

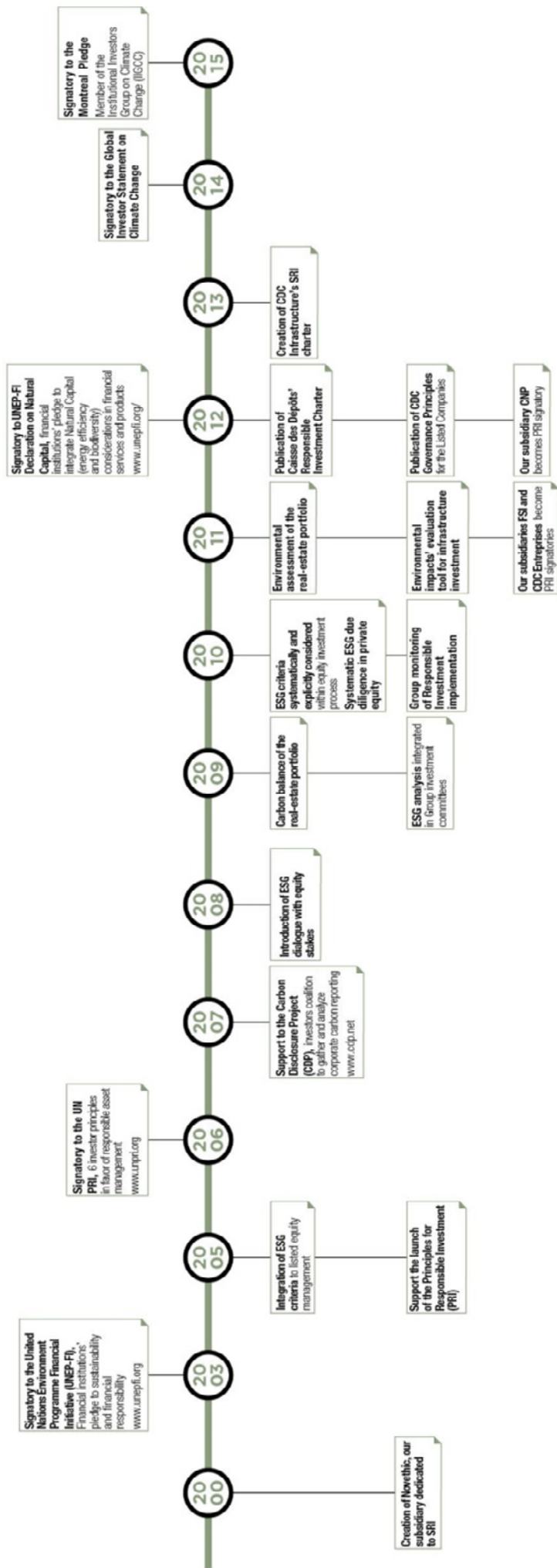
Caisse des Dépôts Group Climate Finance Policy

The Caisse des Dépôts Group is a significant institutional investor. The Public institution and its financial subsidiaries – namely CNP Assurances and Bpifrance – are investing in diversified assets, mainly on the developed markets. These activities are conducted within a long-term and Responsible Investor's approach, relying on three pillars:

ESG integration: for all of its asset management decisions, the Caisse des Dépôts Group systematically intends to analyze and include environmental, social and governance (ESG) criteria that could impact investments' performance.

Shareholder engagement: the Caisse des Dépôts Group is a committed investor over the long term. It monitors the evolution of key ESG issues in investee companies and seeks to foster their progress. In order to do so, the group uses its shareholder vote during the General meetings and a regular bilateral dialogue with the management of portfolios companies.

Exclusion: Caisse des Dépôts endeavors to accompany the companies on the road to a better integration of CSR, which creates value for the investor, the company and society. When such an approach is not possible, for instance when French and international law's major applicable requirements are not respected, the group excludes these companies from its investments.



Through its role in asset allocation and corporate governance, **the financial sector has a major part to play in supporting the rise of a low-carbon economy enabling to limit temperature increase to 2°C.** In France alone, investments needed to ensure such a transition by 2050 are evaluated at nearly 60 billion euros per year.

As a responsible and long-term institutional investor, Caisse des Dépôts has made climate risk's integration in the investment decision-making and the Group's contribution to a greener economy, a priority. To reinforce its actions, **the Group commits to integrate climate change in its asset management decisions, and to exert its influence in order to promote the transition to a low carbon economy.**

► **FINANCE THE ENERGY AND ENVIRONMENTAL TRANSITION (EET)**

Caisse des Dépôts facilitates the transition to a resilient and low carbon economy by **channeling capital towards low carbon projects:**

- Sustainable city and mobility projects,
- Renewables energies production, storage and smart network,
- Energy efficiency solutions for the real-estate and the industry,
- Companies operating in the green energy and environmental sectors.

The Group pledges to devote **15 billion euros** to dedicated financings between 2014 and 2017.

Those funds will be used in particular as follows:

- **About 10 billion euros on green loans to public local authorities and to social housing organizations**
- **Nearly 4 billion euros by Bpifrance for the EET companies.** 3 billion euros will be mobilized for the renewable energy sector, and 700 million euros between 2015 and 2018 will be allocated through the "Green Loan +" initiative. Part of the Investments for the Future program established by the French State, this dedicated credit offer aims to finance industrial companies' investments in energy efficiency.

In 2017, the Group will assess the implementation of these commitments in order to set a new goal for the 2018 to 2020 period.

The financial flows will be identified thanks to an international method created by the International Development Finance Club, IDFC¹.

The flows will be annually disclosed in the Group's institutional reporting, which is certified by its statutory auditors.

Where do we stand?

*From the beginning of 2014 to September 30th 2015, **Caisse des Dépôts Group has allocated nearly 6 billion euros in favor of the low carbon economy, including 4 billion euros worth of loans and investments in French territories by Caisse des Dépôts. They include:***

- 1.5 billion euros for energy retrofits in social housing
- more than 2 billion euros for local authorities' projects
- nearly 1,5 billion euros to companies operating in the environmental field through our subsidiary Bpifrance.

¹<https://www.idfc.org/>

► DECARBONIZE OUR PORTFOLIOS

Caisse des Dépôts intends to contribute, through its financial investments, to decarbonize the real economy, starting with its investment portfolios. This objective includes:

Real-Estate Investments: Caisse des Dépôts will **reduce by 38%** its fully owned real-estate portfolio's energy consumption between 2010 and 2030.

For the Public Institution, this pledge represents 43 assets worth 1.5 billion euros, among a 4 billion euros total portfolio. Two third of these properties are housings, in a move to extend the Group's energy efficiency objectives beyond the scope of upcoming regulation focusing on business properties. CNP Assurances sets itself a reduction target of -38% by 2020 for a portfolio of 112 properties worth 3.4 billion euros, representing 814 451 m². This target translates into a reduction of -43% of CO₂ emissions by 2020.

Infrastructures investments: at the end of the previous decarbonization objective – in 2016 - a new infrastructure strategy will be defined in favor of infrastructure assets that concur to a low carbon economy.

Where do we stand?

In 2015, a method to evaluate the greenhouse gas emissions created or avoided by the CDC's infrastructure investments has been developed and unfolded. It is applicable at a project or portfolio scale. This methodological work will help us define an investment strategy that contributes to the energy and environmental transition of the national economy.

Listed equity: party to the Montreal Pledge on carbon, Caisse des Dépôts is committed to measure, publish and reduce its portfolios' carbon footprint.

The Group is setting a **carbon footprint reduction goal of 20% per thousand euros invested in its directly held listed equity portfolios for the 2014 to 2020 period**². Such an objective will position the Group's portfolios on a greenhouse gas reduction path that is above the European goals for the same period.

To reach this objective, the Group will systematize a **shareholder engagement on energy and climate issues, notably in order to foster corporate GHG emissions reduction**. If voluntary emissions reduction by portfolio companies proves insufficient on the middle course, **the Group will reallocate its portfolios in order to reach its reduction target**.

Where do we stand?

In 2015, the Group internally performed an assessment of its listed equity portfolios' carbon footprint, approximated by the greenhouse gas emissions of portfolio companies on their scope 1 and scope 2 emissions. These portfolios account for a market value of 55 billion euros. This process has allowed the group to :

- Grasp the strengths and limits of both existing methodologies and companies' underlying reported data,
 - Identify, in each portfolio, the lines concentrating most of the greenhouse gas emissions.
- The carbon footprint of the Group's stock portfolios on 12/31/2014 is estimated at 0.452 tCO₂eq per thousand euros invested.*

The Group joins the Portfolio Decarbonization Coalition to carry on the exchanges and the methodological innovation linked with those decarbonization commitments.

² teq. CO₂ per thousand euros invested, booked at a gross balance sheet value, that is to say the cash flows which have been disbursed.

► RESTRICT FINANCING TO THE COAL EXPOSED ASSETS

The reduction of thermal coal combustion is one of the main levers to steer the global economy towards energy transition scenarios that are consistent with a 2° world. In order to contribute to this objective, Caisse des Dépôts will implement from now on **a policy restricting financing thermal coal-exposed assets**.

The Group pledges not to invest in the listed shares and corporate bonds of companies whose activity's exposure to thermal coal exceeds the **thresholds of 20% of the turnover for the mining sector and the utility sector** from 2016.

The Caisse des Dépôts Group pledges **not to finance new energy production capacities** based on coal through its direct equity investments and lending activities in French local projects.

Where do we stand?

As a first step, the Group has divested from companies exposed to thermal coal for a sum representing 100 million euros. Today it does not hold any companies and any real asset whose activity relies for more than 25% on thermal coal.

► REINFORCE SHAREHOLDER ENGAGEMENT ON CLIMATE AND ENERGY ISSUES

Caisse des Dépôts integrates climate and energy efficiency issues in its shareholder dialogue in order to **foster better transparency and environmental performance within portfolio companies**.

In particular, the Group expects portfolio companies to:

- set **an ambitious middle course climate strategy** and report regular, detailed and audited information on its implementation,
- within this framework, define a realistic and ambitious **quantitative target for greenhouse gas reduction on a significant scope of corporate activities**, which will put the company in line with energy transition scenarios,
- set up a tailored **governance**.

To this end, the Group will strive to:

- carry on pre-investment **analysis of climate and environmental issues for each of its investment projects**, in addition to preexisting ESG analysis
- **monitor portfolio assets on these issues** where they represent a material issue
- in particular, before portfolio companies' general meeting, the Group will assess all **environmental resolutions** and will support the resolutions in line with its vision of the company's long term stakes. Caisse des Dépôts will be able to disclose its position.

Where do we stand?

A survey of top executive directors from the 100 French companies of the SBF120 where the Group is invested has been carried out on corporate climate and energy strategy, between August and October 2015. Its overall results are the following:

- *Listed French companies are globally receptive to the integration of energy and climate issues in the Group's shareholder dialogue process, with ¾ of the companies answering our questions.*
- *The larger companies, belonging to the CAC 40, have more frequently formalized a climate and energy strategy. Energy efficiency and greenhouse gas emissions' reduction are the main components of this strategy.*
- *62% of the questioned companies find commercial opportunities in the fight against climate change. New commercial outlets for current products and development of new products and services represent the main expansion opportunities. The companies are mainly using traditional commercial tools and R&D to seize those opportunities.*
- *Almost half of the interrogated companies declare analyzing the sensitivity of their strategic plan to the environmental regulation or the energy price's evolutions.*
- *Almost half of the interrogated companies declare integrating energy transition or the potential consequences of climate change in their investment decisions. However, only 16% of the companies used a carbon prize to this end and only 17% of the interrogated companies have excluded activities or projects for these reasons.*
- *For more than 50% of CAC 40 companies, energy and climate issues are now discussed at board-level. However for the rest of the SBF120 companies, less than a third of the boards have mentioned greenhouse gas (GHG) emissions in 2014.*
- *Half of the companies questioned set operational objectives in order to implement their energy transition and climate strategy, but these companies don't systematically integrated it to their employees' performance assessment and remuneration systems.*
- *Only half of the questioned companies set GHG emissions reduction targets, and only a few of them equipped themselves with a post 2020 objective. The previous carbon objectives have been widely achieved.*
- *Few questioned companies declared their activity as being exposed to coal, but only ¼ have been able to measure coal's weight in their energy consumption. Utilities (electricians), materials (mining) and finance are the most exposed sectors.*

This transversal approach will be reinforced by the integration of the inquiry's individual results, starting in T1 2016, to the shareholder dialogue's process implemented by the Public Institution and its subsidiaries within its Responsible Investment approach.

In 2015, the shareholder dialogue led:

- *The CDC to question more than 80% of the companies in portfolios' managers on climate and energy issues.*
- *Bpifrance to enquire 3400 invested companies, 72% declared that they were acting to reduce their environmental footprint.*

The Public Institution voting guide has also been updated in order to express its potential support to external environmental resolutions, subject to the assessment of their coherence with the Caisse des Dépôts' analysis and its capital interests. and its capital interest's preservation. In 2015, Caisse des Dépôts voted in favor of the Aiming for A coalition's resolutions during the General meetings of BP, Royal Dutch Shell and Statoil.

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These measures aim at contributing to the real economy's transition towards low carbon models, in order **to limit global warming to 2°C from pre-Industrial average levels**.

The Group will carry on its methodological work in order to reinforce and make its contribution to the 2°C scenario fulfillment more easily measurable. It sets a two year timeline to establish a new action plan allowing - on a Group perimeter - to prolong the ambitious commitments taken with respect to its direct asset management activities, and extend it to its other activities, including the portion of its assets which are being managed by external assets managers. **By steering its entire financial strategy towards a low carbon future, the Caisse des Dépôts Group insures its global alignment with its public interest mission.**