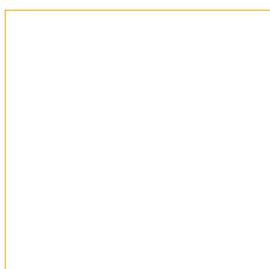
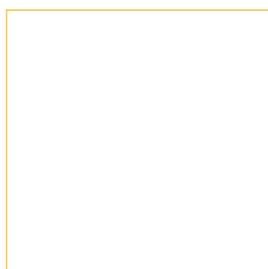
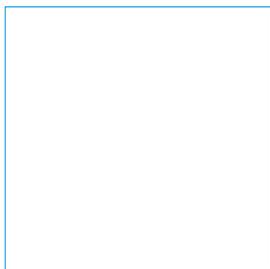


Group charter:  
relationships between  
the public institution and  
its subsidiaries



## Editorial

The Caisse des Dépôts group is unique in its governance structure, its missions, and in the fact that the parent company is a public institution while its subsidiaries are governed by private law. As a result, its internal organisation and its operating procedures must be clearly specified in order to ensure cohesive action.

The development of the Group, the growing contribution of its subsidiaries to the bottom line and the fulfilment of its strategic objectives have made it necessary to re-establish the values and principles governing its actions, on the basis of mutual commitments by the public institution and its subsidiaries and of a common understanding of their responsibilities.

Such is the purpose of this charter, a guidance document that sets forth the principles and rules governing the Group.

Regarding organisations that are not under the exclusive control of Caisse des Dépôts, the application of this charter is, where appropriate, subject to the specific provisions of the shareholder agreements or of any special agreements with the organisation in question or its shareholders. Moreover, this charter applies without prejudice to the statutory provisions of the various organisations within the Group, or to legal and statutory limitations. Whenever the latter are updated, the ensuing negotiations will aim to integrate the principles of the charter.

Additional provisions have been made for some organisations depending on their activities, their capital structure, or the trading of their securities on an organised market. These provisions relate primarily to intra-group transactions and to relations with both internal and external control authorities.

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# Identity of the Caisse des Dépôts group

## > A State-owned group at the service of the public interest and of the country's economic development

The French Monetary and Financial Code defines the Caisse des Dépôts group as “a State-owned group at the service of the public interest and of the country's economic development. The Group fulfils public interest missions in support of public policies implemented by the State and local authorities and can engage in competitive activities. [...]”

*Caisse des Dépôts et Consignations is a long-term investor and promotes business development while respecting its own patrimonial interests.*

*Caisse des Dépôts et Consignations operates under the supervision and guarantee of the legislative authority.”*

The Caisse des Dépôts group is therefore unique in that it is made up of a public institution, alongside several subsidiary companies and affiliates that operate in the competitive sector.

Each of the Group's organisations, operating within its own specific sector, contributes to the public interest and to economic development. Thus, in accordance with their own interests and with competition law, the Group's subsidiaries participate to varying degrees in the implementation of public policy.

These unique circumstances require the Group to adhere to the governance and transparency rules set forth in this charter.

## > A business model in keeping with the Group's social objectives

The Group focuses on long-term and sustainable investments perspective. It does accept some degree of risk in the hope that it will produce financial and societal benefits which might be materialized over the long term.

The public institution helps to promote businesses likely to create long-term value. It may decide to subsidiarise them in order to facilitate their development.

As a shrewd investor, the public institution acts as needed to ensure the stability and growth of its subsidiaries, in compliance with competition law.

In exchange, it expects its subsidiaries to participate effectively in the creation of financial, intangible and social value for the Group.

### Creation of financial value

The Group has three joint strategic financial objectives: security, a satisfactory long-term return on its portfolio of assets, and recurrent profits. The public institution finances general-interest investments in accordance with the law. As it does not have any shareholders, it relies solely on its own performance to build its equity capital.

The subsidiary companies must adopt a rigorous and ambitious financial management strategy, focusing on generating a return on equity and incorporating a dividend payment policy consistent with the Group's business model, their own corporate interest, and market benchmarks.

### **Creation of intangible value**

Creating intangible value is contingent upon developing the trust inspired by the Group. Each of the organisations within the Group is responsible for developing and maintaining trust by taking measures to prevent all risk (strategic, legal, financial, social, reputational, etc.).

### **Creation of social value**

The social value generated by the Group is reflected in its impact on the well-being of those who benefit from its activities. This impact may be either socio-economic or environmental.

Social value is estimated on the basis of the contributions made by each individual organisation to the Group's strategic priorities. The latter are formulated in the objectives and impact indicators set forth in the medium-term strategy plan, which is drawn up annually by the CEO and submitted to the Supervisory Committee for information.

## **> Exemplary and responsible behaviour**

Belonging to the Group means complying with strict ethical and behavioural standards. The public institution ensures that these standards are applied through its management and governance structure.

The public institution and the subsidiary companies act in accordance with competition law. To prevent any conflicts of interest, the Group has drawn up clear action guidelines and governance principles.

The organisations within the Group adhere to and promote best environmental, social and governance practices.

As a shareholder, the public institution ensures that the subsidiary companies apply these practices properly. The latter make sure that they are implemented within their own subsidiaries and affiliates.

The public institution incorporates environmental, social and governance issues into its asset management activities, according to procedures specific to each asset class. Having signed the United Nations Principles for Responsible Investment, it encourages and assists subsidiary companies with an investment activity in the implementation of similar initiatives.

# Unity of the Caisse des Dépôts group

The Group operates according to a principle of regular dialogue between its component organisations. Discussions relating to cross-discipline issues (strategy, accounting, risk, human resources, etc.) take place at Group level, between the departments responsible for steering and each organisation for its monitoring.

The pooling of skills and knowledge, and the establishment of supervision and control mechanisms, contribute equally to the unity of the Group.

## > Governance of the Caisse des Dépôts group

The Caisse des Dépôts group is run by the Chief Executive Officer.

Caisse des Dépôts operates under the supervision and guarantee of the French parliament, via the Supervisory Committee. The CEO provides this Committee with all the information it needs to fulfil its remit regarding the public institution and the Group. This information includes, in particular, the annual objectives set up for the different organisations within the Group (public institution departments and subsidiary companies). The managers of the subsidiaries are interviewed every year by the Supervisory Committee.

The Group Management Committee is the main source of information, strategy development and steering in the Caisse des Dépôts group. It lays the groundwork for the CEO's decisions and ensures the unity of the Group.

The permanent members of the Group's Management Committee include members of the public institution's board, the managers of cross-discipline support functions, and the management of the subsidiary companies, who are appointed by the CEO.

## > Strategic steering and supervision

### **Strategic steering of the Group**

The Group's objectives are set out in a medium-term strategy plan. Based on a common macro-economic framework, this plan establishes the strategic objectives of the Group and the associated target indicators, the main guidelines in terms of capital allocation, and the prospects for creating value.

An annual report and a mid-year review of the medium-term strategy plan, as well as a performance review per strategic priority, are established to bring the CEO and the Management Committee up to date on the progress of the strategy plan and to ensure that the Supervisory Committee is informed twice a year on the status of the annual strategic objectives.

All or any members of the Group's Management Committee may meet together in a specialised committee. These specialised committees tackle subjects that are common to all the organisations within the Group (strategy, accounting, risk management, careers).

## Management of the value creation process in each subsidiary

### Participation in governance bodies

All the organisations within the Group comply strictly with regulatory and legal<sup>1</sup> requirements and apply corporate governance guidelines and best practices<sup>2</sup>.

The public institution demonstrates its interest in each of the subsidiaries by participating – with the agreement of the other stakeholders – in their governance bodies and in the various specialised committees (strategy, accounts and audit, nominations and remuneration, and risk management committees). By participating in the governance bodies of its subsidiaries, the public institution is able to ensure that they apply corporate policy.

The subsidiaries are required to ensure equal access to information among their shareholders and among those participating in decision-making bodies. They comply with current requirements and best practices on keeping governance bodies informed. They also provide these bodies with all the information they need to make decisions efficiently, within a reasonable time period.

The designated representatives of the public institution within the various governance bodies maintain a constructive and well-documented debate at each key stage of the strategic dialogue. They make sure that the risks and the Group's corporate values are taken into consideration.

### Strategic dialogue

The frequency of interactions and the closeness of relations between the public institution and a subsidiary depend on the level of control and risk associated with the subsidiary, and on its contribution to creating value for the Group. Each subsidiary contributes to and participates in the strategic process in a way that is compatible with its own governance system.

The process of dialogue with each subsidiary is examined periodically, according to joint criteria. This process is established by the CEO.

The contributions and key projects of each subsidiary are described in the Group's medium-term strategy plan. The goals defined by the public institution take into consideration the macro-economic context and the specific nature of each sector of activity. These goals are set out in the annual objective statement, which is sent to the managers of all fully-owned subsidiaries. They are also explained in the guidance document intended for the governance bodies of subsidiaries that are not under the exclusive control of Caisse des Dépôts.

The purpose of the strategic dialogue is to enable Caisse des Dépôts to fulfil its role as a shareholder and to build a corporate culture. It aims in particular to:

- identify the financial and operational needs and expectations of the subsidiary and of the public institution;
- monitor the attainment of financial and extra-financial goals;
- ensure compliance with the values and rules in force within the Group.

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<sup>1</sup> For example, AMF rules and competition law.

<sup>2</sup> For example, the AFEP-MEDEF corporate governance code.

The subsidiary companies implement the Group's financial management policy regarding, in particular, balance sheet risk, the management of overheads, the use of financial instruments, indebtedness, foreign currency hedging, and risk management. They make sure that appropriate budget and financial supervision tools are put into place and used.

They undertake to provide the CEO with all the information needed to monitor and control their annual and medium-term objectives. In addition, they actively help the public institution to consolidate the information published on behalf of the Group.

## > Pooling of knowledge and skills within the Caisse des Dépôts group

### Intra-group contractual relations

The public institution is the contracting authority; it is subject to the public contract rules<sup>3</sup> established by the national and European authorities. When it issues an invitation to tender for the delivery of a specific service, a subsidiary company may respond provided that it does not have a preferential advantage or any "insider" information (which would be the case, for example, if it had helped to prepare the project beforehand). The Group does not have any rules of preference.

This condition only applies to the provision of services, and does not forbid joint equity investments. An invitation to tender is not necessary where the subsidiary is fully controlled by, and works exclusively for, the public institution<sup>4</sup>.

A great deal of effort is made to prevent anti-competitive practices<sup>5</sup>. Hence, an across-the-board supervision system has been set up<sup>6</sup>, based on information that the subsidiaries and their administrators are legally bound to provide. The aim is to prevent legal risk arising from the development of partnerships between subsidiaries or from contractual agreements that could be regarded as distorting competition<sup>7</sup>.

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<sup>3</sup> In particular, those provided for in ruling no. 2005-649 of 6 June 2005 and decree no. 2005-1742 of 30 December 2005.

<sup>4</sup> So-called "in-house" companies.

<sup>5</sup> Cartels or abuse of dominant position (articles 101 and 102 of the Treaty on the Functioning of the European Union, and articles L.420-1 and L.420-2 of the French Commercial Code).

<sup>6</sup> Under the responsibility of the Group's legal and tax department.

<sup>7</sup> For example: an agreement between the public institution and a third company containing a non-competition clause relating to the activity of one of the Group's subsidiary companies. This principle also applies where it is likely that a subsidiary's acquisitions or equity investments will have to be reported to the competent authorities, in accordance with merger control rules.

## **Regional cohesion**

The regional director is the CEO's local representative. As such, he represents the Group with all local authorities, decentralised government departments, and the public bodies attached to them. The subsidiaries keep him informed of their regional activities and of any proceedings undertaken with public authorities and bodies.

The regional director ensures that the regional activities undertaken by the Group's component organisations are cohesive, in accordance with the governance rules applicable to these organisations and with their autonomous management rights. He reports to the Director for Local and Regional Development and Network and, through him, informs the CEO of any issues that may impact the strategy, interests, or image of the Group.

The subsidiary companies have the right to appeal to the public institution's regional network, on the basis of an agreement stating that it has no competitive advantage.

## **Activities of the public institution on behalf of the Group**

The public institution places its experts at the disposal of the Group, in order to establish and disseminate its principles and to provide assistance to subsidiaries that require it. These experts operate in the following fields: law, taxation, accounting, communication, human resources, international development, and risk prevention. Their services may be invoiced in some cases.

The actions undertaken by the public institution to promote the identity and unity of the Group are billable to all the subsidiary companies. However, strategic steering and supervision, governance, monitoring and control activities are not billable.

## **Cross-discipline discussion networks**

Where the Group's success in a given sector or field requires the involvement of several disciplines, the public institution sets up cross-discipline discussion networks. The subsidiary companies participate in these networks and are involved in their activities. Hence each organisation benefits fully from belonging to the Group.

## **Human resources**

The Group's human resources department is responsible for defining its human resources policy.

The subsidiary companies help to define and implement the Group's human resources strategy, either directly or indirectly through another organisation. They then implement this strategy within their respective areas of responsibility.

One of the objectives of Caisse des Dépôts is to facilitate employee mobility within the Group. Therefore, the various organisations within the Group encourage such mobility and will take on people from other organisations in the Group.

In accordance with the law<sup>8</sup>, the public institution has created an arena for dialogue between social partners (Joint Information and Consultation Committee), within which several joint procedures and mechanisms are applicable, e.g. social audit, group-level labour agreements. Participation in this Committee is governed by a collective agreement.

### **Internal and external communication**

The Group's corporate communications department is responsible for defining its communications policy. It is in charge of the communications network.

Dialogue between the Group's corporate communications department and its counterparts in the public institution and the subsidiaries is essential to the definition and implementation of a cohesive internal and external communications strategy for the entire Group. The subsidiaries inform the public institution of any planned communication, and of anything that is likely to affect the Group's image. The Group's corporate communications department ensures that the subsidiaries concerned are involved in the communication actions carried out at Group level.

### **The Caisse des Dépôts brand – Using the Caisse des Dépôts name**

The "Caisse des Dépôts" brand name contributes to the creation of value within the Group. It is registered and protected, and gives all of the Group's subsidiaries an identity. It is used under license and is subject to a graphic charter.

Brand affiliation with the Caisse des Dépôts group is subject to a precise set of rules, which are applied under the supervision of the Group's corporate communications department.

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<sup>8</sup> Article 143 - VI of law no. 2001-419 of 15 May 2001.

## > Supervision and control activities

### Internal control

Group's risk management is based primarily on the participation of the public institution in the governing bodies of the subsidiaries, especially their audit committees.

Secondly, the public institution has an internal control and risk management system, which covers both financial and non-financial risk and encompasses all of the Group's activities. This system is adjusted to the nature and volume of an activity, and to the legal status of the organisations exercising it. Two types of control are performed: permanent and periodic.

### Risk management and permanent control

Permanent control procedures are performed by the corporate department in charge of risk management. This department:

- monitors and distributes reference texts and best practices applicable to the Group;
- specifies the standards and procedures applicable to the Group, in terms of risk management and internal control;
- keeps copies of the risk-related documents distributed to the governing bodies.

It is supported by a network of risk managers, compliance managers and anti-money laundering officers in the main subsidiaries of the Group, who specify and implement risk control policy.

The Group's subsidiaries participate in the assessment of risk. They provide the risk management and internal control department with all the regular and one-off information it needed to achieve its mission. The implementation of internal control procedures by the subsidiary companies is monitored via conformity control plans.

### Periodic control

Periodic controls are performed by the Group's central auditing department, which:

- submits a multiannual audit programme to the CEO;
- carries out audits within the Group;
- informs the general management of the Group in the event of a major incident or malfunction;
- draws up and submits a Group's annual report;
- oversees the Group's auditing network, which it develops alongside the internal audit departments of the subsidiary companies.

The latter share, within their own areas of activity, the same responsibilities towards their respective governance bodies. For example, they are responsible for:

- ensuring compliance with the Group's governance and management principles;
- informing the central auditing department of anything that might impact on the level of risk of their subsidiary, and result in a higher level of risk for the Group overall;
- submitting regular audit reports, as well as follow-up reports on post-audit recommendations.

## **Relations with external control bodies**

Relations with authorities such as the Prudential Supervisory Authority (Autorité de Contrôle Prudentiel), the French Audit Office (Cour des comptes), the Financial Markets Authority (AMF), and the Data Protection Authority (CNIL) are managed by the corporate departments appointed by the CEO.

The corporate department in question must be informed as soon as the direct audit of a subsidiary is announced or carried out, and must always be given a copy of the documents produced and collected during the audit.

This principle also applies to other external controls (tax inspections, audits by specific supervisory authorities, etc.).

All documents and reports relating to supervision and control procedures are presented periodically to the Supervisory Committee of Caisse des Dépôts, in accordance with the latter's rules of procedure. These stipulate that some documents must undergo preliminary examination by the Group's specialist committees (the Audit & Risks Committee and the Savings Funds Committee).

## **Auditors**

All of the subsidiary companies must implement the guidelines for auditors. These guidelines specify:

- the scope of the legal responsibilities of auditors, and the principles of incompatibility between auditing and consulting tasks, as set forth in the profession's code of ethics;
- the "50 recommendations" issued by the French institute of administrators (IFA), relating to best practices in the relationship between companies and external auditors.

The plan for the harmonisation of audit practices must be applied every time the audit team within a subsidiary company changes.

## Reference documents in their current version

- ▶ The values of the Caisse des Dépôts group
- ▶ The Group's action policy
- ▶ The Charter of Directors' representing Caisse des Dépôts
- ▶ The rules relative to the terms of office of Caisse des Dépôts representatives
- ▶ The strategy process of the Caisse des Dépôts group
- ▶ The organisation of the Investment Committee (CDE)
- ▶ The Internal Control Organisation Charter (POCI)
- ▶ The Internal Audit Charter of the Caisse des Dépôts group
- ▶ The plan for the harmonisation of audit practices
- ▶ The guidelines on the roles and responsibilities of auditors
- ▶ The rules of procedure of the Supervisory Committee





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