Oil & Gas Policy

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1 Introduction

1.1 Object

LBP AM and La Financière de l'Echiquier (LFDE) have, in line with the Paris climate agreement, the ambition to make their investments compatible with low-carbon development that is resilient to climate change (art2. 1). Accordingly, in 2021, the LBP AM Group joined the Net Zero Asset Manager Initiative, thereby committing to defining a decarbonization trajectory for its portfolios with an initial milestone at 2030, through to achieving carbon neutrality for its investments by 2050. In May 2022, it set a target of alignment of its eligible assets by 2030. LFDE is committed to aligning of its assets with the objectives of the Net Zero Asset Managers initiative.

In order to contain the rise in temperatures to 1.5°C by , the energy scenarios proposed by the Intergovernmental Panel on Climate Change (IPCC)[(1)] and the International Energy Agency (IEA)[(2)] to meet the global carbon budget imposed by the 1.5°C objective, while ensuring continued economic growth and energy security, call for sustained reductions in emissions from the oil and sector, starting in 2020, across the entire supply chain, from production to consumption. This is the energy transition from fossil fuels to low-carbon energies, accompanied by energy efficiency in all energy-consuming sectors. According to the IPCC, the carbon intensity of primary energy must fall by around 7.7% per year worldwide over 2020-50 to limit global warming to 1.5°C. According to the IEA, annual energy efficiency improves by 4% per year up to 2030 (i.e. twice as much as achieved in 2022), fossil fuel demand falls by more than 25% by 2030 and by 80% by 2050. Oil consumption declines by around 75% between 2022 and 2050, while gas consumption falls by almost 80% over the same period[3]. This trajectory for oil and gas demand means that there is no need to explore for new resources, and no need for new fields beyond those already under development.

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[2] https://iea.blob.core.windows.net/assets/9a698da4-4002-4e53-8ef3-631d897 1bf84/NetZeroRoadmap_AGlobalPathwaytoKeepthe 1.5CGoalinReach-2023Update.pdf

[3] While there is little change for oil, decrease in gas consumption is much more marked in the 2023 updated version of the IEA scenario, than in the 2021 version of the scenario, reflecting the less important role played by gas in the 2050 energy mix.

approved in 2021. In its 2023 version, the IEA goes even further, considering that "the pace of reduction in oil and gas demand needed to achieve zero net emissions by 2050 is now so rapid that it could imply the early closure of some existing oil and fields".

In this context, the LBP AM and LFDE sector policy on investments in companies and project-companies operating (exploration, exploitation, processing, transport, refining, distribution, directly or as a partner or shareholder) in the oil and gas sector, aims to define **the principles applicable by the management companies to align their sector allocation in the oil and gas sector by 2030 with the objective of carbon neutrality by 2050**, by :

- Promoting and supporting the orderly and fair energy transition of the real economy, necessary achieve the objectives of the Paris Agreement,
- Contributing to the management of financial climate risks - transition risks, legal risks and physical risks - for their own portfolios.

It is fully in line with LBP AM's and LFDE's commitment to climate performance, and also makes it possible to specify sector-specific points of attention in terms of social and biodiversity risk management.

1.2 Scope of application

This policy applies to the assets under management of LBP AM and LFDE as follows:

- To all open funds,
- Real-asset and private funds launched on or after September 1, 2022,
- Mandates and dedicated live-securities funds launched on or after September 1, 2022,

subject to the solicitation of the client investors of these investment vehicles and their approval of the application of this policy.

This policy applies to direct investments.

Every effort will be made to progressively roll out the system to assets managed by third parties, in line with the possibilities offered by each asset class. In this way :

- This policy is applied to open-ended funds and dedicated funds managed by LBP AM on behalf of a third party,
- This policy is intended to be gradually extended, based on market opportunities, the selection of external funds, in accordance with the procedures defined in this policy.

Funds marketed solely on behalf of third parties are not yet included in this scope.

13 Entry into force

The provisions presented in this version of the Policy come into effect on January 1, 2025.

14 Reference scenario

The present policy is based on the IPCC's P 1 and P2 scenarios and the IEA's NZ by 2050 scenario to qualify and calibrate the sectoral evolutions implied by the Energy Transition (target energy mix, demand trajectories, allocation of corporate investments, etc.).

LBP AM and LFDE recognize the importance of keeping abreast of the latest scientific publications, and their reference scenario may change if a new scenario is published by a multilateral and independent reference body (IPCC, IEA, etc.).

15 Sector allocation target

LBP AM and LFDE's sector policy should enable it to achieve, **by 2030, a sector allocation 100% aligned with an energy transition trajectory that will enable it to reach the Net Zero objective by 2050.**

This is understood as :

- **Unlimited climate exposure to companies in the sector whose strategy is aligned with this transition,**
- **To aim for zero exposure to non-aligned companies by this date.**

Strategic alignment with an energy transition aligned with the goal carbon neutrality by 2050 is assessed on the basis of factual criteria, defined and updated in line with available sector expertise.

A review of the alignment of LBP AM and LFDE's sector allocation was carried out in 2024 in order to assess the evolution of the allocation in relation to this 2030 ambition.

To reach its target, the sector policy of LBP AM and LFDE mobilizes the levers of action of their SRI policies:

- Exclusion policy: The LBP AM Group defines thresholds for the exclusion from investment of issuers who have not undertaken their energy transition, or who exploit resources that are the most damaging to the environment, in line with AMF recommendations,
- commitment policy: The LBP AM dialogue demanding shareholder for companies in the sector in their energy transition, asking them to adopt a transparent and credible transition strategy aligned with a 1.5°C scenario,
- Policy analysis and selection: The group LBP AM analysis all investment in the sector with regard to its level of alignment with its objective of carbon neutrality and alignment of companies and projects with the imperative of energy transition. These analyses feed into our investment selection process.

These levers are detailed below.

2 Oil and gas exclusion policy

21 Excluding unconventional hydrocarbons

The sector policy of LBP AM and LFDE excludes issuers involved in the exploration, production, storage and distribution of oil and gas and associated projects that are significantly exposed to unconventional energies, according to the broad definition of these resources proposed by the Scientific Committee of the Observatoire de la Finance Durable (shale oil and gas, from tar sands, extra-heavy oil, from resources located in the Arctic according to the Arctic Monitoring and Assessment Program zone, oil and gas from very deep offshore resources), which is more extensive than the definition usually used by the industry [4] . When the information is available, it can be applied to hydrocarbons produced from these unconventional resources.

2. 1. 1 For companies (listed equities and corporate private debt)

- Exposure is currently assessed on the basis of the exposure of sales of companies in the sector to non-conventional energies, assessed according to the above typology by S&P Trucost.

- The definitions applied[5] are :
  - Oil -from tar sands and extra-heavy oils,
  - -Shale gas and oil,
  - - Gas and oil from the Arctic zone: projects or activities taking place in regions subject to temporary or multi-year glaciation of sea water,

[4] The IEA definition, by contrast, does not include resources from deep offshore drilling and the Arctic zone.

[5] These specifications are subject to change by the data provider, and may also change if the data provider employed changes. The coverage of the analysis is likely evolve, particularly in segments of the value chain that are currently less covered by data, such as the midstream and parapetroleum companies. the case of private debt investments in companies where information is not available, this assessment will be carried out on a case-by-case basis by requesting information from the company.

- Very deep oil and gas: offshore exploration or production taking place a depth of over 1000M.

- The threshold for exclusion is currently set at

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  % exposure to one or more non-conventional energies.

2. 1.2 For project companies

- LBP AM does not invest directly in any greenfield or brownfield project dedicated to one or more of these four resources, based on available information.

The definition of the criteria, thresholds and sources used will regularly updated to aim for zero exposure by 2050.

2.2 Exclusion of transmitters non engaged in the transition energy

LBP AM and LFDE's sector policy excludes companies and projects in the sector that do not demonstrate a minimum strategic commitment to an energy transition, in line with the emissions trajectories established by the NZ2050 scenario.

2.2. 1 investment in companies (listed shares, bonds and private debt)

- The absence of a strategic commitment is currently assessed by the absence of publication of a complete carbon neutrality objective for scope 1 and 2 emissions, or of publication a reduction objective for scope 3 GHG emissions covering a significant scope of activities.

- The information is taken from the CDP or from the most recent data reported by CA 100+ or by the company.

- Exposure is assessed on the basis of exploration, extraction and production activities, for integrated companies. These rules will also be applied on a case-by-case basis to gas and/or oil transport, storage and distribution companies, as well to oil-related companies, depending the availability and reliability of data.

- In addition, as of January 1, 2025, all bonds issued by companies developing new conventional and/or unconventional liquid or gaseous upstream fossil fuel projects [6] will be excluded from open bond funds. This exclusion does not apply to convertible bonds (securities with the option of conversion into shares), hybrid bonds (part of the amount of which is considered as share capital by the agencies), nor to certified green bonds, certified sustainable bonds and phase-out bonds, or to any issues by their subsidiaries dedicated exclusively to the development of renewable energies[7]. A case-by-case assessment will be carried out in the event that the company has a certified trajectory or transition plan.
as aligned with the objectives of the Paris Agreement by a recognized independent third-party organization, attesting to the compatibility of this production with the reference climate scenario of the present policy.

- As of January 1, 2030, exclusion from open bond funds of any bonds issued by companies developing new upstream projects involving liquid or gaseous fossil fuels, conventional and/or non-conventional, with the exception of certified green bonds, certified sustainable bonds and phase-out bonds, or any issues by their subsidiaries dedicated exclusively to the development of renewable energies. A case-by-case assessment will be carried out the event that the company has adopted a trajectory or transition plan certified as aligned with the objectives of the Paris Agreement by an independent third-party organization.

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[6] The identification of companies is currently based on the Global Oil and Gas Exit List published by the Urgewald association, itself sourced from Rystad Energy, which compiles asset information from government and company documents, and its modeling. In particular, the definition of the list is based on the identification, on the basis of this source, of companies whose advanced Upstream project planning (assets under field evaluation and assets under development) makes it possible anticipate in the near future (between. 1-7 years depending on the type of asset) a "very probable" growth in their production portfolio.
[7] This provision also applies to mandates and funds dedicated to live securities as from 1(st).
January 2025, subject solicitation of the client investors of these investment vehicles and their approval of the application of this exclusion policy.

recognized, attesting to the compatibility of this production with the reference climate scenario of the present policy.

2.2.2 investment in projects

- Investments in greenfield gas (fossil) and oil projects are excluded from the eligible universe for funds set up on or after September 1st 2022.

The criteria, thresholds and sources used will be regularly updated to ensure that the exclusion contributes to the LBP AM Group's objective of aligning its sector allocation by 2030.

These criteria can be extended according to the requirements of client investors acting through dedicated funds or mandates, in application of their own sector policy.

2.3 Additional exclusions applied to SRI-labelled funds

In addition, funds awarded the SRI V3 label will apply the exclusions defined in the label's specifications[8] by January 1, 2025 at the latest:

- Any issuer developing new projects the exploration, extraction and refining of conventional and/or unconventional liquid or gaseous fossil fuels;
- Any emitter that accounts for more than 5% of total fuel production comes from exploration, extraction and refining of non-conventional liquid and gaseous fossil .

Greenfin label funds apply the exclusions defined in the label specifications[9] :

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[8] Source: Referentiel-Label-ISR-mars24.pdf (lelabelisr.fr).

[9] https://www.ecologie.gouv.fr/sites/default/files/Label_TEEC_R%C3%A9f%C3%A9rentiel_janvier_2024.pdf

- Any company developing new projects for the exploration, extraction, transportation (pipeline or gas) and refining of solid, liquid or gaseous fossil fuels.
- Any company with more than 5% of activity in the exploration, extraction, refining, derivative production and supply of solid, liquid and gaseous fossil fuels value chain.
- Any company with sales 30% or more in the transportation, distribution and storage, and supply, of gaseous fossil fuels, and the production, transportation and distribution/sale of equipment and services for excluded companies.

Funds benefiting from the Toward Sustainability label and funds benefiting from the FNG label apply the exclusions respectively defined in these .

3 Oil and gas commitment

The LBP AM Group's sectoral Net Zero policy is based on demanding shareholder engagement with companies in the sector, asking them to adopt a transparent and credible transition strategy, in order to align their activities with a scenario that will cap global warming at 1.5°C.

LBP AM and LFDE expect companies and projects operating in the oil and sector (exploration, exploitation, processing, transport, refining, or products or services associated with these activities, either directly or as a partner or shareholder) to draw up and publish a clear, credible strategy for the transition to energy neutrality, in line with climate and energy scenarios that will cap global warming at 1.5°C, giving priority to permanent, rapidly available and least costly resources.

In particular, this strategy will need to adapt investment management to the challenge of concentrating investment in existing fields, in order avoid lock-in effects for regional economies and companies invested in fossil fuels, and where appropriate, depending on asset operating and positioning in the value chain, to avoid increasing the risk of silted-up assets or declining commercial activities.

It should also enable them to manage the physical risks associated with climate change, the biodiversity risks associated with their operations and the social risks associated with their strategy.

This transition strategy covers the following elements:

3.1 Comprehensive, transparent GHG emission reduction targets aligned with a trajectory to meet the targets of climate change mitigation

3. 1. 1 Publication of a strategy de reduction de l'ensemble de their absolute emissions of GHG, carbon and methane

- With **short-, medium- and long-term** objectives, including emissions linked to the use of energy products sold to their customers[10], consistent with a trajectory **to achieve net zero emissions by 2050**, or a 1.5° scenario by the end of the century with a slight overshoot. Targets should be quantified at least in 5-year increments, and prioritize rapid emissions reductions.

- Specifying **the methods for achieving them** (energy efficiency, growth in marketed and used renewable energies, reduction in the production and marketing of fossil fuels, CCUS, BECCS [11], offsetting, etc.), distinguishing between scopes 1-2 and 3, and specifying the associated emission reductions and CAPEX shares; **and applying the Avoid - Reduce - Compensate sequence.**
  - The group LBP AM is not opposed to point from environmental to techniques of removal of carbon from (CCUS, BECCS), but he would like these techniques to be integrated into credible transition strategies and transparent[12].
  - When it comes to carbon offsetting, the LBP AM Group wants companies to respect the 5 principles recommended by ADEME[13] by

[10] Scope 3 emissions - category 11, across their entire scope of activity, geographic, operated and joint venture.

[11] Bioenergy with carbon dioxide capture and storage.

[12] Many companies include carbon storage and offsetting in their GHG emission reduction strategies. Different energy transition scenarios base the achievement of their objectives on a greater or lesser reliance on these technologies: CCUS and BECCS are not considered in the IPCC's P 1 scenario, they capture 1150 million tonnes in the IEA's NZE2050 scenario as early as 2030. The main obstacle to technological solutions for removing carbon from the atmosphere is the cost of the technologies involved. The main obstacle to the deployment of natural storage solutions (forests and land use) is the competition between carbon capture uses and other land uses, and the ability to guarantee long-term storage.

[13] https://presse.ademe.fr/2019/ 11/carbon-offset-5-good-practice-rules.html

transparency (rule 1), project selection (rules 2, 3 and 4) and communication (rule 5). The weight of sequestration and offsetting achieving GHG targets should therefore be limited. These principles are also reiterated in the Oxford Principles for Net Zero-Aligned Offsetting[14].

- For Scope 1 and 2 emissions, this strategy must address their entire scope of activities (operated and joint ventures), in order to achieve the goal of zero net emissions by 2050.
  - The LBP AM Group recommends that targets be based on the overall trajectories defined for the sector in the IEA's Net Zero scenario, i.e. a -60% reduction in emissions.
    emissions from Scope 1 and 2 between 2023 and 2030 and close to 0 emissions in 2040, and -50% reduction in the physical intensity of Scope 1 and 2 emissions over the same period [15]. In line with the recommendations developed by the Science-Based Target initiative for companies in all sectors, LBP AM recommends that targets cover at least 95% of Scopes 1+2.
  - In particular, the strategy should include a structured methane emissions reduction strategy for a value chain of "close to 0 net methane emissions"[16] via :
    - a) **a formalized plan to reduce methane emissions** across the entire value chain where relevant (integrated major, oil and/or gas producer, storage company, gas transporter and distributor, and electricity producer whose activity relies on gas-fired power plants), with a methane emissions intensity target of significantly less than 0.2% in 2025, or in line with the absolute value trajectory of -75% of methane emissions avoided in oil and gas production between 2022 and 2030. Targets will also have to be set for

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[14] https://www.smithschool.ox.ac.uk/sites/default/files/2022-0 1/Oxford-Offsetting-Principles-2020.pdf

[15] Emissions from Oil and Gas Operations in Net Zero Transitions - Analysis - IEA

[16] Methane is the second most important contributor to climate change after carbon dioxide. It is also a powerful local air pollutant, causing serious health problems. Its drastic reduction is essential if we are to achieve climate neutrality by 2050. According to the IEA, almost a third of mitigation options for oil and gas operations are either costless or have virtually no cost. According to the European Methane Strategy, this means reducing and venting, and reducing leakage in the production, transport and combustion of fossil gas and oil.

gas transport, storage and distribution, and the systematic detection and elimination of leaks in the value chain. It will specify the methods for achieving the objective across the entire operated perimeter, and will extend them to the perimeter of its non-operated holdings, as well as advocacy activities. It could be part of the Oil&Gas Climate Initiative (OGCI) or the Methane Guiding Principles (MGP)[(17)].

- b) **a formal plan to eliminate flaring operations** where relevant (integrated majors, oil and gas producers), aiming for a routine 0 flaring target [18] by 2030 at the latest. The plan will specify the methods for achieving the target across the entire operated perimeter, and will be applied to the perimeter of non-operated holdings, as well as to advocacy activities. It could be part of the "0 routine flaring by 2030" initiative[19].

- It should aim to make the best efforts to reduce carbon and methane emissions in their scope 2 by using renewable energy in production operations, particularly for gas production and LNG liquefaction.

3. 1.2 Publication of emissions achieved on a scope equivalent to these targets, which must be on a trajectory consistent with the objectives.

This information must be fully transparent as to the scope and calculation rules applied in calculating the indicator, and be subject to review by an independent third party.

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[17] https://oilandgasclimateinitiative.com , https://methaneguidingprinciples.org/

[18] According to the World Bank, routine gas flaring - as opposed to flaring for safety purposes - is flaring carried out during normal oil production operations in the absence of sufficient facilities or suitable geology to reinject the gas produced, use it on site or ship it to market.

[19] https://www.worldbank.org/en/programs/zero-routine-flaring-by-2030#4

3. 1.3 Publication of information enabling analysis of changes in carbon intensity of companies and the absolute emissions they generate, across the entire value chain, in relation to the trajectories resulting from 1.5°C scenarios.

3.2 A reorientation of the business model towards energies and services decarbonated

In order to contribute to the low-carbon transition[20] and diversify their risks and revenues, LBP AM and LFDE expect invested companies to gradually redirect their capex and M&A activities in oil and fossil gas activities in favor of investments in low-carbon activities. In particular, they can :

- Expand by acquiring low-carbon businesses in areas where clearly established business models (solar PV, onshore wind) to acquire skills and activities to protect against transition risk.

- Leverage their operational and financial strengths to support the transition of the real economy by creating new low-carbon energy capacities and investing in capital-intensive, riskier areas where they can mobilize technical synergies (hydrogen, electricity storage, biorefineries, offshore wind power, deep geothermal energy).

This change in investment and M&A profile must be reflected in **the anticipated evolution of the energy mix produced, transported, stored, transformed and marketed** directly or through products or services, depending on the company's position in the value chain.

The absolute trajectory of fossil fuel production, as well as the development of new oil and gas capacities, must be justified in terms of

[20] "Low-carbon" activities are defined by the European taxonomy of sustainable assets in terms of their significant contribution to reducing climate change without significantly harming other environmental objectives. This publication will be made compulsory for European companies with over 500 employees subject to the "non-financial reporting" directive: (https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:520 19XC0620(01)&from=EN).

In particular, the IEA's Net Zero scenario indicates that the oil and gas fields already approved in 2020 are sufficient to meet demand in 2050, and that 2021 marks the end of approvals for the development of new oil and gas fields[21].

To this end, the LBP AM Group will assess the evolution of the business model and its alignment with a trajectory compatible with the mitigation of global warming, through :

- The publication of the target evolution of the energy mix and of production and marketing volumes by target energy at MT and LT, with **the objective of absolute and relative progress in the volume low-carbon energy produced/marketed, and of absolute and relative reduction oil and gas in these mixes.**

- The publication of a short- and medium-term investment plan broken down by economic activity, in particular distinguishing low-carbon investments from investments in fossil oil and gas, and by orientation between maintenance and development of the company's assets. **It expects a plan for growth in the share of low-carbon investments and a decrease in investments in oil and gas.**
  natural, in particular :
    - An immediate halt to investment in exploration for new oil and gas reserves;
    -Quick stop to new development approvals [22]
    oil and gas fields, and the justification of the climatic compatibility of the development of new oil and gas production and distribution capacity with the sectoral trajectories established by the IPCC or the IEA to cap global warming.
    1.5° by the end of the century.
    - Since the achievement of these two significant conclusions of the IEA's energy programming depends primarily on national public authorities, LBP AM calls on governments to make their own commitments to the energy sector.
    energy policy in line with this planning. In the interim, they will be important criteria for commitment and from selection of assets, and to from from 2025,

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[21] https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b 13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

[22] Whose development was not approved in 2021, according to IEA schedule.

will become a criterion for disposing of portfolios on a case-by-case basis. In line with this objective, as of January 1, 2025, all bonds issued by companies developing new upstream conventional and/or unconventional liquid or gaseous fossil fuel will be excluded from open bond funds (cf. 2.2. 1). This exclusion also applies to SRI funds with a French government sustainable finance label (cf. 2.3).

- **An assessment of each significant investment in the exploration, acquisition or development of oil and gas resources according to a published climate criterion that takes into account the objectives the Paris Agreement** (oil, gas and carbon price assumptions; demand and production assumptions); and the publication an annual assessment by the companies, with a particular effort at transparency on the assessment of the alignment of new greenfields projects.

- **With regard to low-carbon investments**, LBP AM expects companies to specify whether :
  - They have a strategy for production, refining, transportation and distribution of liquid biofuel, the share of biofuel sold in total sales. They also specify the proportion of biofuel sold that benefits from sustainability labels recognized internationally and by the European Union, in its report dedicated to a warming limited to 1.5°C, the IPCC recalling that a significant recourse some biofuels can threaten the security.
    and the preservation of ecosystems and biodiversity.
  - They have a strategy for producing, transporting and distributing biomethane, and they publish the share of biomethane in their energy mix.
    sales, and publish a strategy for developing clean hydrogen as a substitute for fossil hydrogen, in production, refining, midstream (transport, storage, distribution) and, where applicable, downstream gas uses.

3.3 Transparency on company's exposure to climate and energy risks. an energy transition strategy to mitigate it

The sector is exposed to an energy transition risk. The decline oil demand, both nationally and internationally, in the scenarios of energy transition to carbon neutrality entails risks overcapacity in production, transport, refining, storage and distribution, particularly in Europe. Similarly, the changes in natural gas demand forecast in these scenarios and in France's PPE (in France, natural gas consumption is forecast to fall by in 2023 and between 2012 and 2028 under the PPE) may entail risks of overcapacity in production, processing, transport, liquefaction, regasification, storage and distribution, particularly in Europe and France. This transition creates substantial new employment opportunities, but not necessarily in the same skills and geographies as the jobs lost in the fossil fuel sector, implying an effort to manage and plan a "just transition" for the communities affected[23].

Article 29 of the French Climate and Energy Act requires asset management companies to "publish information on the physical, transition and liability risks associated with climate change [and, in particular], a description of the main risks (...), a quantitative estimate of the financial impact of the main risks (...) and an action plan to reduce the entity's exposure to the main risks". LBP AM and LFDE must therefore assess and manage their sectoral exposure to climate risks, particularly transition risk.

To this end, LBP AM and LFDE expect invested companies to :

- **Organize the development of activities and projects in line with a 1.5°C scenario**, and in France, with the PPE, in particular by diversifying their activities through the development of low-carbon activities, in order to diversify their risks and revenues (cf. expectation no. 2)).

- Ensure that **every significant investment, particularly in the exploration, acquisition or development of oil and gas resources and in other energies and technologies, is subject to an assessment that takes binding account of the objectives of the Paris Agreement** (cf. expectation No. 2).

(23The 2023 update of the IEA's Net Zero scenario forecasts 30 million jobs created by 2030 in the decarbonized energies sector, and a loss of 13 million jobs in industries associated with fossil fuels.

- **Evaluate the HR and community impact issues** associated with this energy transition strategy, and put in place a policy favoring the retraining and retention of the staff affected.

- **Ensure transparency**
  - on this transition strategy: by incorporating the main objectives, procedures and indicators for monitoring this strategy into their annual financial or business reporting, as far as possible in line with the Group's strategy.

    possible in the TCFD's recommendations, in particular by presenting information enabling it to analyze the evolution of the carbon intensity of companies and the emissions they generate, across the entire value chain, in relation to the trajectories

    resulting from 1.5°C scenarios.
  - on their exposure to transition risks: in line with the recommendations of the TCFD and the European guidelines of publications of information linked to climate, in describing

    publicly the risks identified in the short, medium and long term in the context of a global 1.5°C scenario on their activities, as well as the impact of these risks on their business, strategy and financial planning. In France and Europe, LBP AM and LFDE are calling on companies to publish a financial estimate of the investments needed to increase incorporation of sustainable gas (biomethane and

    decarbonated hydrogen) in existing infrastructures.
  - on the implementation of their just transition policy and the social impact of their strategy.

3.4 Particular vigilance with regard to the development of non-energy sources conventional

Because of their physical and economic characteristics, non-conventional resources present more acute environmental challenges, particularly in terms of the transition to carbon neutrality.

LBP AM and LFDE expect the companies they invest in :

- **Reporting on their exposure to these energies:** LBP AM and LFDE ask companies to make their best efforts to publish the shares that the exploitation of gas and oil from unconventional sources represent in their sales, production and reserves respectively.

- **Specific case of companies or project companies with activities dedicated to non-conventional energy :**
  - LBP AM and LFDE ask the companies concerned or likely to be concerned not to invest in or participate in the development of new capacities and new projects.
    exploration, production or transportation facilities dedicated to petroleum from
    oil sands, shale gas and oil, and heavy oil or oil from very deep marine deposits, or in AMAP zones.
  - LBP AM and LFDE will commit invested companies with residual exposure to unconventional energies to applying best practices in managing the environmental risks associated with these activities. In particular, they expect :
    - That companies exposed to the oil sands implement best practices for managing water resources and related soil restoration issues.
    - That companies with residual exposure to shale gas or oil apply best practices in methane leakage management, water resource management and soil remediation issues.
    - That companies with residual exposure to the Arctic (AMAP) apply best practices in terms of methane emissions, pollution and safety; and make public a detailed description of their activities in the Arctic (AMAP) by nature and geography, covering their direct activities or those carried out by their partners or companies in which they are shareholders.

3.5 A policy of influence favorable to the energy transition enabling implementing the objectives of the Paris Agreement

Companies involved in the production, processing and sale of hydrocarbons or related products and services can exert a positive or negative influence on the implementation of policies to implement the Paris Agreement by governments and in the European Union, particularly in terms of technical regulations on GHG emissions or pricing mechanisms for the social cost of GHG emissions, for their own activities and in the value chain. This influence is exerted directly or via their professional organizations.

LBP AM and LFDE expect the companies they invest in :

- That they deploy a policy of influence, direct and indirect, consistent with their transition plan and favorable to the objectives of the Paris Agreement.
- That their advocacy policies and practices in relation to the issues
  This is the only way to ensure that the climate control system is traceable, publicly communicated and signed off by management.

They carry this message through their shareholder engagement, either bilaterally or through coalitions, and will **give** favourable consideration to **shareholder resolutions asking companies to be transparent about their climate-related policies and lobbying activities**. These will be considered on a case-by-case basis, taking into account the ongoing shareholder dialogue.

3.6 Clear, consistent governance

3.6. 1 Definition of responsibilities

In view of the strategic dimension of transition plans, LBP AM and LFDE expect responsibility for defining and monitoring execution of the plan to be formally established within the supervisory board/directors (dedicated committee, identified director or joint responsibility of the board supported by a dedicated executive).

3.6.2 Alignment of interests

In addition, LBP AM/ and LFDE recommend the inclusion objectives linked to the company's climate strategy in executive remuneration in line with its voting policy, and to ensure that the remuneration policy for corporate officers does not include any component that does not encourage compliance with the company's climate objectives.

3.6.3 Quality of shareholder dialogue

LBP AM and LFDE will pay close attention to the quality of shareholder dialogue company strategy and climate risk assessment.

3.6.4 Transparency

In addition to the elements mentioned in this strategy, LBP AM and LFDE encourage companies to participate in :

- To the ACT initiative to measure companies' alignment with the objectives of the Paris Agreement, and to make public the rating obtained and its main components,
- CDP questionnaire (climate action, transition champions),
- If and when it becomes available, to the certification of their decarbonization objective by the SBTi initiative.

Points 3.6.1 and 3.6.2 are priority results expectations, while the following points are management expectations contributing to their achievement and/or to the objective of managing biodiversity and social risks.

3.7 A dedicated policy and a clear strategy for compliance with human rights

The LBP AM Group **expects invested companies to implement human rights due diligence[24] in accordance with the OECD Guidelines for Multinational Enterprises[25] (OECD Guidelines), the United Nations Guiding Principles on Business and Human Rights[26] (UNGPs) and the ten Principles of the United Nations Global Compact[27] (UNGCs).**

To this end, the LBP AM Group engages in regular dialogue with its investee companies to encourage them to implement policies and practices in line with these expectations.

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[24] Within the framework of this policy, and in accordance with LBP AM's Human Rights Policy, the Human rights are defined as ***the inalienable standards of treatment to which all people are entitled, regardless of their sex, national or ethnic origin, color, religion, language, disability, sexual orientation or gender, or any other status. They also include international humanitarian law***. The LBP AM Group pays particular attention to the respect of human rights contained in :

- The Universal Declaration of Human Rights (1948): https://www.ohchr.org/human-rights/universal-declaration/translations/english
- The International Covenant on Economic, Social and Cultural Rights (1966): https://www.ohchr.org/human-rights/universal-declaration/translations/english
- Visit Pact international relating to rights civil and political rights (1976): https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant- civil-and-political-rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work (1998, amended in 2022): https://www.ilo.org/fr/declaration-de- loit-relative-aux-principes-et-droits-fondamentaux-au#:~:text=La%20D %C3%A9claration%20de%20l%27OIT,valeurs%20vitales%20pour%20notre%20vie) and the ten fundamental ILO Conventions: https://normlex.ilo.org/dyn/normlex/fr/f?p=NORMLEXPUB: 12000:0::NO
- ILO Convention 169 on Indigenous and Tribal Peoples and the United Nations Declaration on the Rights of Indigenous Peoples.
- International humanitarian law.

[25] OECD (2023), ***OECD Guidelines for Multinational Enterprises on Responsible Business Conduct***, Editions OCDE, Paris, https://doi.org/ 10. 1787/0e8d35b5-en. [26] United Nations (20 11), ***Guiding Principles on Business and Human Rights***, United Nations, New-York. Available on : https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_fr.pdf

[27] The Ten Principles of the Nations Global Compact. Available on : https://pactemondial.org/decouvrir/dix-principes-pacte-mondial-nations-unies/

3.7. 1 Adoption a human rights policy

The LBP AM Group actively engages its investee companies so that they :

- Adopt a **clear and public commitment to the following standards**:
  - International Bill of Human Rights[28],
  - Fundamental ILO conventions,
  - UNGP and OECD Guidelines.

- Express **the** specific attention and **diligence they will devote to the rights of "vulnerable" people**, in particular women's rights and the rights of human defenders.
- Explicitly commit to **respecting the rights of indigenous peoples**, referring to ILO Convention No. 169 on Indigenous and Tribal Peoples (1989)[29] and the United Nations Declaration on the Rights of Indigenous Peoples[30], and explicitly recognize right to free, prior and informed consent of indigenous peoples.
- Explicitly commit to **respecting the right to land[31]**, with reference to the reference standards in this area, and to implement dedicated procedures to ensure compliance throughout the project life cycle.
- Undertake to implement and detail **the terms and conditions of their application human rights due diligence**, in line with the UNGP and OECD Guidelines, throughout their operations and value chain.
- Undertake explicitly to **remedy the negative impacts on the and human rights** they may cause or to which they may be exposed.

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[28] OHCHR, International Bill of Human rights. Available at: https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights

[29] C 169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169). Available at: https://normlex.ilo.org/dyn/normlex/fr/f?p=NORMLEXPUB: 12 100:0::NO::P 12 100_INSTRUMENT_ID:3123 14

[30] United Nations Declaration on the Rights of Indigenous Peoples, Resolution adopted by the General Assembly on September 13, 2007 (A/6 1/295). Available at: https://social.desa.un.org/sites/default/files/migrated/19/20 18/ 11/UNDRIP_F_web.pdf

[31] OHCHR (20 15) Land and Human Rights - Standards and Applications, United Nations, New York. Available at: https://www.ohchr.org/sites/default/files/Documents/Publications/Land_HR-StandardsApplications.pdf

They should also specify the means at disposal and the approach they are taking to remedy these impacts.

- Identify, define and detail **salient risks in terms of human rights in relation to their operations and value chain**, showing the methodology used to identify each risk, its assessment, and the reference standards used by the company to define each of these risks.
- Publish one or more **periodic reports** on the implementation of their policy, including relevant quantitative and qualitative indicators on all the key risks identified at company level.

In addition to the above, the LBP AM Group encourages companies to :

- **Implement a system of variable compensation for senior executives** that includes targets for respecting human rights and applying the policy.
- **Specify the responsibilities of staff and management in the supervision and implementation of their human rights policy**, as well as the training provided to ownership by all staff concerned.
- **Specify the consultation efforts** undertaken as part of development and review of their human rights policy, well as its implementation.
- **Adopt and publish guidelines, guides or policies relating to the conducting Human Rights Impact** , in line with the IPIECA guidelines on the subject[32] , and **carrying out enhanced human rights due diligence**, in line with the Voluntary Principles on Security on Human Rights[33] and the United Nations Development Programme Guidelines[34] on the subject, in event of operations in so-called conflict or high-risk zones.

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[32] Notably IPIECA (2021) Human Rights due diligence guidance, A practical guidance for the oil and gas, and alternative energy industry, London. Available at: https://www.ipieca.org/resources/human-rights-due-diligence-guidance

[33] Voluntary Principles on Security and Human Rights (2000). Available at: https://www.voluntaryprinciples.org/the-principles/ and Ipieca (20 12) ***Voluntary Principles on Security and Human Rights: Implementation Guidance Tools***. Available at: https://www.ipieca.org/resources/voluntary-principles-on-security-and-human-rights-implementation-guidance-tools

[34] United Nations Development Programme (2022) Strengthening corporate human rights due diligence in contexts marked by human rights abuses.

3.7.2 Just transition

One of the fundamental aims of a transition to a carbon-neutral economy is to protect people from the damage, loss and harm caused by uncontrolled climate change. Integrating human rights into action plans for an energy transition could also bring significant socio-economic benefits, such as more and better jobs, an end to fuel poverty and regional revitalization[35].

However, if the transition does not sufficiently integrate issues relating to individuals and respect for human rights upstream, it could have significant impacts on workers and communities. A "just" transition aims to organize the transition so that it benefits decent employment [36].

In light of these points, the LBP AM Group actively engages its investee companies so that they :

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conflicts; A guide. New York. Available at: https://www.undp.org/publications/heightened- human-rights-due-diligence-business-conflict-affected-contexts-guide

[35] For example, the IEA's "Net Zero by 2050" scenario estimates that, while the transition could result in the loss of around five million jobs, it could create 30 million jobs across the energy system, while providing clean energy to 785 million people currently without electricity and 2.6 billion people without clean cooking solutions.

[36] The concept of "just" transition, as described in several international agreements, is that of balancing the need to decarbonize the economy while respecting the rights of workers and communities. First mentioned in the 20 15 Paris Agreement ("the imperatives of a just transition for the workforce and the creation decent quality jobs"), the concept has since been explored by the ILO, which defines it in its 20 15 guidelines as a transition enabling governments, workers and employers worldwide to "benefit from the process of structural change towards a greener, low-carbon economy, create decent jobs on a large scale and promote social protection". Oil and gas production plays a major role in many countries, supporting local economies and jobs, and sometimes generating considerable public revenues. The gradual reduction in oil and gas production over the coming decades will mean a significant loss of revenue for many economies, with implications for public spending on social programs and infrastructure, as well as for workers and vulnerable groups dependent on these energy resources. Other workforce-related characteristics in the energy sectors, such as variable unionization rates, the presence of large numbers of contract workers, or low female participation, will be essential to take into account for a just energy transition.

- **Implement in-depth social dialogue and engage their stakeholders throughout the process of planning and implementing a Just Transition strategy**, including by:
  - Publicly committing to social dialogue with appropriate stakeholders, including workers, trade unions or equivalent bodies, external stakeholder and community representatives, vulnerable people ;
  - Specifying the framework, scope, objectives and procedures of the dialogue ;
  - Incorporating the results of stakeholder consultation into their just transition strategy.

- **Plan the just transition**, in particular by :
  - Identifying the social and human rights risks associated with the implementation of their transition plan;
  - Adopting measures to prevent, mitigate and remedy the negative social impacts of the transition to a low-carbon economy on workers, stakeholders and communities vulnerable groups, and their relationships commercial ;
  - Measurable indicators monitoring and evaluating the effectiveness of measures.

- Adopt a **policy and procedures dedicated to the identification, prevention, mitigation and remediation of risks of critical human rights impacts related to the sourcing of strategic minerals** for the energy transition, including by:
  - Updating their purchasing risk mapping to integrate human rights risks related to mineral commodities and to identify the most risky commodities.
  - Training their purchasing in the specific risks associated with energy transition minerals, and adapting supplier evaluation procedures during supplier selection and the life cycle of supply contracts.
  - Actively engaging their suppliers and business partners to clarify their human rights expectations and raise their awareness of human rights issues actions to be implemented to meet these expectations.
  - Working to improve traceability throughout the supply chain, prioritizing the most at-risk materials first.

In addition to the above, the LBP AM Group encourages companies to :

- Clarify **their commitment and strategy regarding the creation of and support access green, decent and inclusive jobs**, in particular by:
  - Assessing and publishing the risks job impacts caused by their low-carbon transition plan and the related impacts on affected workers and stakeholders in the chain
    value.
  - Evaluating and publishing its process(es) for identifying skills for workers and affected stakeholders in the context of a transition to a low-carbon economy and the involvement of trade unions, representatives of workers and of the
    communities in these processes.
  - Specifying the measures adopted to retrain and/or upskill workers impacted by the transition to a low-carbon economy, to create, provide or support access to green, decent and decent jobs, and to develop the skills needed to make the transition to a low-carbon economy a success.
    inclusive, to ensure that reskilling and/or upgrading or training opportunities incorporate equal opportunities for women and vulnerable people.

- Specify **their commitment and strategy in terms of social protection and social impact management** for a just transition, in particular by:
  - Specifying their contribution to social protection systems and their expectations of their business relations in this area.
  - Identifying and publishing the impacts of the transition to a low-carbon economy on the social protection of workers and stakeholders assigned.
  - Publishing their action plan for managing the impact of the transition to a low-carbon economy on the social protection of workers and affected stakeholders in the contexts in which they operate.

- Specify **their lobbying and advocacy policy**, including :
  - publishing their guidelines and procedures to assess the alignment of lobbying and advocacy activities with policies
    and regulations supporting just transition.
  - Publishing their action plan to address any misalignment of lobbying or advocacy activities with policies and regulations supporting just transition.

3.7.3 Fair consultation and negotiation

As stated in the OECD Guide on due diligence for constructive stakeholder engagement in the extractive sector, "[I]t is particularly important to enable meaningful stakeholder engagement in the extractive sector, (...). Whatever the legal requirements, constructive stakeholder engagement is essential to avoid some of the negative impacts that extractive activities can cause, and to optimize their potential contributions."[37].

The LBP AM Group actively engages its investee companies so that they :

- **Adopt clear guidelines constructive stakeholder** , based on the expectations of stakeholders, primarily trade unions, workers' representatives, local communities and rights advocates, aligned with the expectations set out in the OECD's Due Diligence Guidance for constructive stakeholder engagement in the extractive sector, notably to ensure consultation throughout the project lifecycle.
- **Publish implementation indicators** relating to consultation and meaningful engagement with local communities and stakeholders potentially affected by project development.
- **Adopt a policy or specify the measures implemented to ensure respect for indigenous peoples' right to free, prior and informed consent (FPIC)**, including the right to define the process by which it is achieved and the right to withdraw consent, through fair negotiations.
- **Adopt a strict company-wide commitment to not tolerate or contribute to attacks on human rights and environmental defenders**, specify the measures implemented to ensure dialogue with human rights and environmental defenders, and work collaboratively with human rights and environmental defenders.

[37] OECD (20 17), OECD Guide to constructive stakeholder engagement in the extractive sector, Editions OCDE, Paris.
http://dx.doi.org/ 10. 1787/9789264264243-en

rights and the environment to create environments that are safe and conducive to engagement.

- **Adopt equivalent expectations for their commercial relations** and specify the efforts made to ensure that their commercial relations provide the same level of respect and protection of all the above-mentioned rights.

3.7.4 Decent working conditions

The LBP AM Group actively engages its investee companies so that they :

- Adopt and publish **a clear commitment and guidelines for guaranteeing safety at work and ensuring decent work**, in particular by guaranteeing and respecting freedom of association and the right to collective bargaining by trade unions or equivalents, with explicit reference to the relevant ILO Core Conventions.
- Adopt and publish **a clear commitment and guidelines relating to to responsible purchasing**, detailing prohibited practices within the company and in value chains, measures for monitoring and evaluating business relationships with regard to human rights, and actions taken or that may be taken the event of non-compliance these guidelines.
- Publish **mitigation and prevention adopted on a global scale. of the company in the selection and development of the commercial relationship**, specifying in particular how they intend to prioritize efforts on certain materials, certain activities, or certain geographies, considered to be particularly at risk in their value chains.

In addition to the above, LBP AM also encourages companies to :

- **Adopt and publish a living wage strategy**[38] , covering both their own employees and workers in their value chain.

[38] The Global Living Wage Coalition (GLWC) has agreed on a definition of the living wage, incorporating the ideas found in over 60 references to the living wage in the various standards.

- **Adopt and publish a diversity and inclusion strategy**[39] , specifying the efforts being made to enable greater inclusion of women in their operations and value chains.

LBP AM and LFDE express their shareholder expectations through regular, consistent bilateral or collaborative dialogue with the companies they invest in.

This dialogue ties in with LBP AM and LFDE's policy on voting and filing resolutions. The latter encourages shareholders to express their views specifically on the companies' energy transition strategy and objectives through dedicated climate resolutions, filed by the companies or their shareholders, and restricts the filing and voting of these resolutions to the fact that they contribute this strategic alignment with the energy transition objective.

LBP AM and LFDE will regularly update its shareholder expectations, in particular incorporate changes in market methodological standards, and may change its terms of engagement.

For debt management real and private assets, LBP AM and LFDE will make every effort to contractually encourage project companies to adopt a transition strategy in line with the above requirements.

4 Analysis and selection

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international agreements, national constitutions, codes of conduct for NGOs, multinationals and companies, ILO documents and declarations by public figures in the field. Also, according to GLWC, a living wage can be defined as "the remuneration received for a normal working week by a worker in a given link, sufficient to ensure a decent standard of living for the worker and his family. The elements of a decent standard of living include food, water, housing, education, health care, transport, clothing and other essential needs, including protection against the vagaries of life and unforeseen events". To find out more: https://www.globallivingwage.org/about/what-is-a-living-wage/

[39] According to the International Energy Agency, although women account for 39% of the global workforce, they represent only 16% of the traditional energy sector. For management positions, the figures are even lower. To find out more: https://www.iea.org/topics/energy-and-gender

4.1 Analysis

4. 1. 1 Concerning securities :

LBP AM and LFDE will apply a proprietary sector analysis method, informed by the most demanding market standards, to assess the strategic alignment of companies with the objectives of the Paris Agreement. It covers in particular :

- Quantitative targets for reducing greenhouse gas emissions - carbon and methane - set by companies,
- Transition plan transparency, credibility climate impact
  the levers used to achieve them, in particular
  - The strategy's dependence on carbon offsetting,
  - The development of new fossil-fired generation capacity to enable a production reduction trajectory;
  - As well as the growth in the share and evolution of investments in low-carbon resources.
- Governance of the transition plan,
- Its coherence and feasibility.

This sector-specific analysis will expand on the results GREAT's quantitative SRI analysis.

4. 1.2 Fund selection

As part of its fund-of-funds management business, the LBP AM Group has developed proprietary analysis methodologies[40] for the funds in which it is likely to invest[41] in order to assess their responsible investment approach (through the quality of the extra-financial approach of the UCIs and of the management companies that manage them).

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[40] The methodology used in LFDE's fund-of-funds management is called "SRI maturity". To find out more, please consult the Transparency Code, dedicated asset allocation.
The methodology used in LBP AM's fund-of-funds management is called GREatAM.

[41] ETFs are included among the media analyzed.

These methodologies make it possible assess the extent to which the funds analyzed take climate issues into account, in particular with regard to the LBP AM Group's oil and gas policy.

In particular, the policies implemented by UCIs to exclude the oil and gas sectors are analyzed. These assessments are updated on a regular basis, and may lead the LBP AM Group to provide feedback to the management companies of the funds analyzed, to encourage them to adopt a more robust sectoral policy towards the oil and sectors.

4.2 Selection

This analysis provides qualitative input for asset selection, to ensure gradual convergence of sector allocation with the objective of aligning assets by 2030.

4.2. 1 Concerning securities :

- Analysis of companies' short-, medium- and long-term commitments, as well as their actual decarbonization trajectories, and their deviation from sector trajectories defined in a 1.5° scenario, leads LBP AM and LFDE to strengthen or downgrade a company's qualitative ESG assessment.
- This assessment may, on a case-by-case basislead LBP AM to and LFDE to overweight, underweight, freeze or exclude certain stocks in the sector from its portfolio, with a view to achieving a Net Zero allocation by 2030.
- All other things being equal, this analysis will lead us to assess favorably on investment opportunities in companies with a strong commitment to sustainable sectoral themes contributing to the transition, in particular biogas and biofuels as defined by the European taxonomy of sustainable assets.

4.2.2 Project financing :

- LBP AM no longer finances oil or gas greenfield projects (including CCGTs, peaking power plants, distribution networks, storage, excluding dedicated decarbonated hydrogen and biogas infrastructures) from the date the policy comes into force.
- For brownfields projects, the share of fossil oil and gas in the mix energy for primary energy production (heating networks, etc.) or sales (distribution) must be in line with or better than the Net scenario in terms of GHG emissions.

  Zero of IEA (at the date of financing or on basis of commitments).
  - By 2030: limit of 25% for oil and 24% for gas
  - By 2050: limit of 8% for oil and 11% for gas

LBP AM and LFDE also aim to manage climate, transition and physical risks for companies in the sector, taking into account the materiality of this risk in their fundamental analysis, management and risk management processes.

LBP AM and LFDE will regularly update their analysis and selection methodology, in particular to incorporate changes in market standards.

4.2.3 Fund selection

The robustness of these exclusion policies contributes to the overall extra-financial assessment of UCIs and can, in some cases, influence the investments made. These methodologies and the results of the associated assessments are used differently depending on the characteristics of the funds of funds:

- Within the framework of the open-ended funds of funds[42], classified as Article 8 and 9 under the SFDR regulations, managed by the LBP AM Group and its subsidiaries, the analysis of UCIs according to these methodologies is systematic and takes place prior to investment. These funds of funds exclude any investment in sector-specific UCIs dedicated to the oil and gas sector.
- In the specific case of funds of funds with the French government's SRI label

  In France, at least 90% of the mutual funds selected must hold this same label, and in fact, as part of the revision of its specifications

[42] "Open" refers to "range open-ended UCIs, open to all customers.

of March 2024, will apply a strong requirement to exclude the oil and gas sectors.

- The use of these methodologies in dedicated funds of funds[43], managed on behalf of specific customers by the LBP AM Group and its subsidiaries, is conditional on their request. In particular, these analysis systems are able to take into account specific customer constraints in terms of oil and gas policy.

Positions in live securities that may be held by funds of open-ended funds, of any SFDR classification (non-reserved), must comply with the LBP AM Group's oil and gas policy.

[43] "Dedicated" refers to dedicated UCIs managed on behalf of a specific client (such as an institutional investor) in response to specifications defined by the client, as well open-ended UCIs marketed on a targeted basis and whose strategy specifications have been defined by a specific client (see Asset

Management Advisors).

5 Governance

5.1 Policy validation and updating

The policy will be reviewed annually.

The definition of the policy's criteria, thresholds and sources will be regularly updated to take account of public energy and climate policies, changes in scientific climate and sector energy scenarios, and the company's assessment of changes in technology and energy demand, supported by third-party experts. These changes, whether initiated by Solutions ISR or requested by the business lines in charge of the policy, will be approved by the LBP AM Group's Sustainable Finance Committee. A change affecting only the voting policy may be validated by the Governance Committee.

5.2 Application to derivatives

This policy applies to exposures in live securities and derivatives, in accordance with the provisions of the derivatives usage policy defined as part of LBP AM and LFDE's SRI policy.

5.3 Controls

The commitments made in the context of this policy are taken into account in the first-level operational controls carried out by the teams in front of the investment and during their follow-up.
These commitments, and in particular compliance with exclusion constraints, are monitored independently by the Risk Departments on a daily basis, and will also be subject to second-level controls through LBP AM and LFDE's permanent control system.

LBP AM

SA à Directoire et Conseil de surveillance with capital of 12,138,931.20 euros

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