

UN Principles for Responsible Investment 2010 Implementation Report

The Principles for Responsible Investment

The United Nations Environment Programme and the Global Compact¹ offered in late 2004 some large investors, pension funds, insurers and public institutional investors on different continents the possibility to work together with a view to establishing principles of responsibility. The Principles for Responsible Investment (PRI) were adopted in 2006. Caisse des Dépôts, the main financial sponsor of this initiative, was a member of the panel of experts and the group of investors who developed these PRI.

The signatories undertake to abide by six main principles:

- 1) We will incorporate environmental, social, and corporate governance (ESG) issues into investment analysis and decision-making processes.
- 2) We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3) We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4) We will promote acceptance and implementation of the Principles within the investment industry.
- 5) We will work together to enhance our effectiveness in implementing the Principles.
- 6) We will each report on our activities and progress towards implementing the Principles.

By adhering to these principles, each signatory is committing to a process of continuous improvement. Caisse des Dépôts' vast experience and culture as a long-term investor serving the general interest make it particularly sensitive to key societal issues. It therefore strives to act in line with these commitments.

Caisse des Dépôts 2010 PRI implementation

“Act in the long-term interests of beneficiaries”

According to the Principles, *“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios (...). We also recognise that applying these Principles may better align investors with broader objectives of society.”*

The law on the modernisation of the economy (Loi de Modernisation de l'Economie) that came into effect in 2008 **defines Caisse des Dépôts as a long-term investor serving the general interest and economic development.** By the very nature of its company objectives, Caisse des Dépôts therefore aims to meet the country's fundamental needs by financing its economy, and as an investor it is naturally concerned by environmental, social and corporate governance issues.

Caisse des Dépôts is the **main French long-term investor** and one of the largest in Europe. It is a public financial institution. Its portfolio of financial assets is first a measure of its financial strength but not only, as it also helps secure funding for projects serving the general interest consistent with its corporate purpose.

¹ **Global Compact:** A United Nation initiative in which signatories commit to respect 10 principles related to human rights, labour rights, environmental preservation and the fight against corruption.

In terms of investment policy, **the choice was made to take these criteria into account for its entire portfolio and not to limit their integration to investments in specialised funds.**

Investment policies

Caisse des Dépôts investment policies, approved by its supervisory board and published in December 2008, mention these commitments and refer explicitly to the Principles for Responsible Investment. The general policy framework, which applies to all assets, stipulates: *“Caisse des Dépôts is a long-term investor: it analyses the profitability of its investment portfolio over a long time horizon (...). This horizon pushes Caisse des Dépôts (...) to behave as a socially responsible investor. A signatory of the UN Principles for Responsible Investment, Caisse des Dépôts takes into account environmental, social and governance issues as appropriate for each asset class.”*

Different types of investment

Caisse des Dépôts encompasses various asset management entities, for which different policies apply. Besides managing its equity, which it carries out from the perspective of long-term financial investment, it also makes investments serving the general interest, mainly targeting SMEs (through its subsidiary CDC Enterprises and the Strategic Investment Fund - FSI) and in favour of territorial development (real estate, transport infrastructure, digital infrastructure, renewable energy production, etc.). Moreover, it also manages the Savings Funds, which centralise most of the *Livrets A* regulated savings funds) and *Livrets de développement durable* (sustainable development schemes) and finances housing and infrastructure projects. With each of these entities implementing the PRI in accordance with its own specificities, the Group is developing a coordinated approach to responsible investment.

Principle 1. We will incorporate environmental, social, and corporate governance (ESG) issues into investment analysis and decision-making processes.

Caisse des Dépôts' responsible investment strategies and/or practices cover all asset classes: listed equity and fixed income, private equity, infrastructures, real estate investments, forestry and, since recent years, “carbon assets”.

Given the long-term hold of the securities in its portfolio, Caisse des Dépôts deems that it must take more than purely financial criteria into account in its analyses, if only for the purposes of better risk management. Environmental, social and corporate governance (ESG) risk and return factors are in fact extra-financial indicators that can have a financial impact over the long term. Long-term return concerns are thus coupled with the need to reconcile the general interest served by Caisse des Dépôts and the impact of its financial portfolios.

1. MANAGEMENT TOOLS

In 2010, the Caisse des Dépôts Group further developed the integration of ESG through the introduction of various management tools.

a / In 2010, it created a **Group responsible investment policy deployment indicator**, an internal management tool covering all investment functions to assess and steer the transposition of its strategy through its different entities and asset classes. This indicator is particularly interesting and powerful as regards the strategic implementation of responsible investment within the Group. It not only charts progress for each asset class and entity, but also identifies areas where progress has been made and/or remains to be made, by involving the entire chain of command. It includes commitments, made both internally and externally, and operational implementation (from the collection of information and its greater or lesser inclusion in investment decisions all the way through to active investment strategies during the investment period, which are very important for Caisse des Dépôts as a long-term investor). Finally, it also covers the integration of responsible investment through the personal objectives of portfolio managers, as well as the means placed at their disposal to achieve this, notably in terms of training.

b / **Sustainability investment recommendations are systematically discussed during the Group Investment Committee**, along with financial, legal and risk recommendations since the spring of 2009.

c / In addition, a **Group investment reference framework** was established in 2010, consolidating the financial and societal dimensions of projects to evaluate and select projects according to their capacity to generate financial value and societal value for the community. It draws on economic, environmental, social and corporate governance (EESG) standards and aims to analyse investments from a comprehensive and integrated perspective, assessing the financial flows and performance generated for the promoters on the one hand and their impact on the community on the other. This reference framework is being gradually applied to the Group's fields of intervention.

In addition to this central management process, Caisse des Dépôts strives to implement the Principles for Responsible Investment in the most suitable way for each Group entity and asset class.

The savings funds centralised at Caisse des Dépôts are managed independently from its own proprietary portfolios, which are managed by the Public Institution's General Section.

2. LISTED EQUITY

Different initiatives have been introduced and developed since 2006 for managing the **General Section's equity investments in listed shares**. The process is characterised by the integration by fund managers of environmental, social and corporate governance (ESG) factors into their analysis of portfolio companies with, **in 2010, the inclusion of ESG ratings in the neutral portfolio model**. While limited to just one part of the portfolio in 2006, ESG integration has since been generalised and is now included as a **fund manager objective**. Teams have developed their own internal ESG analysis capacities, notably drawing on documents issued by companies, broker research and extra-financial rating agencies as well as through one-on-one discussions with companies. Brokers are consulted regarding their handling of ESG information and this service is subject to specific **remuneration**. Caisse des Dépôts engages in close dialogue with portfolio companies, both throughout the year and during the preparation of general meetings. Excluded from investment portfolios are companies producing, storing or marketing anti-personnel mines and cluster munitions (consistent with the Ottawa Convention and the Oslo Treaty) and tobacco companies.

Savings Funds managers and analysts in charge of investments in listed equity consider extra-financial factors in their analysis of companies prior to reaching decisions. These extra-financial environmental, social and corporate governance factors are shaped in particular by the information and ratings provided by a specialised rating agency. In addition, the minimum and maximum weightings allowed for each portfolio value are based on a risk scoring, which itself depends on ESG criteria.

3. FIXED INCOME ASSETS

Regarding the management of fixed income assets (active internal management), for both the **General Section** and the **Savings Funds**, all fixed income portfolios consist of OECD investment-grade products. For securities other than those issued by States, the Risk and Internal Control Department includes non-financial factors in its counterparty risk analysis. It not only uses the assessments by extra-financial rating agencies but also makes its own analyses, notably in terms of the individual and sectorial strategic and financial issues posed by ESG factors.

4. PRIVATE EQUITY

Regarding unlisted equity, Caisse des Dépôts' **General Section** asks private equity fund managers, as a part of its due diligence process before investing in a fund, to fill out a questionnaire on the integration of E, S and G issues at both the asset management firm and the underlying assets. Failure to reply or a rating inferior to 3/10 prevents from investing. It is also requested in a side letter signed by the funds that they commit to integrating ESG issues in their due diligence process and that they provide a yearly ESG report. At the end of 2010, Caisse des Dépôts sent its ESG report format to the funds, a format established jointly by all the Group's private equity investment functions summarising the key issues it wishes to follow for asset management teams and underlying businesses.

Within the **Savings Funds Management** (Direction des Fonds d'épargne), investments in unlisted private equity funds are determined by taking into account an ESG rating attributed to private equity firms.

The Group's private equity activities are carried out by **several of its entities**: the Strategic Investment Fund, CDC Entreprises and Qualium Investissement, who have now all joined the PRI. These activities can take many different forms (e.g. geographic scope, forms of investment, stage of investment maturity). In 2010, a **common framework for ESG reporting** was created for the Group's teams investing in private equity funds. This report framework, designed to present standardised and ambitious disclosure requirements to shareholders, addresses the practices of funds and those of portfolio companies.

5. REAL ESTATE

Regarding the management of real estate assets, internal measures have been introduced since 2006 within the **General Section** to define how environmental and social factors should be taken into account when deciding on future investments and the management of existing buildings owned directly by Caisse des Dépôts. These initiatives draw in particular on the work of the UNEP FI Property Working Group.

A CO₂-energy appraisal of the real estate portfolio, finalised in 2008, has resulted in a better understanding of the quality of assets owned in respect of climate issues. This analysis will be supplemented with systematic energy audits. As part of the arbitration process, an environmental and energy audit is systematically carried out to incorporate the financial impact of environmental retrofit costs. The acquisition policy gives priority to assets delivering a certified environmental performance.

6. INFRASTRUCTURES

Infrastructures represent a major challenge in terms of sustainable development because of their massive and long-term impact. The key objective for an investor is to undertake a concerted and balanced assessment of the impacts of various infrastructures (rail, road, energy etc.) at their different life stages (construction, operation, renovation/destruction), and then successfully take these impacts, which cannot be ignored, into consideration in relation to a reference scenario.

Among its 2010 achievements, the Group has developed its **capacity to account for the environmental impacts of investment projects** and is becoming **more selective about the projects** it takes on upstream of group agreements. It has continued its work on the subject in 2010 thanks to an internal cross-functional working group. A tool for evaluating the environmental impacts of infrastructure investments is currently being developed.

Infrastructure funding in 2010 concerned railway projects (new high-speed line, restoration of the existing network), public transport systems in dedicated lanes (tram, bus, metro), waterway projects, port infrastructure and multimodal transport hubs. The Savings Funds also finance other infrastructures (high environmental quality hospitals, sanitation units) offering significant environmental advantages.

Caisse des Dépôts actively contributes to an international working group within the PRI working on the development of a **responsible infrastructure-investment** guide describing good infrastructure financing practices.

CDC Infrastructure has undertaken to evaluate the carbon footprint of its entire portfolio in 2011.

7. TERRITORIAL DEVELOPMENT

Caisse des Dépôts is a reference long-term financier for regional structuring facilities, together with the French State, local governments and private partners. In addition to its significant savings-fund regulated-loan activity, investments generally take the form of:

- **Investment and funding serving the general interest:** Provided in a context where potential co-investors in financial projects for small and medium-sized companies, commercial, tourist, urban leisure and corporate real estate, amenities for the elderly, secondary schools, universities, stadiums, public land owned by local authorities, digital networks and services and regional development (notably within the scope of semi-public companies) are hard to come by. In 2010, Caisse des Dépôts allocated €417 million to territorial development investments serving the general interest.

Caisse des Dépôts also sponsored and invested alongside the European Investment Bank in an innovative fund called Ginkgo. Endowed with €50 million, it is intended for **cleaning up urban land sites**, thereby limiting urban sprawl, while creating value through very environmentally-ambitious real estate redevelopment.

- **Public mandates:** 2010 was marked by the implementation of the Investments for the Future Programme (Programme d'Investissements d'Avenir), entrusted in part to Caisse des Dépôts by the French State. The €7.5 billion that Caisse des Dépôts will invest over the next ten years on behalf of the French State will be invested in particular in the city of tomorrow, competitive clusters, the social and solidarity economy and digital development.

Investment decisions take into account the needs of emerging sectors and high-growth sectors (universities, renewable energy, patents, SMEs). **Specific sectorial investment principles, derived from a body of investment doctrines** updated at the end of 2010, **guide the selection process for projects within each sector.**

In order to ensure that these principles are implemented, a **rating system** designed to reflect levels of conformity with general interest and sustainable development doctrine was instituted in 2009. This enables project management teams to evaluate each investment or financing project from the point of view of both supply and demand on the basis of six criteria taken directly from the body of doctrines.

Criteria related to the legitimacy of the request:

- existence of national or local public demand
- need to stimulate a sector inadequately covered by the market
- need for a trusted third party

Criteria related to performance:

- impact and sustainability of the solutions proposed
- ability to stimulate the private sector
- market neutrality

8. INNOVATIVE ENVIRONMENTAL SOLUTIONS

Renewables

Caisse des Dépôts has invested in particular in the development of renewable energy production in support of public policies. These equity and quasi-equity investments mainly target wind power, biomass, geothermal, hydroelectric, photovoltaic and biofuel energy production projects. It also invests in local electricity distribution companies to support local governments during the opening up of the energy markets.

Caisse des Dépôts investments, which consist of minority stakes in the companies heading the projects alongside emerging players, totalled **€156 million at end-2010**. They will produce over 540 MW of power.

Carbon assets

In 2010, the subsidiary CDC Climat was created, structured around three main activities:

- Infrastructures and services to climate markets (registries, exchanges, services, etc.)
- Investments (in carbon funds and directly in carbon assets)
- Research on economic and financial tools for fighting climate change (presented in Principle 5)

Through its “**infrastructure**” activities, CDC Climat actively participates in consolidating carbon markets by offering structuring services to help stakeholders manage their carbon accounts. CDC Climat proposes a range of technological solutions that enhance the security, stability, transparency and sustainability of carbon markets, **thus contributing to the reduction of greenhouse gas emissions**.

Its “**investment**” activities illustrate how CDC Climat acts to **promote the integration of ESG criteria in its investment decisions**. CDC Climat has currently €56.7 million in assets invested in various carbon funds, namely the European Carbon Fund (€25 million), the Post-2012 Carbon Fund (€25 million) and the Fonds Capital Carbon Maroc (Moroccan Carbon Capital Fund) (€6.7 million). On several occasions, CDC Climat has used its position on the investment boards of these funds to defend the Group’s strategic interests, notably by opposing investments in industrial projects of questionable environmental quality.

Since December 2009, new activities are being set up with the following medium-term goals:

- Maximize the environmental impact by investing in projects of proven environmental quality (notably excluding projects producing industrial gases). By purchasing carbon credits generated by CDM and Joint Implementation (JI) projects, CDC Climat contributes to the effective reduction of greenhouse gas emissions. Sums invested directly and through carbon funds thus aim to have an environmental impact in the form of a 60 million tonne reduction in carbon by end-2014.
- Become the benchmark French investor driving investment by other long-term investors in carbon funds in “new” regions where full use is not made of the flexibility mechanisms (CDM and JI).

As well as setting up a line of direct investments totalling €60 million in 2010, CDC Climat also aims to develop thematic funds, for total of €470 million assets under management by 2014 (including €155 million from CDC Climat).

In 2010, CDC Climat created **CDC Climat AM, a carbon asset management company** whose investment doctrine is consistent with that of Caisse des Dépôts in terms of the integration of ESG criteria similar to those governing project financing, adapted to the specific contractual relationships with the coordinators of projects generating carbon assets.

Caisse des Dépôts has also undertaken a voluntary carbon offsetting initiative for its emissions since 2006, buying and cancelling carbon credits equivalent to its emissions. These funds will be used to finance projects contributing to the fight against climate change.

Founded in 2008, **CDC Biodiversité** has created an innovative compensation solution. In 2010, it signed a major contract to offset the residual impacts of the A65 motorway on the ecosystems it passes through. On behalf of the operating consortium, CDC Biodiversité will safeguard 1,400 hectares of natural habitat for 60 years, which will counterbalance the motorway in terms of "ecological equivalence".

All Caisse des Dépôts **forestry management** is handled by its subsidiary Société Forestière, which has formalised principles of sustainable forestry management (SFM). It also conducts a permanent study on improving internal SFM practices, which led to the drafting of a SFM guide, approved by France Nature Environnement (an umbrella federation of French environmental protection organisations). Société Forestière's SFM practices obtained ISO 9001 certification in 2003, and the forests it manages on behalf of Caisse des Dépôts have received the French PEFC eco-label (<http://www.pefc-france.org>).

Beyond the certification of its assets, Caisse des Dépôts supports Société Forestière research on the changes in forestry practices currently needed in France, with a view to integrating climate change impacts and the careful management of water resources.

In 2010, Société Forestière prepared the launch (scheduled in 2011) of the **Patrimoine Nature Innovation investment fund**, together with its new subsidiary, **Nature Gestion**. The fund will purchase over six years some 20,000 hectares of land assets with the intention of protecting their landscape and biological qualities.

Caisse des Dépôts has contributed since 2009 to market studies on the potential of **third party investment and energy performance guarantee mechanisms**, which could significantly contribute to the achievement of the Grenelle environmental building-renovation objectives. The aim is to mobilise private capital by valuating the energy savings obtained as a result of these retrofits over the long term.

Principle 2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

The Group Charter, which sets out the principles governing the relationship between Caisse des Dépôts as a shareholder and its **subsidiaries**, states that the creation of value by an entity encompasses both financial and social achievements. Caisse des Dépôts stimulates and encourages the implementation in particular of sustainable development policies by its subsidiaries. Caisse des Dépôts provides them with support in this matter, drawing on the expertise developed by its sustainable development department, notably in the fields of responsible investment (for financial subsidiaries), sustainable real estate and climate protection. CNP, a subsidiary operating in the personal insurance sector and a major financial investor itself, has developed its own responsible investment policy and, as a listed company, deals with the associated reporting responsibilities.

Caisse des Dépôts is an active and committed shareholder. It has set up an **Advisory Committee** to assist it in all matters relating to the governance of the companies in which it holds shares. The Committee has drawn up a **Guide to Voting at General Meetings** (GMs), and a **Directors' Charter** providing guidance for Caisse des Dépôts representatives participating in Board of Directors and Supervisory Board meetings.

The **Guide to Voting at General Meetings** defines the voting recommendations to follow in respect to resolutions put forward at a general meeting. Such resolutions may relate for example to governance issues such as the distinction between the management and control functions, the number of directors and independent directors, the length of mandates, board committees and their composition, the transparency of managers' compensation and benefits packages, financial issues, etc. In practice, all resolutions are analysed by a dedicated team in light of the Guide to Voting. The voting recommendations made by CDC's asset managers are validated, and then the vote is carried out either by post or in person at the GM (for French companies) or by proxy (for foreign companies). Caisse des Dépôts exercises its right to vote at all the GMs where it is entitled to, and it opposes resolutions that do not comply with its Guide to Voting. At present, few resolutions are put forward on environmental and social issues. Most negative votes have therefore concerned issues of governance. The Guide to Voting was revised following the review of the 2010 voting season in order to factor in changes in decisional law and new issues.

Caisse des Dépôts is an influential institutional investor, especially for French companies. When it disagrees with a resolution put forward at a company GM, the company in question endeavours to take its opinion into consideration. Hence, the last few years have seen positive progress on certain issues of governance, which elicit reticence or negative votes from other investors too. In 2010, Caisse des Dépôts joined the ICGN in order to participate in the development and adoption of best corporate governance practices.

Principle 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Caisse des Dépôts maintains an **in-depth dialogue with companies** it has invested in, notably by holding regular bilateral meetings with the management of **the large French companies** in which it has a major stake. These meetings provide an opportunity for fund managers to ask questions about environmental and social issues. They expect a precise answer to their questions, and the companies themselves show a keen interest:

- Caisse des Dépôts fund managers **systematically ask** about environmental issues that are specific to the sector or the company in question.
- The companies more often raise social and governance issues spontaneously, so these issues are naturally included in the dialogue.

As far as foreign companies are concerned, Caisse des Dépôts obtains information through brokers and extra-financial rating agencies. The quality and availability of such information is now one of the criteria for selecting brokers.

As indicated above, specific measures have been taken regarding capital investment funds. A questionnaire is sent out to these funds prior to any decision to invest. Since 2009, a score below 3/10 has been regarded as prejudicial to investment.

In 2004, Caisse des Dépôts joined the **Carbon Disclosure Project**. Its fund managers actively encourage the companies in its portfolio to collect and publish data on their CO2 emissions.

Caisse des Dépôts also requires its subsidiaries to report information on the implementation of their sustainable development policies. This information is then incorporated into the social responsibility reports published by Caisse des Dépôts Group. In addition, the listed subsidiaries draw up their own social responsibility reports.

Principle 4. We will promote acceptance and implementation of the Principles within the investment industry.

Caisse des Dépôts **played a leading role in launching the PRI in 2006 and, since then, in raising awareness among the European community of investors.** It has been instrumental in organising several meetings with French institutional investors, and its representatives have promoted the PRI in working groups, seminars and the media, which in turn have passed the information on.

Caisse des Dépôts also supports and encourages social responsibility among the investors and asset management companies within its Group, some of which, under its impetus, signed the PRI in 2010 (CDC Entreprises, Qualium Investissement) and in 2011 (FSI). It regularly exchanges best practices with the FRR (French Pension Reserve Fund) and the ERAFP (French public service additional pension scheme), both of which have also signed the PRI.

Furthermore, Caisse des Dépôts is involved in the various **investors groups that work to promote socially responsible investment (SRI)**. It is also a member of **Eurosif**, a pan-European network of national Social Investment Forums (SIF) that seeks to promote SRI to institutional investors, financial institutions and individual investors across Europe, through various channels of communication, lobbying activities and events. Caisse des Dépôts has been a member of the Eurosif Advisory Subgroup since 2010.

Caisse des Dépôts is also a co-founder and member of **ORSE**, the French Study Centre for Corporate Social Responsibility. ORSE members include businesses, asset management companies, trade unions, provident societies and mutual benefit societies. It collects, analyses and disseminates information on CSR and SRI. Caisse des Dépôts participates actively in the ORSE Finance Club.

It is also very active in promoting corporate responsibility among financial institutions in order to prevent climate change. It participates in a lot of the work done in this field, both in France and abroad.

Since 2010, it has become a member of the International Corporate Governance Network (ICGN), a network of investors seeking to share information and opinions on corporate governance and to develop and promote international good corporate governance standards.

Caisse des Dépôts finances **Novethic**, a research centre and media expert focusing on SRI, CSR, sustainable development and, more generally speaking, the adoption of environmental, social and corporate governance criteria by businesses and financial institutions. Thanks to this support, Novethic is able to play an instrumental role in promoting SRI in France through various channels: the publication of studies analysing and quantifying the SRI market, the organisation of events to promote SRI to financial players and the development of a database of the SRI funds available in France. In 2009, Novethic launched the first SRI label. In 2010, the **label was awarded to 142 funds**, i.e. almost half of the SRI mutual funds commercialized in France. This label guarantees by an independent body that the organisation in question has conducted an exhaustive ESG analysis and that its asset management process and the impact of this process on the composition of portfolios are as transparent as possible.

Finally, Novethic disseminates quality information via its website (**novethic.fr**), which attracts 150,000 visitors per month. This helps to raise awareness of sustainable development issues among a wide variety of organisations. In 2010, Novethic's research centre published seven papers on subjects ranging from the extra-financial rating of States to how the major listed companies in Europe communicate publicly in respect to their use of nanotechnologies and the latest figures on the French SRI market.

The Chief Executive Officer and other managers from Caisse des Dépôts presented their positions on responsible investment at Novethic's annual conference.

Principle 5. We will work together to enhance our effectiveness in implementing the Principles.

From the outset, Caisse des Dépôts has played a very active role in the development of the Principles for Responsible Investment. For several years, it has also been involved in the **United Nations Environment Programme Finance Initiative** (UNEP-FI), which fosters a joint approach to new social and environmental issues and conducts various studies and analyses.

Caisse des Dépôts is a member of the **UNEP FI Property Working Group**. As such, it works with other major investors on the subject of responsible property investment, studying the environmental and social issues associated with the financial management of property assets. As part of this group, it has joined forces with the PRI to ensure that its principles are applied to property assets. In 2008 they created a guide for investors which was presented at the annual PRI meeting. Caisse des Dépôts also helped to write and **translate** “Toolkits”, which provides guidelines for investors wishing to implement a responsible property investment strategy.

In 2009, Caisse des Dépôts helped to define a set of private equity principles with the PRI; since 2010, it has been taking part in a similar process for infrastructures. The goal is to bring together the different players concerned by this asset class, and to develop tools that will help them to implement responsible investment principles.

CDC Climat has been instrumental in **raising awareness of the climate change economy**, through various activities organised by its research department. The purpose of this department is to analyse, explain, anticipate and facilitate the introduction of economic instruments to combat climate change, based on four main areas of research:

- o European climate policy
- o International carbon markets and negotiations
- o Project mechanisms, agriculture and forestry
- o Regional authorities and climate change

Besides publishing numerous research papers and submitting articles to specialist journals, CDC Climat Research provides expertise services (intervention of experts, participation in institutional working groups, co-organisation of conferences, etc.) and substantial support for academic research. For example, CDC Climat is the founding patron of the Chair of Climate Economics at the University of Paris-Dauphine.

For several years now, Caisse des Dépôts has been raising awareness of biodiversity preservation issues in both the economic and public spheres, through its subsidiary **CDC Biodiversité**. It works alongside government ministries to promote and monitor biodiversity preservation.

The **Institut CDC pour la Recherche** (CDC Institute for Research) also supports academic research, with a view to promoting research projects whose findings will enhance Caisse des Dépôts’ strategic thinking and contribute to the public debate through external communication. One of the main areas of research is long-term investment and the CDC has developed research partnerships with, for example, Michel Aglietta, the Toulouse School of Economics and the Collège de France.

Lastly, Caisse des Dépôts organises a number of “in-house” working groups focusing on different asset classes in order to increase the application of responsible investment principles. Its various divisions and subsidiaries, as well as FRR and ERAFP, play an active part in these groups.

The Long Term Investors’ Club

Long-term investors can play a vital role in supporting growth by financing infrastructure, urban development and renewable energies and investing in SMEs and innovation. They potentially offer a counterweight to the short-term approach of other financial players and provide a stable capital base propitious to corporate investment, market stability and the development of an economy that uses fewer natural resources and produces fewer greenhouse gases and pollutants.

To promote long-term investment on a global scale, **Caisse des Dépôts set up the Long-Term Investors' Club** (www.ltic.org). The first Chairman of the club has been Mr. Augustin de Romanet, Chief Executive Officer of Caisse des Dépôts. The club, which has established a Charter that defines common principles and values, is today composed of twelve financial institutions representing all the main economic areas of the world and having a balance sheet total of 3,000 billion dollars.

Not only does the Club aim to foster the exchange of best practices and the development of a common identity among long-term investors, but it also offers a range of services specifically for this new category of financial players. Hence, several long-term, multilateral investment initiatives have been developed, including:

- **Marguerite, the 2020 European fund** for energy, climate change and infrastructures. The purpose of this fund is to **finance exemplary infrastructure projects in the EU-27** (with at least 40% in the renewable energy sector).
- **InfraMed**, the biggest infrastructure fund in the Middle East and North Africa. This fund will promote capital investment in **urban, energy and transport infrastructure projects that comply with sustainable development and, in particular, social policy requirements** (populations' fundamental needs).

Caisse des Dépôts is promoting the Principles for Responsible Investment within the Long-Term Investors' Club.

In 2010, the European members of the Club wrote a joint contribution to the negotiations on prudential and accounting standards. On 30 September 2010, Caisse des Dépôts, the CDP, the KfW and the EIB submitted a set of proposals to the EU Commissioner for the Internal Market and Services, Michel Barnier. The purpose of these proposals is to promote long-term investment, in the context of Basel III provisions on prudential ratios and with the new IFRS standards on the reporting of financial instruments.

Principle 6. We will each report on our activities and progress towards implementing the Principles.

These socially responsible investment activities are reported within Caisse des Dépôts itself by way of a responsible investment policy deployment indicator. In addition, the Supervisory Board examines the Group's sustainable development policy on an annual basis, with a section on responsible investment.

Caisse des Dépôts draws up a social responsibility report, which it then incorporates into its annual report. This document outlines the social responsibilities of each of the professions and industries represented by Caisse des Dépôts, and summarises the measures that the latter has taken, as a financial investor, to fulfil these responsibilities. In 2010, the subject of responsible investment was also addressed at the announcement of the Group's annual results.

The present document, which can be downloaded via the Caisse des Dépôts website, is the formal report on the implementation of the Principles for Responsible Investment. It completes the 2009 Activity and Sustainable Development report, which is also posted on the Caisse des Dépôts website.