



## SECOND PARTY OPINION<sup>1</sup> ON THE SUSTAINABILITY OF THE PUBLIC INSTITUTION OF CAISSE DES DÉPÔTS ET CONSIGNATIONS' GREEN BOND<sup>2</sup>

Issued in February 2017

### SCOPE

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the “bond”) considered by the Public Institution of Caisse des dépôts et consignations (hereafter the “Issuer”) according to Vigeo Eiris’ Environmental, Social and Governance (ESG) assessment methodology and in line with the Green Bond Principles guidelines. The opinion is based on the review of the two following components:

- Issuer: document-based evaluation of Caisse des dépôts et consignations Group’s (hereafter Caisse des Dépôts or CDC) ESG performance, controversies and capacity to mitigate these risks
- Issuance: analysis of the coherence between the Green Bond framework and the Group’s strategy and commitments, and document-based evaluation of the Green Bond framework published on the Caisse des Dépôts’ website (the “Green Bond framework”), including:
  - ▶ analysis of the process for categorisation and selection of assets eligible to the use of proceeds, and the process for evaluation of their environmental and social risks and impacts
  - ▶ assessment of reporting systems dedicated to information, monitoring and control related to fund allocation, to management and impacts of financed assets.

Vigeo Eiris’ sources of information are gathered from our rating database of issuers, and from, for specific needs of this evaluation, the Issuer, press content providers and stakeholders. Vigeo Eiris has carried out its due diligence from the 21<sup>st</sup> of November 2016 to the 20<sup>th</sup> of January 2017, complemented by interviews with involved departments and managers, held at the Caisse des dépôts et consignations’ offices in Paris (France).

We were able to access to all appropriate documents and to meet all solicited people. We consider that the provided information enable us to establish our opinions with a reasonable level of assurance on their completeness, precision and reliability.

### VIGEO EIRIS’ OPINION

Vigeo Eiris confirms that the bond intended by the Public Institution of Caisse des dépôts et consignations is a “Green Bond” with positive contribution to sustainable development, aligned with the Green Bond Principles.

Vigeo Eiris reaches a reasonable<sup>3</sup> level of assurance on the sustainability of the bond:

- Caisse des dépôts et consignations’ overall ESG performance is advanced<sup>3</sup>, with an advanced performance on the Environmental domain (see Part I).
- The Issuer’s Green Bond framework is coherent with Caisse des dépôts et consignations’ main strategic priorities and is considered to be robust (see Part II):
  - ▶ The net proceeds of the issuance will be used to finance and refinance Eligible Assets, which contribute to climate change mitigation and the reduction of ecosystems’ degradation, in line with three United Nations Sustainable Development Goals.
  - ▶ The processes for categorisation, selection and evaluation of Eligible Assets is clearly defined and robust, and would enable documented and transparent governance of the bond.
  - ▶ The Issuer’s reporting commitments and process are robust, covering the fund allocation and environmental benefits of selected assets (outputs and impacts), reaching an overall reasonable level of assurance on its capacity to report on the Green Bond’s use and impacts.

<sup>1</sup> Second Party Opinion – Green Bond Principles: This opinion is to be considered as the “Second Party Opinion” described by the Green Bond Principles (2016 edition in the ‘External Review’ section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Issuers of Social Bonds (see: [www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/](http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/))

<sup>2</sup> The “Green Bond” is to be considered as the potential forthcoming bond, which issuance is subject to market conditions.

<sup>3</sup> Definition of Vigeo Eiris’ scales of assessment (as detailed on the last page of this document):

Level of Performance: Advanced, Robust, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

## Part I. ISSUER

### Level of the Issuer's sustainability performance

As of September 2015, Caisse des Dépôts' overall approach to manage ESG related issues is advanced. Caisse des Dépôts ranks 3<sup>rd</sup> out of 13 companies in Vigeo Eiris "European Specific purpose Banks & Agencies" sector. The Group displays relatively homogeneous performances on the three ESG pillars.

The best performance is observed in the Social pillar where the public institution addresses all the relevant issues at stake. Caisse des Dépôts achieves also an advanced performance in the Environmental pillar, illustrating the bank's capacity to integrate environmental and climate change risks and opportunities in its financing activities. The performance in the Governance pillar is robust, almost advanced, also due to the integration of ESG issues in the corporate governance strategy and in the internal control system.

Vigeo Eiris' assurance that ESG risk factors of Caisse des Dépôts are adequately managed is reasonable, including reputational, human capital and operational risks.

### Stakeholder-related ESG controversies<sup>4</sup> and controversial activities<sup>5</sup>

As of January 2017, the review conducted by Vigeo Eiris did not reveal any allegation nor controversy against the Issuer. Consequently, Vigeo Eiris had not the opportunity to provide an opinion on the Issuer's controversy risk mitigation. The Issuer has no involvement in any of the 9 controversial activities analysed by Vigeo Eiris.

## Part II. ISSUANCE

### Coherence of the issuance

As a long-term investor, Caisse des dépôts et consignations commits to integrate climate change in its investment and management decisions and reports mainly working on four transitions, including territorial transition as well as ecological and energy transition. In particular, the Group commits to channel 15 billion euros towards low carbon projects between 2014 and 2017.

The Issuer's Green Bond Framework is coherent with organization's main strategic priorities, and contributes to achieve its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on the Issuer's willingness and capacity to align the objectives and the management of this Green Bond with relevant issues in terms of Environmental responsibility.

### Use of proceeds

In line with Caisse des dépôts et consignations' environmental priorities, the net proceeds of the Green Bond will be used by the Issuer to finance and refinance existing Eligible Assets included in 3 categories:

- Energy production infrastructure
- Real estate
- Sites rehabilitation.

Eligible Assets will meet a set of eligibility criteria evaluated by Vigeo Eiris.

Eligible Assets include recent (2016) and future (2017 and 2018) disbursements corresponding to existing, ongoing and/or future investments mainly located in France (few European projects).

Vigeo Eiris estimates that the objectives and expected benefits associated with the Eligible Assets are relevant, measurable, precise and visible for most of the assets (in number), namely energy production infrastructure and real estate assets. We consider objectives and expected environmental benefits from rehabilitation sites assets to be relevant, precise and visible, but partially measurable at this stage, considering that the Issuer is committed to work, together with external experts, on eligibility criteria in order to demonstrate the environmental benefits from sites rehabilitation.

Vigeo Eiris considers that the Eligible Assets' contribution to sustainable development is positive, due to the expected environmental benefits associated with defined categories on climate change mitigation and the reduction of ecosystems' degradation.

In addition, Vigeo Eiris considers the Eligible Assets align with the following UN Sustainable Development Goals: 7. Affordable and clean energy, 11. Sustainable cities and communities and 15. Life on land.



<sup>4</sup> The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of Caisse des Dépôts or its financial obligations.

<sup>5</sup> The 9 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms in food & feed, Nuclear energy, Sex industry, Tobacco. The controversial activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs.

### Process for asset evaluation and selection

The process for evaluation and selection of Eligible Assets to be (re)financed is formalised in the Green Bond framework, made publically available on Caisse des dépôts et consignations' website, and which relies on relevant criteria including:

- Use of proceeds criteria: based on the definition of each Eligible Assets' category and defined in line with the Group's strategic priorities.
- Additional selection criteria: defined to strictly select eligible assets not likely to experience controversies, excluding all other activities from the eligibility framework, and integrate ESG factors in assets selection and in the relation with projects operators.

The Issuer's evaluation and selection process is reasonably structured in terms of governance:

- The selection of Eligible Assets is fully integrated in the Issuer's existing investment process, internal roles and responsibilities are well-defined.
- The evaluation and selection process is based on relevant internal expertise all along the investment process: involved people are appropriate including employees from Directions/Departments of local development and investment, risk management and internal control, strategic management, finance.
- A dedicated Annual Green Bond Committee is in charge of the final selection of Eligible Assets.

Vigeo Eiris considers that the evaluation and selection process of the eligible assets is clearly defined, in line with the Group's policies. The Green Bond framework is considered to be robust in terms of transparency, governance and relevance of defined process and eligibility criteria, in line with the Green Bond Principles requirements.

Beyond the Green Bond Principles requirements, in line with international standards, the Issuer reports being engaged in a constructive dialogue with operators to support them in strengthening their integration of ESG factors in asset management. Aside from the performed ESG analysis, we encourage to continue underway efforts for continuous improvement in terms of integration of ESG in assets management.

### Management of proceeds

The rules for management of proceeds are clearly defined and would enable a documented transparent allocation process.

- The net proceeds of the bond will be managed within the Caisse des dépôts et consignations' treasury liquidity portfolio, in cash or other liquidity instruments, in line with Caisse des dépôts et consignations' responsible investment policy and exclusion principles<sup>6</sup>.
- The proceeds will be used to refinance disbursements made in 2016 as well as to finance disbursements to be made in 2017 and 2018. The overall share of refinancing will not exceed 50%.
- The Issuer will track the net proceeds in two dedicated accounting sections of its treasury (one for liabilities of the bond issuance, another one for unallocated proceeds). This tracking of funds is integrated into the annual financial reporting and in its closing process.
- All the management of proceeds will be reviewed annually by external auditor.

### Reporting

The Issuer commits in its Green Bond framework to transparently report on the Green Bond, including on:

- Use of proceeds: annually and up to the complete allocation of bond proceeds.
  - List of financed assets with description of emblematic investments, amounts invested and associated Caisse des dépôts et consignations' quotas/shares at portfolio level.
  - Compliance of the selected assets with the eligibility criteria, including contractualisation of the targeted objectives and/or achievement of such objectives (for assets being operated only), and verified by an external audit.
- Environmental benefits: disclosed at category level, annually and until the maturity date of the bond.
  - Outputs: annual estimates and/or assessment of major outputs disclosed at category level.
  - Impacts: annual estimates of ex-post impacts based on specific indicators developed by Caisse des dépôts et consignations along with external experts.

The Issuer has identified reporting indicators and selected calculation methodologies based on both internal and external expertise. The selected reporting indicators are relevant for fund allocation and for environmental benefits for the defined Eligible Assets categories, except for impacts from sites rehabilitation assets for which the Issuer is committed to work, alongside with external experts, on calculation methodologies for impact reporting.

<sup>6</sup> <http://www.caissedesdepots.fr/en/responsible-investment>

This commitment demonstrates the Issuer’s willingness to actively participate in the knowledge development on this topic which is contributive to sustainable development.

The process for data collection, consolidation and reporting has been clearly defined in the Green Bond framework, including relevant people from across the Group, including at project level.

The reporting commitments of the Issuer comply with the Green Bond Principles guidelines. Regarding monitoring and reporting on ESG management, the Issuer includes ESG factors in its contracts with projects operators and the ESG reporting system is being implemented in order to be integrated in investment and management processes.

Vigeo Eiris considers that Caisse des Dépôts’ overall reporting commitments are robust, leading to a reasonable level of assurance on Caisse des Dépôts’ capacity to regularly report on the Green Bond use of proceeds and environmental benefits.

**EXTERNAL REVIEW**

The Public Institution of Caisse des dépôts et consignations’ Green Bond issuance is supported by external reviews provided by:

- The hereby Vigeo Eiris’ review (“Second Party opinion”), as sustainability consultant, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering all bond dimensions, i.e. Issuer’s sustainability profile and commitments related to the issuance (use of proceeds, evaluation, selection and allocation processes and reporting).
- An external verification (third party ESG and/or financial audit) of the tracking of the bond proceeds, the compliance of the selected assets with the eligibility process and the reporting processes, during the fund allocation process, until the maturity date of the bond.

Paris, January 27<sup>th</sup>, 2017



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**Disclaimer**

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has never executed any consultancy activity for the Caisse des dépôts et consignations until so far. Caisse des dépôts et consignations is a shareholder of Vigeo Eiris, as a member of the board sub-group of Asset and Pension Fund Managers (9,54%), and has a member of the Board of Directors of Vigeo Eiris, nominated for 3 years (2015-2018).

This opinion aims to explain investors why the Green Bond is considered sustainable and responsible, based on the information made available and analysed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects refinanced or financed by the Green Bond. Caisse des dépôts et consignations is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of funds’ use of proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investment decisions or to make any kind of business transaction..

## DETAILED RESULTS

### Part I. ISSUER

#### Level of the Issuer's sustainability performance

As of September 2015, Caisse des dépôts et consignations Group's overall approach to manage ESG related issues is advanced. The Group ranks 3<sup>rd</sup> out of 13 companies in the Vigeo Eiris "European Specific purpose Banks & Agencies" sector. Caisse des Dépôts displays rather homogeneous performances on the three ESG pillars.

Domain	Comments	Opinion assessment level
Environment	Caisse des Dépôts achieves an advanced performance in the Environmental pillar. The company displays a solid environmental strategy covering both its direct and indirect impacts. Environmental criteria are integrated in the major part of the company's financing. Noteworthy are the integration of targets regarding investment and lending in renewable energy and energy efficiency projects as well as the advising services provided by the Group to companies and public agencies on this issues. The continuous increase of financial commitment of the company into energy transition projects also reflects its effort to face climate change issues. Caisse des Dépôts displays a strong awareness of climate change issue by making energy transition a strategic priority. The Group is committed to exclude from its portfolios all financing (equity or debt) to all greenfield coal-based energy production and all companies manufacturing, storing, or marketing anti-personnel land mines and cluster bomb in accordance with the Ottawa and Oslo conventions (Responsible Investment Charter of Caisse des Dépôts). In addition to the advisory services, the Group set diverse targets on renewable energy and energy efficiency, biodiversity as well as on the carbon footprint of its portfolio.	Advanced
		Robust
		Limited
		Weak
Social	Caisse des Dépôts' performance in the Social pillar is advanced. As of Community Involvement, the commitment to local economic and social development is anchored in the historical mission of public interest of the Group. Noteworthy are the integration of targets on the social housing for student and elderly people and the exclusion of the company's investments in non cooperative jurisdictions. Regarding Human Rights, specific criteria are integrated in both lending and investing activities, including in subsidiaries particularly exposed and operating internationally. Caisse des Dépôts discloses a strong commitment to the promotion of diversity, supported by quantitative targets on gender. In terms of Business Behaviour, relevant measures are implemented to ensure a fair and responsible relations with clients, including the presence of a mediator to handle complaints. Considering Human Resources, the company promotes a proactive social dialogue within all the group, supported by the presence and consultation of employee representatives during board meetings. Regarding training and career management, Caisse des Dépôts focus in promoting job mobility. A pole is dedicated to promote, monitor and communicate about life quality, health and safety on the workplace.	Advanced
		Robust
		Limited
		Weak
Governance	Caisse des Dépôts demonstrates a robust and close to advanced performance in the Governance pillar. The roles of Chairman and CEO are separated and all the 13 members of the Supervisory Board are non-executive. Internal control system covers ESG risks inherent to the institution's business operations. Caisse des Dépôts commits in its General Principles on the governance of listed companies to promoting good governance practices in investee companies. The commitment to preventing corruption and money laundering is comprehensive and is supported by training programs. There is a confidential reporting system and the company reports some indicators on the suspicious activities. Significant efforts have been done in terms of transparency of lobbying activities and a special internal committee have been created to monitor and control lobbying budget.	Advanced
		Robust
		Limited
		Weak

#### Stakeholder-related ESG controversies and controversial activities

As of January 2017, the review conducted by Vigeo Eiris did not reveal any allegation nor controversy against the Issuer. Consequently, Vigeo Eiris cannot assess the Issuer's capacity to mitigate allegations.

As of January 2017, the Issuer has no involvement in any of the 9 controversial activities analysed by Vigeo Eiris, namely: alcohol, animal maltreatment, armament, hazardous chemicals, gambling, GMOs in food & feed, nuclear energy, sex industry, and tobacco.

## Part II. ISSUANCE

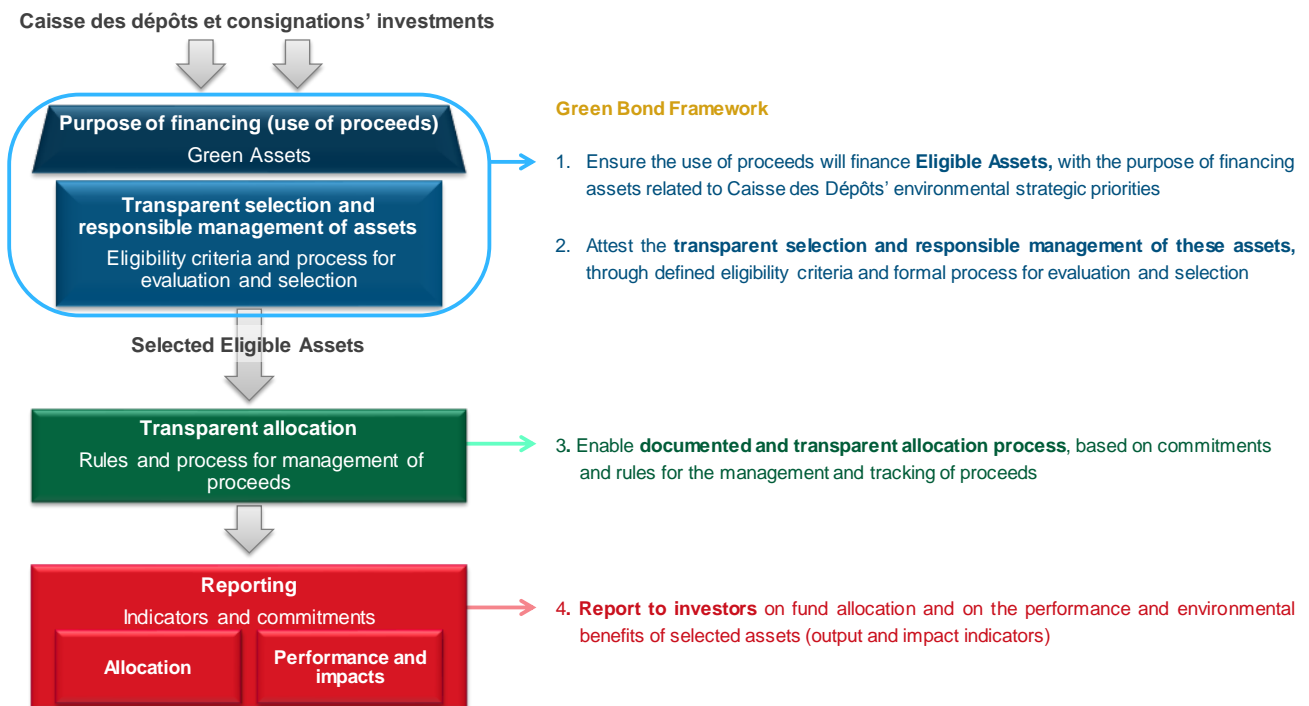
### Coherence of the issuance

As a long-term investor, Caisse des Dépôts commits to integrate climate change in its asset management decisions and reports mainly working on four transitions, including territorial transition as well as ecological and energy transition. In particular, the Group pledges channeling 15 billion euros towards low carbon projects between 2014 and 2017.

- Regarding territorial transition, Caisse des Dépôts participates in stakeholders, local authorities and their operators development projects contributing to the competitiveness and appeal of territories. This includes modernizing public infrastructure and facilities and contributing to urban renovation and territorial planning.
- As to ecological and energy transition, Caisse des Dépôts mobilizes its funding capacities, subsidiaries and tools to this transition, developing operational solutions for companies to contribute to a better performing society, more restrained in terms of the consumption of natural resources and energy. Caisse des Dépôts encourages the energy mix diversification through investments in the sector of renewable energies and support of green economy companies such as wind, biomass, photovoltaic, and hydraulic.
- Saving energy and improving the energy performance of buildings (in social and private housing stock, public buildings and companies) is another clear priority for Caisse des Dépôts. The Group commits reducing by 38% its fully owned real-estate portfolio's energy consumption between 2010 and 2030 in order to decarbonize its portfolios.
- Finally, Caisse des Dépôts commits to play a key role in terms of preserving natural environments and biodiversity, notably by promoting and protecting natural resources. Caisse des Dépôts carries out territorial collective projects with a long-term approach, and is encouraging natural heritage protection by developing biodiversity preservation offers and investing in dedicated sites rehabilitation funds.

Consequently, the Issuer's Green Bond Framework is coherent with organization's main strategic priorities, and contributes to achieve its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on the Issuer's willingness and capacity to align the objectives and the management of this Green Bond with relevant issues in terms of Environmental responsibility.

### Green Bond framework



### Use of proceeds

In line with the Caisse des Dépôts' environmental priorities, the net proceeds of the Green Bond will be used by the Issuer to finance and refinance existing Eligible Assets included in 3 categories:

- Energy production infrastructure
- Real estate
- Sites rehabilitation.

Eligible Assets will meet a set of eligibility criteria evaluated by Vigeo Eiris.

Eligible Assets include recent and future disbursements corresponding to existing, on-going and/or future investments mainly located in France (few European projects). "Recent" means disbursements made in 2016 while "future" means disbursements to be made in 2017 and 2018.

Use of proceeds criteria and expected environmental benefits have been defined and evaluated in the table below:

Eligible Assets' categories	Definitions and examples of assets (not limited to)	Objectives	Sustainability benefits	Vigeo Eiris' analysis
<b>Energy production infrastructure</b>	<p>Investments related to the construction and development of electricity production units:</p> <ul style="list-style-type: none"> <li>• Having more than 85% of its production from solar, wind, geothermal, micro-hydropower, biomass, or wave and tidal</li> <li>• Having all required authorizations and permits</li> <li>• Not experiencing controversies, especially environmental ones</li> </ul> <p>&gt; Assets located in France</p> <p><u>Examples:</u></p> <ul style="list-style-type: none"> <li>- Construction of the wind farm of Sainte-Rose (Guadalupe)</li> <li>- Installation of photovoltaic panels at Saint-Etienne du Grès</li> </ul>	<p>Develop renewable electricity production</p>	<p>Climate change mitigation</p> <ul style="list-style-type: none"> <li>• GHG emissions reduction (renewable electricity generation)</li> </ul>	<p>The definition is clear and the content is relevant.</p> <ul style="list-style-type: none"> <li>• Alignment with CDC's strategy</li> <li>• Additional criteria applied for biomass-related assets are linked to wood based solid biomass applications, with a biomass sourcing within 100 km distance from the production unit, avoiding competition for food crops and land and certified under PEFC forest certification.</li> <li>• Micro-hydropower assets are hydro units ranging from 100 kW to 5 MW, and are located in temperate zones (mainland France)</li> </ul> <p>The objectives are visible, measurable and relevant.</p>
	<p>Investments related to the construction and development of heat production units:</p> <ul style="list-style-type: none"> <li>• Having more than 85% of its production from solar, geothermal, or biomass</li> <li>• Benefiting from the 'Ecoréseau de chaleur' label</li> <li>• Emitting less than 500 grammes of CO<sub>2</sub> per MWh</li> <li>• Enabling first third pricing</li> <li>• With efficient energetic density</li> </ul> <p>&gt; Assets located in France</p> <p><u>Examples:</u></p> <ul style="list-style-type: none"> <li>- Construction of energy generation units from biomass at Vielle Saint-Girons</li> <li>- Construction of an energy generation facility from biomass at Brignoles</li> </ul>	<p>Develop renewable heat production</p>	<p>Climate change mitigation</p> <ul style="list-style-type: none"> <li>• GHG emissions reduction (renewable heat generation)</li> </ul>	<p>The definition is clear and the content is relevant.</p> <ul style="list-style-type: none"> <li>• Alignment with CDC's strategy</li> <li>• Eligible renewable energies defined with additional criteria for biomass-related generation (see above)</li> </ul> <p>The objectives are visible, measurable and relevant.</p>

Eligible Assets' categories	Definitions and examples of assets (not limited to)	Objectives	Sustainability benefits	Vigeo Eiris' analysis
<p><b>Real estate</b></p>	<p>Investments related to the construction of buildings with specified sustainability labels/certifications targets or buildings' heavy rehabilitation benefiting from at least one sustainability label/certification, the minimum level of label/certification being:</p> <ul style="list-style-type: none"> <li>• LEED Gold</li> <li>• BREEAM Very Good</li> <li>• BBC Effinergie+</li> <li>• HQE Excellent</li> <li>• NF Habitat et Environnement</li> <li>• Compliance E+C-</li> <li>• Bâtiment Durable Méditerranéen</li> <li>• Qualité Environnement Calédonienne</li> </ul> <p>&gt; Assets located in France</p> <p><u>Examples:</u></p> <ul style="list-style-type: none"> <li>- Construction of a residential care home for the elderly at Vernouillet</li> <li>- Construction of the "Enjoy" office building in Paris</li> <li>- Rehabilitation of the prior Reuilly fire station</li> <li>- Rehabilitation of the "Chateaudun" office building in Paris</li> </ul>	<p>Develop low-carbon buildings</p> <p>Improve energy efficiency of buildings</p>	<p>Climate change mitigation</p> <ul style="list-style-type: none"> <li>• Energy savings and GHG emissions reduction (more efficient buildings)</li> </ul>	<p>The definition is clear and the content is relevant:</p> <ul style="list-style-type: none"> <li>• Alignment with CDC's strategy</li> <li>• Relevant sustainability label/certification and level targeted</li> </ul> <p>The objectives are visible, measurable and relevant</p>
<p><b>Sites rehabilitation</b></p>	<p>Investments related to the remediation of polluted soils in urban zone through dedicated capital investment funds</p> <p>&gt; Assets located in Europe (mostly in France)</p> <p><u>Examples:</u></p> <ul style="list-style-type: none"> <li>- Brownfields 2 fund</li> <li>- Ginkgo and Ginkgo 2 funds</li> </ul>	<p>Avoid artificialization by remobilizing constructible land in urban areas after pollutants removal</p>	<p>Climate change mitigation</p> <p>Reduction of ecosystems' degradation</p>	<p>The definition is clear and the content is partially relevant:</p> <ul style="list-style-type: none"> <li>• Alignment with CDC's strategy</li> <li>• Main pollutants removed from contaminated sites are hydrocarbons, heavy metals, asbestos and chlorinated solvents</li> </ul> <p>The objectives are visible and relevant but partially measurable</p>

Vigeo Eiris estimates that overall objectives and expected benefits associated with the Eligible Assets are relevant, measurable, precise and visible for most of the assets (in number), namely energy production infrastructure and building assets. We consider objectives and expected environmental benefits from rehabilitation sites assets to be relevant, precise and visible, but partially measurable at this stage, considering that the Issuer is committed to work, together with external experts, on eligibility criteria in order to demonstrate the environmental impacts from sites rehabilitation.

Vigeo Eiris considers that the Eligible Assets' contribution to sustainable development is positive, due to the expected environmental benefits associated with defined categories on climate change mitigation and the reduction of ecosystems' degradation.



In addition, Vigeo Eiris considers that the Green Assets align with the following United Nations Sustainable Development Goals (UN SDGs):

#### Contribution to achieving the UN SGD 7. Affordable and clean energy



The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy, with targets by 2030 on the share of renewable energy in the global energy mix and the improvement of energy efficiency. By using the green bond proceeds to finance Eligible Assets related to the defined Energy production infrastructure and Real estate Categories, the Issuer is contributing to the UN SDG 7, with regards to the above-mentioned targets.

#### Contribution to achieving the UN SGD 11. Sustainable cities and communities



The UN SDG 11 consists in making cities inclusive, safe, resilient and sustainable, with targets by 2030 on the access for all to adequate, safe and affordable housing and basic services, inclusive and sustainable urbanization, the protection and safeguarding of the world's cultural and natural heritage, the reduction of the adverse per capita environmental impact of cities. By using the Green Bond proceeds to finance Eligible Assets related to the defined Energy production infrastructure, Real estate and Sites rehabilitation Categories, the Issuer is contributing to the UN SDG 11, with regards to the above-mentioned targets.

#### Contribution to achieving the UN SGD 15. Life on land



The UN SDG 15 consists in sustainably managing forests, combating desertification, halting and reversing land degradation, and halting biodiversity loss, with targets by 2030 on the restoration of degraded land and soil and the reduction of the degradation of natural habitats. By using the Green Bond proceeds to finance Eligible Assets related to the defined Sites rehabilitation Category, the Issuer is contributing to the UN SDG 15, with regards to the above-mentioned targets.

#### Process for assets evaluation and selection

The Issuer is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds and financed assets, through defined Eligibility Criteria, which have been evaluated by Vigeo Eiris using our evaluation methodology based on international and sectors standards.

The process for assets evaluation and selection is robust, regarding the transparency, governance and efficiency of the defined method, in line with the Green Bond Principles guidelines.

- The process is clearly defined, formalised and publically available, relying on relevant selection criteria. In particular, the selection process aimed to strictly select eligible assets not likely to experience controversies, excluding all other activities from the eligibility framework, and integrate ESG factors in assets selection and in the relation with projects operators.
- The selection of Eligible Assets is fully integrated in the Issuer's existing investment process, internal roles and responsibilities are well-defined with:
  - ▶ A first analysis of assets eligibility aims at defining a pool of potential Eligible Assets from an initial investments pool.
  - ▶ Then the evaluation and confirmation of assets' compliance with eligibility criteria by Investment Committees.
  - ▶ Finally, the approval of the disbursements to be made by the Annual Green Bond Committee, chaired by the Group's Chief Executive Officer (or representative).
- The process is based on relevant internal expertise, all along the investment process: involved people are appropriate including employees from Directions/Departments of local development and investment, risk management and internal control, strategic management, finance.
  - ▶ Dedicated trainings have been provided to relevant employees for identifying assets that would meet eligibility criteria as soon as they enter the potential investments pool.
  - ▶ The Department of risk management and internal control is involved in several steps of the process, including in the definition and evaluation of ESG risks for most of the assets (i.e. assets managed by the Direction of local development and investment).
  - ▶ A dedicated Annual Green Bond Committee is in charge of the final selection of Eligible Assets.

Beyond the Green Bond Principles requirements, in line with international standards, the Issuer reports being engaged in a constructive dialogue with operators to support them in strengthening their integration of ESG factors in asset management, performing environmental impact assessment and public consultation. Aside from the performed ESG analysis, we encourage to continue underway efforts for continuous improvement in terms of integration of ESG in assets management.

### Management of proceeds

Vigeo Eiris considers that the Issuer’s rules for management of proceeds are clearly defined in the Green Bond framework and would enable a documented transparent allocation process.

- The net proceeds of the bond will be managed within Caisse des dépôts et consignations’ treasury liquidity portfolio, in cash or other liquidity instruments, in line with Caisse des Dépôts’ responsible investment policy and exclusion principles<sup>7</sup>.
- Cash surplus will be managed by the Department of treasury within a dedicated accounting section, and invested within 10 business days with a maturity date limited to the following Annual Green Bond Committee.
- The Issuer will allocate the Green Bond proceeds towards Eligible Assets within 24 months after the issuance of the bond.
- The proceeds will be used to refinance disbursements made in 2016 as well as to finance disbursements to be made in 2017 and 2018. The Issuer’s rationale for the selection of Eligible Assets should lead to an overall share of refinancing not exceeding 50%.
- In case of asset postponement, the Issuer commits to use the net proceeds to finance other Eligible Assets which are compliant with the Green Bond framework, corresponding to one of the Eligible Assets’ category without distinction.
- The Issuer will track the net proceeds in two dedicated accounting sections of its treasury: one dedicated to the liabilities of the bond issuance itself and another one to the cash management of resources not allocated yet.
- Tracking and reporting by quotas/shares will inhibit double counting risks. This tracking of the funds is integrated into the annual financial reporting and in its closing process. All the management of proceeds will be reviewed annually by an external auditor.

### Reporting

The Issuer commits in its Green Bond framework to annually and transparently report on the Green Bond, including on:

- Use of proceeds: annually and up to the complete allocation of bond proceeds.

Criteria	Reporting indicators at portfolio level	Reporting indicators at Bond level
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>• List of financed assets with description of emblematic investments</li> <li>• Number of projects/funds</li> <li>• Amounts invested (in EUR)</li> <li>• Average CDC’s quotas/shares (in %)</li> <li>• Unrestricted assets compliance with eligibility criteria, including contractualisation of the targeted objectives or achievement of such objectives (for assets being operated only), and verified by an external audit.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of projects/funds</li> <li>• Amounts invested (in EUR)</li> <li>• Average CDC’s quotas/shares (in %)</li> <li>• Total allocated amount vs total amount of proceeds (in %)</li> <li>• Balance of unallocated proceeds (in EUR and %)</li> <li>• Description of the unallocated proceeds management</li> <li>• Unrestricted assets compliance with eligibility criteria</li> </ul>

- Environmental benefits: disclosed at portfolio level, annually and until the maturity date of the bond.

Eligible Assets categories	Output indicators	Impact reporting indicators
<b>Energy production infrastructure</b>	<ul style="list-style-type: none"> <li>• Additional installed capacity</li> <li>• Energy production (estimated for assets under construction)</li> <li>• Number of beneficiary households (estimated for assets under construction)</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon dioxide emissions avoided (estimated for assets under construction)</li> <li>• Estimated number of supported jobs (for heat production units only)</li> </ul>

<sup>7</sup> <http://www.caissedesdepots.fr/en/responsible-investment>

Eligible Assets categories	Output indicators	Impact reporting indicators
<b>Real estate</b>	<ul style="list-style-type: none"> <li>• Share of projects located out of Paris area</li> </ul> <p><u>Under construction</u></p> <ul style="list-style-type: none"> <li>• Environmental label/certification targeted</li> <li>• Energy consumption per m<sup>2</sup> targeted</li> </ul> <p><u>Being operated</u></p> <ul style="list-style-type: none"> <li>• Level of label/certification reached</li> <li>• Energy consumption per m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Carbon dioxide emissions avoided</li> <li>• Estimated number of supported jobs</li> <li>• Energy savings (for rehabilitation projects only)</li> </ul>
<b>Sites rehabilitation</b>	<ul style="list-style-type: none"> <li>• Number of sites having benefited from pollution removal</li> <li>• Surface area having been depolluted</li> <li>• Expected sites usage after pollution removal</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated number of supported jobs</li> <li>• Additional impact reporting indicator(s) to be defined post-issuance by the Issuer</li> </ul>

The Issuer has identified reporting indicators and selected calculation methodologies based on both internal and external expertise. The selected reporting indicators related to the fund allocation are relevant for all defined Eligible Assets categories, and those related to environmental benefits are relevant for the defined Eligible Assets categories, except for impacts from sites rehabilitation assets for which the Issuer is committed to mobilize appropriate resources and to work, alongside with external experts, on calculation methodologies for impact reporting. This commitment demonstrates the Issuer's willingness to actively participate in the knowledge development on this topic which is contributive to sustainable development.

The reporting commitments of the Issuer comply with the Green Bond Principles guidelines.

Regarding monitoring and reporting on ESG management, the Issuer includes ESG factors in its contracts with projects operators and the ESG reporting system is being implemented in order to be integrated in investment and management processes.

In order to report on the assets' benefits, the Issuer may select alternative quantitative or qualitative indicators, to remain relevant to the selected Eligible Assets. For all Eligible Assets, the Issuer may integrate additional qualitative or quantitative indicators as considered appropriate to disclose relevant performances or details on assets management.

The process for data collection, consolidation and reporting has been clearly defined in the Green Bond framework, including relevant people from across the Group, including at project level:

- Asset or project managers are in charge of collecting the identified information.
- A first consolidation will be made at category and Direction/Department levels, notably by the people responsible for ESG matter.
- Then the Department of strategy will aggregate the indicators and draft the Green Bond report.

The reporting will be performed on an annual basis through an annual dedicated report available on the Issuer's website ([www.caissedesdepots.fr](http://www.caissedesdepots.fr)), according to the Green Bonds Principles guidelines, including calculation methodologies. Moreover, the Issuer commits to produce its first dedicated report in the 4<sup>th</sup> quarter 2017. Reporting on allocations will be verified by annual external audits.

Vigeo Eiris considers that the Issuer's overall reporting commitments are robust, leading to a reasonable level of assurance on the Issuer's capacity to regularly report on the Green Bond use of proceeds and environmental benefits.

## METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation or activity, including the issuance of fund raising. In this sense, Vigeo Eiris writes an opinion on the Issuer's sustainability performance as an organisation, and on the objectives, management and reporting of the assets (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organised in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customised regarding material issues, based on the Bank, Energy and Real Estate assessment frameworks, project specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organisations). Information gathered from these sources will be considered as long as they are public, documented and traceable. In total, Vigeo Eiris has reviewed documents and websites of Caisse des Dépôts related to the Green Bond evaluation (SRI and climate policies, ESG risks assessment tool, climate and CSR reporting documents, PRI reporting...) and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for opinion on bonds and publications for corporate and sovereign issuers) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all issuers under our review, including three levels: first, the team linked to the issuer, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

### Part I. ISSUER

*NB : The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating. Furthermore, this assessment has been completed based on additional information provided by the Issuer to Vigeo Eiris Enterprise using the ESG assessment methodology developed by Vigeo Eiris.*

#### Level of the Issuer's ESG performance

Caisse des dépôts et consignations Group has been evaluated by Vigeo Eiris in September 2015 on its social responsibility performance, based on 17 relevant ESG drivers. Caisse des Dépôts' ESG performance has been assessed by Vigeo Eiris on the basis of three "items":

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders feedbacks and controversies.
- Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

#### Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of three factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 9 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

## Part II. ISSUANCE

The Green Bond framework has been evaluated by Vigeo Eiris according to the Voluntary Process Guidelines issued by the Green Bond Principles v.2016, to its alignment with the UN Sustainable Development Goals, and to international standards and sector guidelines applying in terms of ESG issues.

### Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Assets and are traceable within the issuing organisation. Each asset endorsed shall comply with at least one of the Eligible Assets category definition in order to be considered as an Eligible Asset. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond's associated Eligible Assets has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Assets. The contribution of Eligible Assets to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

### Process for expenditure evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

### Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

### Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of Eligible Projects financed by the Green Bond proceeds, collected at project level and potentially aggregated at bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Robust, Advanced.
- Scale of level of assurance on issuer's capacity: Reasonable, Moderate, Weak.

## VIGEO EIRIS' ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and use of innovative methods to anticipate emerging risks	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak		

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