

Corporate Social Responsibility Report
 Executive summary
 2005



Sustainable development: the impact of our businesses on society

Caisse des Dépôts is a state-owned financial institution that was established by law in 1816 to perform public-interest missions on behalf of France's central, regional and local governments. The funds entrusted to its care constitute the foundation of its financial transformation activity, which generates considerable amounts for its stakeholders, foremost among them the community, via a major contribution to the French government budget. As an investor whose focus has always been long term, Caisse des Dépôts has dealt with sustainable development for many years, and has made a formal commitment in this area.

Our major sustainable development challenges

For Caisse des Dépôts, as for any large company or institution, contributing to sustainable development involves seeking performance on three levels: economic, social and environmental. But it also involves making progress – adapted and proportionate to its challenges – by introducing more sustainable processes and tools, within its various business areas and in accordance with this threefold constraint. To this end, and apart from its own governance issues, the primary responsibilities of *Caisse des Dépôts* are expressed in the following challenges:

► Act as a responsible financial investor

Caisse des Dépôts is responsible for the centralization and financial management of a substantial share of tax-exempt passbook savings deposits in France. It is also the trusted administrator of funds protected under French law, in particular those deposited with the legal professions (including notaries and court-appointed agents and administrators), and of the very substantial treasuries of France's Social Security system and other public-interest organizations.

The nature and size of the deposits and funds it administers make *Caisse des Dépôts* the largest long-term equity investor on the Paris Stock Exchange.

► Manage public funds in its custody while anticipating the emerging needs of society

In the area of retirement savings funds, *Caisse des Dépôts* manages the substantial pay-as-you-go retirement plans for French national and local government employees and hospital workers, which cover more than 7 million active employees, nearly 3 million retirees and some 80,000 public-sector employers. It also provides banking services for members of the legal professions and individuals protected under French law.

► Innovate in the area of sustainable development by supporting public policymakers

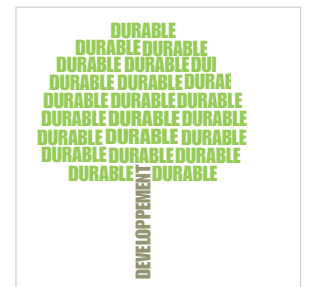
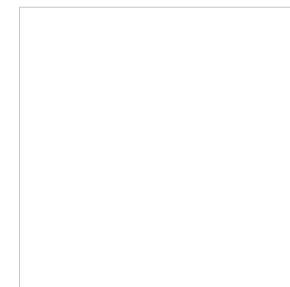
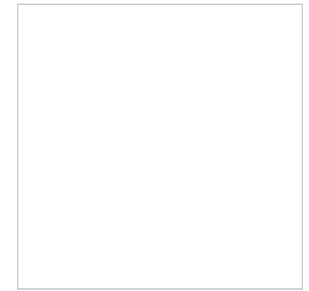
A major force in the Paris financial marketplace, *Caisse des Dépôts* has been a contributor to the creation of new economic and financial instruments designed to address the social and environmental challenges we face. This contribution is illustrated by its role in designing and introducing innovative carbon finance tools to fight the adverse impacts of climate change.

► Actively support the sustainable development of cities and regions

Thanks to its management of savings funds, *Caisse des Dépôts* has been able to finance the construction/acquisition of more than 80,000 public low-cost housing units through long-term loans and the renovation of France's real-estate heritage, and is involved in financing urban policy. On the basis of its annual results, *Caisse des Dépôts* makes equity investments alongside local governments that finance territorial development, and supports France's social cohesion plan in a variety of ways.

► As an employer, assume its responsibilities towards society and the environment

The public agency directly employs 4 754 people, and strives to manage its operating sites and procurement responsibly, in accordance with social and environmental policies.

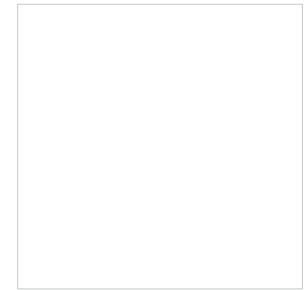


Achievements in sustainable development: 2004-2005

Social responsibility issues		Major achievements
Consolidate effective governance		
Governance	Promote original governance founded on the defense of the patrimonial interests of the institution, which administers private funds in need of special protection and placed under Parliamentary control.	<ul style="list-style-type: none"> ■ The supervisory commission met 21 times in 2005. Its two special-purpose committees (the Audit and Risk Committee and the Savings Deposit Committee) met 13 times over the same period. ■ Every two weeks, the CEO submits a report to the supervisory commission, whose members include four elected legislators (including its chairman, Philippe Auberger, who is an elected MP).
Efficiency and performance	Develop the performance plan targets by optimizing human and financial resources, in order to maintain the financial potential to invest one-third of annual consolidated net earnings in projects that serve the public interest.	<ul style="list-style-type: none"> ■ The performance plan was further implemented throughout the year. The upper limit on operating cost increases was set at 1% per year. ■ The total contribution to the government budget was €3 billion in 2005. ■ Caisse des Dépôts invested €352 million of its own equity in projects serving the public interest in the area of territorial development. An additional €135 million was allocated to equity investment in SMEs.
Risks	Maintain current high standard in risk management and apply new international accounting and governance standards. Consider environmental risk factors.	<ul style="list-style-type: none"> ■ Fully compliant with IFRS for 2007 consolidated financial statements. ■ Environmental risk mapping was completed in 2005, as part of the Management of Physical and Environmental Risks program.
Responsible long-term financial investor		
International initiatives	Promote global initiatives in the area of responsible investment by subscribing to the commitments of the UNEP Finance Initiative (2002) and the UN's Principles for Responsible Investment (2005-2006).	<ul style="list-style-type: none"> ■ One of the leading sponsors of the initiative, Caisse des Dépôts signed the UN's PRI on April 27, 2006 and organized the European launch ceremony for the major continental institutional investors signing on to the Principles. ■ Caisse des Dépôts joined Carbon Disclosure Project in 2005.
Asset management	Gradually integrate the so-called ESG criteria (Environmental, Social and Governance) into the global asset analysis process (for fixed-income securities, listed equities and private equity).	<ul style="list-style-type: none"> ■ Caisse des Dépôts initiated and will pursue efforts to integrate ESG criteria into the analysis of its entire portfolio in 2006 – including the development of the required reporting – on the basis of the UN's PRI. ■ Demeter, a fund dedicated to eco-industries, was launched in 2005. ■ The process of including social and environmental clauses in the venture capital investment and SME financing businesses was launched in 2005. ■ In addition, Caisse des Dépôts is becoming gradually more involved in the carbon investment business, in particular via the European Carbon Fund (ECF) it co-sponsors.
Shareholder role	Fully exercise the role of long-term shareholder within the framework of a defined set of good governance standards: proxy voting guide, Caisse des Dépôts guidelines for administrators.	<ul style="list-style-type: none"> ■ In 2005, Caisse des Dépôts invested its long-term shareholder role in accordance with the policy and process set up in 2004 (Governance consultative committee and Guidelines for Administrators). ■ The proxy voting guide was developed and rolled out: Caisse des Dépôts voted proxies at 100% of shareholder meetings held in France in 2005. This practice will be extended to all European companies in which it invests by the end of 2006.

Social responsibility issues		Major achievements
Support social changes in public mandates		
Banking	Support the professions and institutional clientele that serve the public interest, by providing a broad range of innovative products and services. Fight money-laundering and the financing of terrorism.	<ul style="list-style-type: none"> ■ In 2005, the Caisse des Dépôts took on the administrative management of a fund set up to help the financially disadvantaged. In early 2006, it assumed the administrative management role for a fund set up to promote access to careers in civil service for the disabled. ■ The fight against money-laundering was both intensified and expanded.
Carbon Finance	Participate in the development of economic and financial instruments designed to reduce greenhouse gas emissions. Support local government and public authorities as they determine policy in this area.	<ul style="list-style-type: none"> ■ In 2005, the international development of Seringas, a software system that manages the registry of greenhouse gas emission allowances, was pursued (sold to 11 countries in Europe). ■ A partnership was initiated with Powernext Carbon, the organized European spot market for greenhouse gas emission allowances. ■ At the initiative of Caisse des Dépôts, the Carbon Fund was launched with more than €140 million. ■ Mission Climat, an expertise and publication center, was developed. ■ In late 2005, a set of proposals for new economic instruments designed to reduce greenhouse gas emissions was submitted to public policymakers (Report on domestic projects).
Retirement businesses	<p>Ensure the very long-term security and efficiency of the pension plans and retirement systems that Caisse des Dépôts is entrusted to administer.</p> <p>Promote the right of beneficiaries of managed plans to the disclosure of information.</p>	<ul style="list-style-type: none"> ■ Caisse des Dépôts participates in public debate on the future of pensions, supports the work of COR (Conseil d'Orientation des Retraites), the French pensions advisory council, and continues to reform the governance of the plans it administers. ■ Caisse des Dépôts (with the support of Novethic) also supported the efforts made by the pension plans under its care (such as the Régime Additionnel de la Fonction Publique) to discuss and define their SRI policy. ■ Implementation of the right to information disclosure for policyholders/plan members.
Integrate the requirements of sustainable development in the area of housing and territorial planning		
Housing and urban renewal	As a key player in low-cost public housing, promote the adoption of new criteria and tools that foster sustainable housing and urban planning practices.	<ul style="list-style-type: none"> ■ From its own equity funds, Caisse des Dépôts made a budget of €2 billion available for the rehabilitation of more than 100 000 additional units of low-cost public housing over five years. ■ Serious discussion began in 2004 on how to factor environmental considerations into construction and buildings, via task forces made up of representatives of the Caisse des Dépôts group. Over the medium term, the objectives are to integrate environmental criteria (French HQE label) into its investment business – directly or through its subsidiaries – as well as in its public-housing lending business. ■ Caisse des Dépôts carried out a number of pilot projects on environmental quality in intermediate and tertiary housing, such as the “270 building” of its subsidiary Icade EMGP in Aubervilliers. ■ A subsidized loan granted on the basis of energy criteria was developed for the public low-cost housing sector (launch in 2006).
Transport infrastructures	Finance infrastructure and sustainable mobility needs while taking environmental impacts and territorial balance into consideration.	<ul style="list-style-type: none"> ■ Caisse des Dépôts co-finances all of the projects related to the creation or extension of tramway or light subway networks in France, the TGV Est and LGV Rhin-Rhône high-speed railway lines, the Luxembourg-Perpignan rail motorway. ■ Caisse des Dépôts would like to see the projects it finances assessed on the basis of environmental criteria and adapt its range in the area of sustainable development range.

Social responsibility issues		Major achievements
Digital equipment	Reduce the “digital divide” through broadband infrastructure funding and cable service offers.	<ul style="list-style-type: none"> ■ In early 2006, 353 cyber bases were opened as part of the objective of 400 cyber bases set in 2000. ■ By late 2005, 57 public service delegation projects were under way – and 27 delegees had already been selected for digital development projects in the territories that receive support from Caisse des Dépôts.
Environment and tourism	Working alongside local governments, support territorial projects in the areas of renewable energy, waste management, biodiversity, and public facilities dedicated to culture, tourism or recreational pursuits. Encourage private investors and operators to join efforts in these areas.	<ul style="list-style-type: none"> ■ Caisse des Dépôts participates in territorial investment projects in the areas of tourism and the environment (energy, waste enhancement, fight against climate change, etc.).
Economy and social innovation	Support initiatives in social economy and solidarity, innovations that strengthen social networks, and job creation at the very small business level. Contribute to efforts to combat exclusion from financial and banking channels by rolling out an innovative social cohesion fund.	<ul style="list-style-type: none"> ■ The annual co-financing of “loans on trust” associations and support for networks that help entrepreneurs start businesses (Adie, FIR, Entreprendre and Boutiques de gestion was pursued in 2005. ■ The French government asked Caisse des Dépôts to administer the Social Cohesion Fund (Fonds de Cohésion Sociale), which was set up to finance the guarantees essential to encourage the development of micro-credit for business and micro-credit for consumers without access to the traditional banking system. ■ With IMS, Caisse des Dépôts organized the second national seminar on CSR and SMEs, in Lyon.
Philanthropy	Support decentralized cultural and solidarity projects, particularly in urban areas at risk.	<ul style="list-style-type: none"> ■ Caisse des Dépôts continued to lend its support to cultural initiatives in neighborhoods with low-cost public housing. ■ In 2005, Caisse des Dépôts supported some 120 festivals and regional events as part of its philanthropic program devoted to music. ■ Caisse des Dépôts pursued efforts to renovate the Théâtre des Champs-Élysées, which it owns.
Assess and reduce negative social and environmental impacts		
Environmental impacts	Reduce the environmental impact of Caisse des Depots’ sites and facilities, particularly with respect to greenhouse gas (GHG) emissions.	<ul style="list-style-type: none"> ■ An assessment of Caisse des Dépôts GHG emissions was carried out and an action plan designed to reduce emissions by 3% every year (target: divide emissions into 4 by 2050). ■ Environmental risks related to the business were mapped out.
Human resources	Promote training and diversity in the workforce (gender equality, disability, minorities and older workers).	<ul style="list-style-type: none"> ■ A 3 year framework agreement was signed containing references to areas of concern to employees, such as the need for work/life balance, a rewarding pay system, skills development opportunities, job access for young and older workers and measures against discrimination. ■ A disability programme was created in 2005.
Procurement	Develop a responsible procurement policy based on respect for demanding social and environmental criteria.	<ul style="list-style-type: none"> ■ The procurement and cost control department, which is responsible for managing overall purchases, is gradually introducing social and environmental criteria into the procurement process. ■ A few environmental and/or accessibility criteria have been introduced into some office renovation/enhancement projects. ■ An eco-product catalogue of office supplies is now available to buyers.



Stakeholders: an original economic model serving the needs of the nation

Caisse des Dépôts generates consolidated net earnings derived in fairly equal measure from its own-account investment activities and the contribution of its subsidiaries.

It performs public-service missions at cost, reimbursed on a “euro for euro” basis by the funds it manages. This same system applies to the retirement and pension plans under management.

Caisse des Dépôts contributes to the government’s budget in three ways: through income taxes; the payment of a dividend equal to one-third of its net earnings; and the annual results of managed savings deposits, in return for which the state guarantees its centralized deposits. For 2005 alone, these three sources provided a total of €3 Bn. Since 1984, the aggregate surpluses generated by the management of savings deposits have added more than €65 Bn to the government’s budget.

Consolidated net earnings attributable to the Caisse des Dépôts Group (€2.087 Bn in 2005) are equally distributed as follows: reinforcement of shareholders’ equity, public-interest investments, and the dividend paid to the French State.

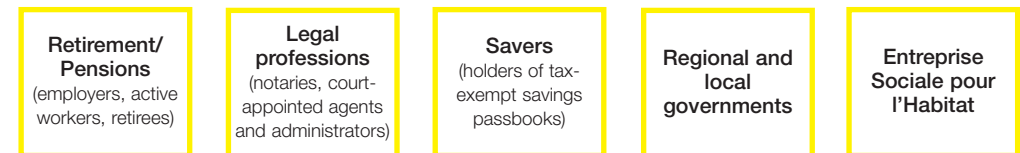
Caisse des Dépôts has a major role in the financial life of French households. It manages around 12% of individual savings via funds on deposit in 45 million French Livret A savings passbooks (€112 Bn). It also manages the retirement pensions of one French person out of five, an activity that provided Caisse des Dépôts with €17.8 Bn in contributions from 7 million active employees in 2005. The same year, it paid out €14.9 Bn in benefits to 2.8 million retirees.

In addition, Caisse des Dépôts ensures the secure transfer of personal assets at key moments in the life of an individual or business: estate planning and inheritance, property transactions, business wind-ups, etc. Such private funds (€47.5 Bn in 2005) are deposited with notaries, court-appointed agents and administrators and managed by Caisse des Dépôts.

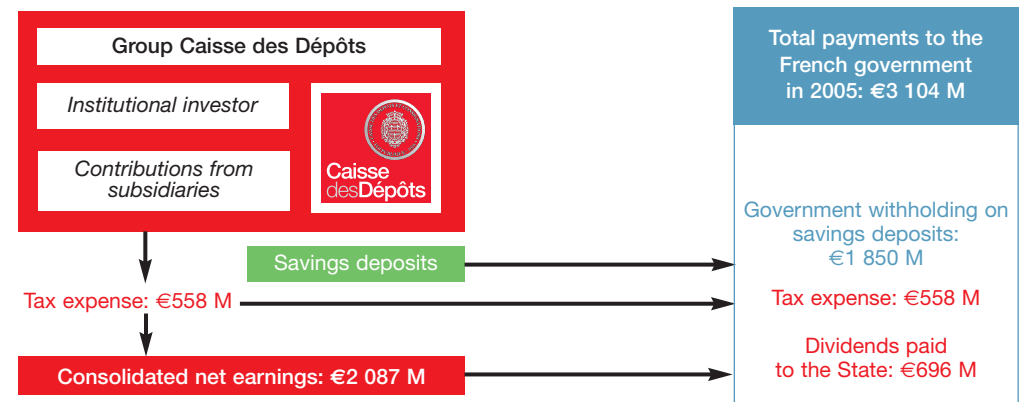
In addition, thanks to the savings deposits it manages, Caisse des Dépôts was able to finance the construction of 80 000 low-income rental units in 2005. Overall, it has helped to finance 4 million low-cost units, which provide housing for one out of six inhabitants of France.

Finally, Caisse des Dépôts is a major long-term investor in both listed companies and private equity.

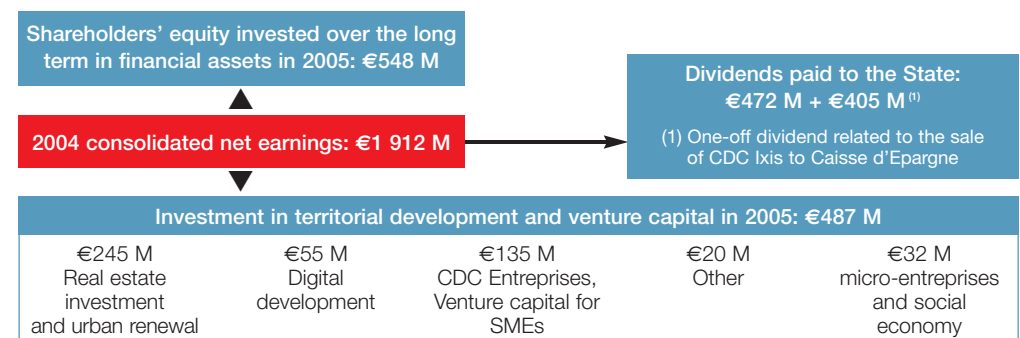
The direct stakeholders of Caisse des Dépôts

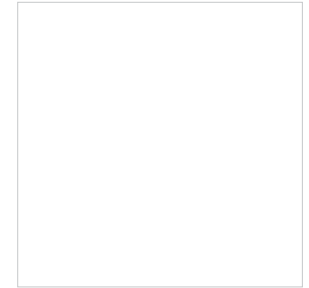


2005 annual result



Use in 2005 of net earnings from 2004





The commitments made by Caisse des Dépôts

The involvement of Caisse des Dépôts in the area of social and environmental responsibility is reflected in its signing up several key commitments.

2006: the UN Principles for Responsible Investment

Six principles governing institutional asset management. www.unpri.org

2005: Carbon Disclosure Project

A request for information from the world's 500 largest corporations on their greenhouse gas emissions, issued by a coalition of institutional investors. www.cdproject.net

2004: Corporate Diversity Guidelines (Institut Montaigne)

Fighting discrimination in the workplace. www.institutmontaigne.org

2002: UNEP Finance Initiative.

A global partnership between the United Nations Environment Programme and the financial sector to protect the environment and encourage social responsibility. www.uneptie.org

Caisse des Dépôts is a member of the CNDD (Conseil National du Développement Durable), France's national council for sustainable development. The council, which brings together representatives of various stakeholders, issues recommendations in the drafting and implementation of the French sustainability policy, in particular at national level.

In addition, Caisse des Dépôts strives to share its experience and viewpoint within organizations dedicated to sustainable development of which it is a member:

► **ORSE (Observatoire sur la Responsabilité Sociétale des Entreprises)**, where it is a founding member, a study center set up to promote information exchange, identify best practices and educate economic and institutional actors in the area of social responsibility and sustainable development. <http://www.orse.org>

► **EPE (Entreprises Pour l'Environnement)**, which mobilizes businesses and promotes their efforts in the area of environmental protection. <http://www.epe-asso.org>

► **CSR Europe**, which is the business reference point for corporate social responsibility and is building Europe's leading CSR network of multinationals.

<http://www.csreurope.org>

► **Comité 21**, (Comité Français pour l'Environnement et le Développement Durable), which encourages exchanges between economic, environmental and social support networks.

<http://www.comite21.org>

► **IMS – Entreprendre pour la Cité**, whose mission is to support and promote companies that undertake initiatives that strengthen and develop the countries, regions and communities in which they do business.

<http://www.imsentreprendre.com>

► **HQE**, an organization that brings together the founders and supporters of a High Environmental Quality (Haute Qualité Environnementale) approach to construction.

<http://www.assohqe.org>

► **Cerqual / Qualitel**, an organization that delivers quality labels (particularly environmental) specifically for the building/housing industry.

<http://www.qualitel.org>

► **Effinergie**, an organization set up to promote energy efficient buildings.

► **EUROSIF and the French Social Investment Forum (FIR – Forum de l'Investissement Responsable)**, for which Caisse des Dépôts sponsors the annual award for academic research in the area of finance and sustainable development.

<http://www.frenchsif.org/fr>

■ Novethic, as Caisse des Dépôts subsidiary at the service of socially responsible investment

Founded in 2001 by Caisse des Dépôts, Novethic plays a unique role in France, providing information on corporate social responsibility (CSR) and socially responsible investment (SRI). Its web site (novethic.fr) is the medium of choice on these issues, allowing tens of thousands of monthly users to get the references and analysis that supplement the ratings of SRI funds marketed in France. Novethic produces quarterly statistics on this market and its characteristics, as well as several annual surveys of asset managers and institutional investors and research and synthetic works on the subject. For more information, go to: www.novethic.fr