thus, the tariff applied contributes towards the project's economic balance.

Furthermore, the Banque des Territoires continues to develop an array of thematic loans dedicated to projects with significant social and/or environmental utility, and for which the award criteria meet the eligibility criteria set out by the State (e.g., Green recovery loan, Eco-loans for the renovation of social housing, GPI Ambre loans for the renovation of public buildings, Edu loans for educational institutions, Aqua loans for local authority water management, etc.).

More specifically, the energy and ecological transition loans granted to the local public sector are distributed according to six criteria related to the energy and ecological transition in order to better ascertain Caisse des Dépôts' contribution in each of the following areas: energy renovation of buildings, production, storage and distribution of renewable energies, soft and decarbonised mobility, biodiversity conservation and adjustment to climate change, environment preservation and the fight against pollution, promotion of short circuits and the food transition.

SFIL/La Banque Postale

All financing granted through the SFIL/La Banque Postale scheme meets a public interest mission, i.e., ensuring all local authorities and public hospitals of all sizes across France have durable access to long-term bank financing.

As part of this scheme, SFIL provides particular support to Local Public Sector actors with the Recovery and Ecological Transition Plan by developing green loans and, in October 2022, joined forces with its partner La Banque Postale to launch a range of social loans, dedicated to financing projects with a social value in the educational, medical and social and regional cohesion fields. Goals for the development of green and social loans were set out. The criteria for award by a bank take account of the social and environmental utility of the projects financed, with a higher risk appetite when financing is provided in the form of a green or social loan.

Furthermore, as part of its risk policy as regards the granting of loans, SFIL considers some physical risks when rating local authorities and monitors transition risks on a sectoral basis and acute physical risks on a geographical basis for its local authority portfolio. A tool for rating climate and environmental risks in the local public sector is currently in development; it will ultimately be systematically used when granting loans and monitoring risks.

La Banque Postale

All La Banque Postale financing systematically takes account of environmental, social and governance (ESG) criteria when developing its range of products and services. All new products (or products having undergone significant transformation) must be the subject of an ESG analysis when presented to the Product Assessment Committee.

La Banque Postale also relies on a responsible financing and investment charter which governs the loans it awards to public entities and its investments. In this respect, companies exposed to a number of sectors considered high-risk from an extra-financial point of view, and organisations and companies that have seriously and repeatedly breached the law, codes of conduct or conventions (breaches to environmental laws, breaches to international codes and conventions, violation of fundamental labour rights) will see their loan applications rejected.

Following the definition of its raison d'être, and in order to measure the environmental, territorial and integration impact of its financing and investment activities, La Banque Postale has developed a global impact index. This proprietary tool will contribute towards aligning the Banque's activities with the challenges of a fair transition.

b) Loans to small & medium-sized enterprises and very small enterprises

All financing granted to companies by the group must be the subject of an ESG analysis applicable to all 3 dimensions.

Bpifrance

All financing granted by SME/VSEs by Bpifrance are systematically subject to an ESG analysis.

In light of its public interest mission, Bpifrance acts as close as possible to the regions and, with respect for private actors and competition law rules, it provides financing to companies in the most high-risk stages of their development such as the creation or transfer of a company, innovation, international development as well as investment in capacity.

As part of its Financing/Innovation business line, Bpifrance carries out a qualitative extra-financial assessment[43] of the companies it finances, which is mandatory for all loan applications and all applications for innovation support after certain thresholds. This assessment is one of the components of the decision-making operational toolkit. This analysis is based on an ESG grid comprised of eleven questions, including:

- environmental topics: energy consumption, greenhouse gas emissions, use of natural resources and implementation of eco-design, pollution and waste;
- social topics: the evolution of the number of jobs (including youth employment), the quality of employment, health and safety at work, social dialogue and climate, and human resource management;
- social topics: transparency and fair practices, regional integration;
- corporate governance: when these topics are relevant, fiscal practices and respect for human rights are examined as part of a usual financing study.

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[43] The ESG analysis process will soon be reassessed to better integrate it into the application analysis process.

c) Real estate loans

All of the Group's new real estate loans are subject to an ESG analysis or to ESG monitoring which must include, as a minimum, the property's energy performance and its quality for occupants. Where energy performance is too low, the aim is to offer support to improve the energy performance of the financed property.

- **Banque des Territoires**

Banque des Territoires, which provides loans to the social housing sector and the local public sector, is particularly mindful of the energy performance of its loans and, where applicable, seeks to obtain all certifications and labels. It already applies inciting energy criteria for some of its financing operations. For example, in agreement with the State, the tariffs applied to energy renovation loans for social housing which use regulated savings are based on the environmental nature of the project.

- **The Banque Postale**

Since January 2021, the Banque Postale systematically analyses the energy performance of its new loans using the Energy Performance Diagnosis (EPD) rating. As from January 2023, it aims to roll out high-impact loans based on a global impact indicator, supported by the EPD in particular, for all of its real estate loans to households. Where EPD ratings are too low (grade F and G to start with), a bonus support offer will be systematically offered to improve the rating.

Furthermore, the Banque Postale has committed to reducing the emissions of its commercial real estate financing portfolio by 36% per m² over the 2020-2030 period, and those of its real estate loan portfolio by 46% per m² over the same period. These trajectories, which are aligned with the Below 2 Degrees scenario, were approved by the SBTi in October 2021.

- **Bpifrance**

For its new loans for new and renovated assets, Bpifrance prioritises and systematically considers energy performance when making the decision to grant a loan, by including it in its analysis of the asset's value. The principle is to not finance an asset that does not have a transformation plan over a long period. Furthermore, Bpifrance has analysed its loan stock, with the aim of supporting its clients with their energy assessment and setting out an action plan to decarbonise it and provide a suitable associated financing offer.

d) Loans in the context of export credit

The task entrusted to SFIL by the State consists of improving the competitiveness of French export credit, thereby contributing towards the competitiveness of French exports and securing the sustainability and development of an industrial fabric exporter capable of creating employment within the regions.

A project's eligibility for financing by export credit is determined by the share of services provided in France in the commercial agreement (the "French Share"). This share determines the maximum amount of financing granted to the exporter's client. It measures the agreement's direct contribution towards increasing France's GDP in relation to goal 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and, in particular, sub-goal 8.2 "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors".

Export credit operations are governed by a set of rules assembled in the Organisation for Economic Co-operation and Development arrangement, annexes and associated documents. This arrangement is completed with recommendations issued by an OECD working group which France has committed to following. With these texts, French export credit operations must follow strict rules in terms of environmental and social standards, the fight against corruption and debt sustainability from borrowers' point of view.

Furthermore, these export credit agreements benefit from cover by BPI Assurance Export, acting in this regard in the name and on behalf of the French State. Thus, like other OECD loan insurers, BPIAE integrates the following in its impact assessments: environmental and social risks, protection of and respect for human rights, the fight against corruption, transparency, the foreseeability of and accountability for decision-making.

Annex: Thresholds for Commitment Committee (CDE) delegations[44]

(Updated: January 2022)

Business lines - Management / Committee (a)	CDE Group

<u>**Investor BdT**</u> <u>(b)</u>
- **Expenses**
- **Investment** (c) **and Disposals** (d):
  - City, Real Estate[45], Tourism
  - Other fields of action
  - *Corporate venture*
	⩾ €50m

<u>**Investor GDA**</u> (b) - **Unlisted asset funds** - **Other**	⩾ €50M ⩾ €50m
<u>**Banking**</u> - **Unitarian commitment** - **Global exposure for a given client**	⩾ €50m ⩾ €100m
<u>**Saving fund loans, on the central sector and intermediate entrusted to the loan department:**</u> - **Unitarian loans** - **Redevelopment** - **Loan transfer** <u>**Participating share[46] in the central sector entrusted to the BdT's loan department.**</u>	⩾ €150M N/A N/A ⩾ €150M
<u>**Other departments of the public establishment and subsidiaries**</u>	Provided for in the CDE's internal rules

Note:

(a) Applications involving the public establishment and one or several subsidiaries of the group are managed by the CDE; multi-business requests for the same project, presented concomitantly as part of an overall vision, are managed by the BdT's CE or the CDE, depending on the thresholds and under the conditions set out in the CDE's and the BdT CE's internal rules.

(b) Amount assessed individually for each balance sheet (Central sector, Savings fund).

(c) The committee with the competence to examine applications without any financial commitment (guidance, etc.) is determined based on the provisional amount of the financing that may be requested from the CDC.

(d) Original commitment amount, except otherwise specified in the internal rules applicable to business committees or departments.

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[44] Informational summary.

[45] Including Semi-public real estate companies

[46] Participating shares of social housing organisations in the central sector and managed by the Loan Department