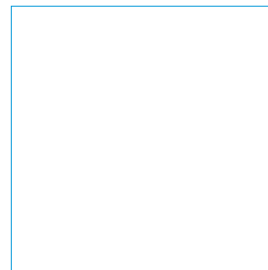
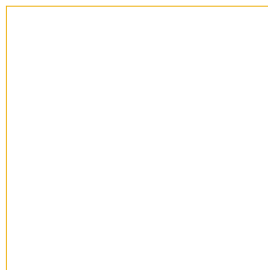
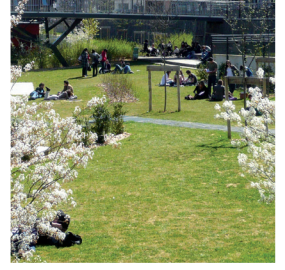
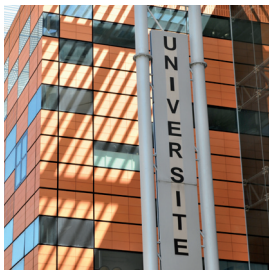
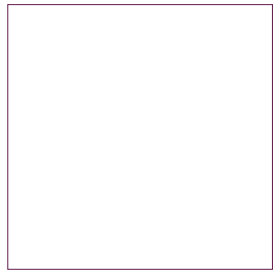
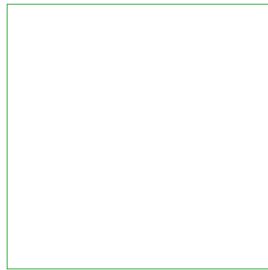
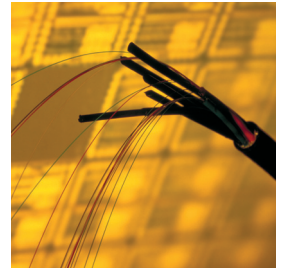


Caisse des Dépôts Charter for Responsible Investment



Editorial

The Caisse des Dépôts is a long-term investor. As such, it believes that by shaping its investment policy around environmental, economic, corporate, social, governance, and management¹ considerations it is assisting the balanced and sustainable development of the economy and of society. It is committed to taking action alone and alongside partners to promote responsible investment, with a view to gradually aligning the long-term interests of investors and those of society as a whole.

The purpose of this Charter is to outline the principles that guide the Caisse des Dépôts group, and to affirm its identity as a responsible investor.

The Caisse des Dépôts is a public group that has subsidiaries, acquires stakes, and manages financial portfolios. Its Charter is upheld and promoted by all of the group's employees, fund managers, and directors as well as by its representatives among the decision-making bodies of these subsidiaries and holdings, in particular those engaged in financing activities.

Its principles are part of a continuous improvement initiative. They are enriched through experience, research, and collaboration, notably with investor peers.

¹ The acronym ESG will henceforth be used for the sake of readability, even though the Caisse des Dépôts prefers to adopt as broad an approach as possible.

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A responsible financing policy consistent with the group's identity

> A company objective defined by law

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 law states that the Caisse des Dépôts also contributes to local and national economic development, particularly in the areas of employment, urban policy, the fight against banking and financial exclusion, business creation, and sustainable development. The Code specifies that *“the Caisse des Dépôts et Consignations is a long-term investor promoting business development in line with its own patrimonial interests.”*

All investment activities of the group's component organisations, operating within their own specific sector, contribute in a balanced manner to the public interest and economic development, while also respecting the group's proprietary interests and their own corporate interests.

Moreover, the Caisse des Dépôts is a trusted administrator for third-party accounts, notably in the context of directorships meeting perennial collective needs. In particular, it is in charge of the central management of the French Livret A (regulated savings) and Livret de Développement Durable (sustainable development scheme) savings accounts, which it uses to finance public interest projects for example in the area of social housing.

The Caisse des Dépôts operates *“under the supervision and guarantee of the legislative authority”* via its Supervisory Committee. Its Chairman and Chief Executive Officer report annually before the French Parliament exercising this supervision

Under France's 2008 Law on the Modernisation of the Economy, the Supervisory Committee is responsible for establishing the Caisse des Dépôts' prudential model. The Committee uses this model to establish the company's debt and equity target levels. The group's resources must allow it to:

- carry out its public interest missions;
- make the necessary investments for the development of its subsidiaries;
- seize investment opportunities to ensure growth and to put its patrimonial interests to work.

> Value creation incorporating social concerns

On account of its mission, the group carries out its activities from a long-term value creation perspective. This perspective is described in a Group Charter governing the relationships between the public institution and its subsidiaries (Appendix A). It encompasses a balance of:

- financial value: the security of the deposits it is entrusted with, the long-term yield of its portfolio, and recurring profits;
- intangible value: the preservation of the trust that the group inspires in those benefiting from its activities;
- social value: the impact of the group's activities on society and the environment, and their ability to meet the needs of the end beneficiaries which feed the group's strategic priorities.

Consistent with this vision of value creation, the Caisse des Dépôts strives, as a responsible long-term investor, to understand the opportunities and risks associated to current and prospective investments, to the fullest extent:

- It takes into consideration all the financial, Environmental Social and Governance (ESG) parameters affecting the financial value of the assets or the project;
- When evaluating its investment projects, it also takes into consideration the social value created for the community. These extra-financial benefits include but are not limited to climate change mitigation and adaptation to its effects, limitation of biodiversity loss, development of jobs and human capital, promotion of social and intergenerational diversity, sustainable urban and regional planning, and initiatives conducive to innovation and a knowledge society.

In order to maximise its social utility, the Caisse des Dépôts not only identifies the ESG issues impacting the assets in which it invests, but also strives to integrate their consideration in the economic models, strategic decisions, and the performance-measurement systems of the companies in which it invests. It assesses the consolidated impact of its actions and reports on each strategic goal's impact both internally and externally.

The Caisse des Dépôts carries out its activities in accordance with the fundamental principles adhered to by the international community, including:

- respect for human rights, for freedom of association, and for collective bargaining rights;
- the elimination of forced and child labour, and of workplace discrimination;
- the protection of the environment and the moderate use of natural resources;
- the fight against money laundering and corruption.

> The Caisse des Dépôts' commitments

Respect for French and European legal frameworks

The group respects the legal framework by which it is governed and the international conventions signed by France. For this reason in particular, and in accordance with the Ottawa and Oslo conventions, it excludes from its portfolios all companies manufacturing, storing, or marketing anti-personnel land mines and cluster bombs.

Consistent with its position as a public institution, the Caisse des Dépôts encourages adherence to the environmental and social standards recognised in French laws and in EU laws when investing outside of the EU.

In accordance with its legal obligations, the Caisse des Dépôts has established a framework of procedures to prevent money laundering, the financing of terrorism, embargo violation, and corruption.

Moreover, the Caisse des Dépôts endeavours to avert the reputational risks linked with investments in tax havens. It pays close attention to its choice of partners, notably in the case of co-investments, and is committed to investing only in the countries that respect international treaties signed by France. It does not therefore invest in countries sanctioned for serious human rights violations.

Voluntary commitments consistent with the group's responsible financing policy

The Caisse des Dépôts has committed to:

- the UN Principles for Responsible Investment, of which the Caisse des Dépôts was a co-sponsor and founding signatory;
- the UNEP Finance Initiative Statement;
- the 10 principles of the United Nations Global Compact;
- The Long-Term Investors Club charter, which the Caisse des Dépôts founded.

> Investment activities underpinned by common principles

On account of its diverse business activities, the Caisse des Dépôts' responsible financing policy has six complementary areas of focus:

- A capital allocation consistent with its strategic positions, which are presented in its medium-term strategy plan;
- The respect for legal frameworks through a proactive compliance process;
- The systematic analysis of the ESG issues associated with its activities, and consideration of these issues when integrating assets to the portfolio and in subsequent asset-management decisions, according to the procedures specific to each asset class;
- A commitment throughout the entire asset holding period, reflected in support for the company and the close monitoring of ESG issues and progress made;
- A strict voting policy, communicated in the principles and guide used by Caisse des Dépôts representatives;
- ESG-related goals for the investment managers and for those of Caisse des Dépôts' component organisations carrying out investment activities.

An implementation of the funding policy based on ESG integration and long term commitment

> A responsible investment policy shared by group subsidiaries

Subsidiaries are managed in compliance with a Group Charter, which establishes the principles governing the relationship between the public institution and its subsidiaries and their reciprocal rights and duties in the respect of their own corporate interests and governance (Appendix A). This Charter states that value created by an organisation can be not only of a financial nature, but also of an intangible or social nature.

In this Charter, the Caisse des Dépôts calls on its subsidiaries to promote best ESG practices in their operations and across their business activities, and pledges support of their initiatives in this respect. In particular, the Caisse des Dépôts advises its subsidiaries carrying out investment activities to adopt a responsible investment approach analogous to its own, and supports them in this area.

The group's strategic priorities and value creation prospects, as defined in the medium-term plan, are controlled regularly by the group's Management Committee. They are set out in the annual individual mission and guidelines intended for the subsidiaries. They are the subject of regular dialogue between the public institution and its subsidiaries and of a report presented to the Supervisory Committee.

The Caisse des Dépôts' subsidiaries undertake to provide the group's Chief Executive Officer with all information useful to the achievement of their goals and to their management. The Caisse des Dépôts requires its subsidiaries to communicate all the information necessary for it to evaluate their situation in the aforementioned areas, and to deliver progress reports on the deployment of their sustainability policies. Some of this information is included in the Caisse des Dépôts group's Corporate Social Responsibility (CSR) report. In addition, the group's listed subsidiaries issue their own CSR reports in compliance with regulations.

The directors play a key role in the ongoing dialogue between the Caisse des Dépôts and its subsidiaries. They are the guarantors of the mutual understanding of respective goals. They carry out their activities in compliance with this Charter.

Investment decisions relating to subsidiaries or merger-and-acquisition transactions that have a significant impact on the group's balance are examined by the group's Investment Committee. An in-depth analysis of the ESG issues raised by the investment project is carried out, leading to a formal opinion on sustainability impacts being presented to the Committee before a decision is made. This opinion is taken into account alongside any risk, legal, and financial advice.

Strategic investments or investments equal to or greater than 150 million euros are submitted for opinion by the Caisse des Dépôts' Chief Executive Officer to the Supervisory Committee's Investment Committee.

> A responsible investor in its asset-management decisions

In addition to its subsidiaries, the Caisse des Dépôts invests in a wide variety of assets. The financing policy, covering various asset types is further translated into specific operational guidelines used by investment teams.

Company financing

Investment managers consult the ESG information of companies in which an investment is envisioned or in which securities are held (meetings, research, questionnaires, agency ratings, due diligence, etc.). In particular, they analyse any controversies relating to securities or projects, and are vigilant regarding securities that present a reputational risk so as to protect Caisse des Dépôts' intangible value.

Investment managers integrate the results of their analyses in their investment decisions. They limit the holding of securities presenting long-term ESG risks likely to negatively affect financial value of the company, and favour those that combine financial opportunities and a positive social impact.

For corporate bonds, the Caisse des Dépôts seeks to improve the assessment of the default and downgrade risk by integrating ESG risks into the analysis of counterparty risk. The risk-management department completes its financial analysis of counterparty risk by considering non-financial factors.

Investments in real estate

In its direct real estate investments, the Caisse des Dépôts favours the acquisition of highly energy-efficient and environmentally-friendly buildings, as well as the renovation of its existing portfolio assets such as to respect these characteristics and obtain the relevant certifications. Particular attention is paid to projects that may be affected by changes in regulation, notably thermal regulations and those relating to greenhouse-gas emissions. The goal by 2020 is for each asset in the portfolio to achieve:

- positive-energy if a new building;
- low-energy consumption if a renovated existing properties;
- and, for all assets, proximity to public transport services.

Investments in infrastructure

Direct investments in infrastructure projects are made based on the following cumulative components:

- existence of public will and public purpose in the regulatory framework;
- carrying out of an asset-specific impact analysis for energy, CO2, biodiversity, and water criteria;
- prioritisation of projects emitting the least greenhouse gases.

Investments in regional development

The Caisse des Dépôts is a leader in long-term financing for large regional infrastructure projects, alongside the State, regional authorities, and private partners. Its own policies, which set minimum prerequisites, are sent along with public guidelines to investment partners. They also translate for internal use into different sets of investment guidelines per business sector.

In particular, the Caisse des Dépôts lends comprehensive support to urban and regional projects fitting into the framework of its “sustainable cities and regions” approach, consistent with national or local strategies. Its investments also target the development of renewable energies and energy efficiency along with local economic development, supported by economy, finance, integration, and social entrepreneurship initiatives.

In order to ensure the implementation of these investment principles, a rating system encompassing the evaluation of the project's public interest and sustainability characteristics vis à vis guidelines allows the project team to assess demand and supply for each transaction. This rating is used as a decision-making guide by the Investment Committee

> An investor committed over the long-term

Engagement towards portfolio companies

The Caisse des Dépôts' investment-managers maintain a regular dialogue with portfolio companies, not only in the run-up to general meetings but also during the course of the year, including on specific ESG issues. It is a managerial objective for investors to ensure this dialogue is effective. The ESG issues broached in this dialogue are determined on a case-by-case basis according to sectors and contexts.

This dialogue takes the form of meetings with the management teams of companies for which the Caisse des Dépôts provides a significant portion of capital, and systematically includes one or several extra-financial topics. During meetings, investors expect answers from issuers on these company-specific issues, particularly those relating to ESG. Moreover, direct private equity investment teams develop a company support programme, which includes close supervision of the main ESG issues encountered by companies.

An unsatisfactory solution given by a company on an issue identified by investors may lead to a vote against a related resolutions at a general meeting or by the board of directors, or even to disinvestment.

General meeting vote

The public institution votes at all the general meetings of the companies held in its portfolio, whether a French or foreign company, a minority interest, or a subsidiary. It abides by its voting principles to assess the resolutions presented at the general meeting, particularly those relating to ESG issues.

The public institution relies first on the Caisse des Dépôts' Corporate Governance Principles, a public reference tool used during discussions with issuers that in particular addresses:

- the role and the composition of the board of directors, a collegial authority that collectively represents all shareholders and acts in all circumstances in the corporate interest;
- the necessary transparency of the remuneration packages of managing agents;
- the preservation of its shareholder rights.

An internal Guide to voting at general meetings specifies each voting principles applied by the public institution. It is updated regularly to take into account new financial market issues and regulatory changes.

The Caisse des Dépôts opposes resolutions that do not comply with its Guide to voting. It informs the issuing company of its intention to vote against any resolution whose terms deviate from its voting policy. It then initiates a dialogue with the company.

An external group of experts assists the Caisse des Dépôts in determining its voting principles and in implementing good corporate governance practices.

> A demanding investor in respect to transparency

The Caisse des Dépôts expects the companies in which it invests, including special purpose companies, to provide all information enabling it to conduct a comprehensive evaluation of the opportunities and risks that it may encounter. This information pertains to financial and ESG matters. It must be submitted in such a way as to provide clear quantitative and qualitative indicators, and to enable change-monitoring. For fairness and efficiency, the Caisse des Dépôts supports the principle of a French and European regulation in the field of extra-financial reporting.

For investments under direct management, the Caisse des Dépôts requires extra-financial information that at a minimum adheres to current best practices, and enables it to analyse the major ESG issues, whether via reports or through discussions with its investment managers.

Such transparency is also expected for investments made through private equity funds, which must provide ESG reports for their activities and those of the companies held in the portfolio according to a set of ESG reporting guidelines common to all component organisations carrying out capital investment activities.

A shared, steered, and communicated approach

> Internal mobilisation

The Caisse des Dépôts' responsible investment policy, the successful management of ESG issues, and in particular its ethics-based approach are implemented internally through:

- awareness-raising: best practices for responsible investing are communicated among the group's relevant component organisations via a Responsible Investment network run by the department in charge of sustainability;
- training: targeted activities are integrated into the training programmes of the various departments or organisations concerned;
- objective-setting: investment-managers are asked to meet individual and group responsible investment objectives.

> Research, collaboration, and market activities

Active support in research activities

The Caisse des Dépôts supports internal and external research initiatives enabling to evaluate the social issues related to its activities, detect the emergence of best practices for responsible investing, and improve its knowledge and practices. It actively contributes to the building of shared knowledge in these areas by making a significant portion of its completed research available to the financial markets. To achieve these objectives, it takes action via four organisations:

- The **Institut CDC pour la Recherche** (CDC Institute for Research) is an organisation dedicated to supporting academic research in order to spur research teams whose findings enhance the Caisse des Dépôts' strategic thinking and contribute to the public debate. Many projects financed by the Institut CDC pour la Recherche have to do with social issues related to the Caisse des Dépôts group's activities.
- **Novethic**, a subsidiary of the Caisse des Dépôts, is a research centre and media expert on Socially Responsible Investing (SRI), Corporate Social Responsibility, and sustainable development. The support of the Caisse des Dépôts allows it to play a dynamic role in the promotion of responsible investing in France through various channels: the publication of studies that analyse and quantify this market, the organisation of events designed to involve financial stakeholders, as well as the provision of a database of SRI funds available in France.
- The research division of the subsidiary **CDC Climat** comprises a team of researchers working on issues of climate change, its regulation, and the market activities that result from it.
- The Caisse des Dépôts subsidiary **CDC Biodiversité** contributes to research on the biodiversity economy.

The Long-Term Investors Club

In order to promote long-term investment abroad, the Caisse des Dépôts created the Long-Term Investors Club². This club, which has a charter defining the values and principles shared by its member institutions, seeks to promote the exchange of best practices in responsible investing and the emergence of a common identity among long-term investors.

² www.ltic.org

Other partnerships

The Caisse des Dépôts participates in market initiatives to promote responsible investment, support the various stakeholders in the value chain in a better integration of ESG issues, and strengthen its own practices. These include the United Nations Principles for Responsible Investment (UNPRI), the UN Environment Programme Finance Initiative (UNEPFI), the International Corporate Governance Network (ICGN), the French association of institutional investors (AF2I), the European Social Investment Forum (Eurosif), the finance club of the French corporate social responsibility organization (ORSE), and the Carbon Disclosure Project (CDP).

> Internal and external reporting

An annual report on the implementation of its responsible investing principles is drawn-up for the group's Management Committee. This report draws in particular on a responsible investment deployment indicator, covering all group organizations carrying out investment activities and all asset classes, and includes both the day-to-day management of financial portfolios and the investment decisions made by the Investment Committee.

The Caisse des Dépôts regularly reports on its activity to its Supervisory Committee, the group's highest governance authority, made up of members of the French parliament, magistrates, the head of the Banque de France, the head of the Treasury, as well as other qualified individuals. A progress-report is given on the implementation of the group's responsible investment policy during the examination its sustainability strategic priority.

Regarding external reporting, an annual report on Caisse des Dépôts' implementation of the Principles for Responsible Investment (PRI) is published on the institution's website in the section on responsible investing. The Caisse des Dépôts also publishes its detailed answers to the PRI's annual questionnaire.

Moreover, the Caisse des Dépôts has published the public institution's Corporate Governance principles for listed companies, and reports annually on how it has exercised its votes (Appendix B).

A CSR report integrated to the annual report describes the responsibility issues encountered by each of the group's business activities with respect to society and the actions it has taken to address them, notably as a financial investor. It is also committed to a continuous improvement process in respect to the quality of its extra-financial reporting, including within its subsidiaries.

Appendices

A - Group Charter: the relationship between the public institution and its subsidiaries

B - General principles on the governance of listed companies



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