

2017

business review and sustainable development report



Caisse
des Dépôts
GROUP

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Caisse des Dépôts Group

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editorials



Sophie Errante,
Chair of the Supervisory Board

I am very pleased and proud, in my role as Chair of the Supervisory Board, to present the 2017 Business Review and Sustainable Development Report for the Caisse des Dépôts Group.

The Supervisory Board was chaired by four different people during 2017, Marc Goua, Gilles Le Gendre, Gilles Carrez and, of course, Henri Emmanuelli. Each one made their own contribution and shared their vision, demonstrating faith in their convictions and experience.

And so our Group continues on its journey, and this year has given me the opportunity to review some of the current and future challenges facing the company, as well as the considered changes to the role of the Supervisory Board. This latter is to take on a greater role by being more involved with strategic decisions. The strong performance displayed by the Group in 2017 can be explained by the engagement of its teams, both within the Public Institution itself as well as across its subsidiaries, who have successfully introduced a

number of innovative projects such as the introduction of the Personal Activity Account, the launch of the Ciclade platform for locating unclaimed life insurance and inactive accounts, and the issue of the first €500 million green bond. Savings fund loans continued to operate at a high level in 2017 with the volume of new loans reaching €17 billion, repeating the performance from 2016.

This report embraces the diverse nature of the work carried out by the Caisse des Dépôts Group. This is often one of the particular ways in which the institution is able to add value, because it operates over a very broad scope: from housing to innovative transport solutions, from managing ski resorts to savings and retirement funds, from professional training to corporate investment and consultancy.

Although I have a particular passion for the work the Group carries out in the public interest, I would also like to see it serving and defending, via the numerous businesses and sectors in which it operates, the principle of equality. Its achievements in 2017 show that Caisse des Dépôts has already taken steps in this direction. Both the Personal Activity Account and Personal Training Account are tools designed to guarantee and facilitate equal access to rights for all, whether workers or job seekers, irrespective of their profile.

Soon, the Banque des Territoires, which operates at the heart of the country, will make it possible for local elected representatives and authorities to better equip, serve and support the French people, based on local priorities and ensuring equal opportunities for every council. As part of its supervisory duties, the Supervisory Board will be paying close attention to the way in which the institution's values are upheld, ensuring this culminates in concrete support for public policies for the benefit of everyone, across the whole territory.

Éric Lombard,
Chief Executive Officer of Caisse des Dépôts

With a consolidated net profit of €1.9 billion for Caisse des Dépôts, its subsidiaries and affiliates, and €1.4 billion in net current earnings for the Savings Funds, 2017 was financially a very good year for our Group.

These results are primarily thanks to the dedication of our teams. I would like to thank both them and my predecessor, Pierre-René Lemas.

This performance is an indication of our strike force and an ability to "get things done" that puts us in the same league as major financial institutions. It demonstrates our duty of responsibility not only towards our fellow citizens, who trust us with their savings, with one in every five of them asking us to manage their pension, but also towards other organisations and councils who receive our support. Finally, these results allow us room for manoeuvre when promoting territorial equality, upholding equal opportunities and deploying our strategy over the coming years.

My strategic ambition is to make Caisse des Dépôts clearer and more transparent. As a public institution, we manage public service mandates and people's money and we work in the public interest. These responsibilities require us to be more open about what we do.

Therefore, to provide clearer communication about our business, our activities and our achievements, I have decided that Caisse des Dépôts should be structured around five core business lines:

- the Banque des Territoires, launched on 30 May 2018, which centralises the operating divisions of Caisse des Dépôts and two of its subsidiaries, Scet and CDC Habitat. Its role is to support the territories (local authorities, semi-public companies, social housing bodies, legal sector etc.) for the benefit of the entire population. It achieves this by providing a tailored customer response, offering dedicated representatives with decentralised decision-making powers, and guaranteeing simplified access to our offers via a digital platform. With access to a range of consultancy, financing and operational management tools, the Banque des Territoires helps combat territorial divisions;
- corporate finance via Bpifrance (in which Caisse des Dépôts has a 50% stake, alongside the Government), which supports businesses of all sizes and has played an essential role in the economic recovery;
- financial asset management (€151 billion at end 2017), making Caisse des Dépôts one of the leading asset managers in the marketplace. This business line enjoys all



the "added benefits" of our institution, such as a long-term vision for portfolio management and a responsible investment policy;

- retirement and professional training mandates management, which not only represent one of the long-standing businesses of the Caisse des Dépôts Group but are also a promising sector for the future, with reforms in progress in each of these two areas. Through its work, we support French people throughout their life events and help them enter the workplace;
- subsidiaries and affiliates, our fifth business line, which requires us to get involved in sectors as wide-ranging as insurance, real estate, mobility, engineering, energy and tourism. In 2017, every one of these sectors contributed to our excellent results.

In addition to this new five-pronged structure, our institution's desire for transparency reflects our commitment to the United Nations Global Compact, which Caisse des Dépôts signed in 2000 and which I will continue to support. The publication of this Business Review and Sustainable Development Report, which presents our business model and our work, brings us one step closer to achieving our goals of transparency and corporate social responsibility towards our customers, all our stakeholders and our fellow citizens.

1

Group overview

Where is the Caisse des Dépôts Group based?
How is it structured and managed,
and who are its stakeholders?

What are its highlights and key figures for 2017?
The next few pages contain everything you need
to know about Caisse des Dépôts, its subsidiaries
and strategic affiliates.



key figures



A robust Group...

Consolidated balance



Attributable net profit



Attributable equity



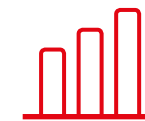
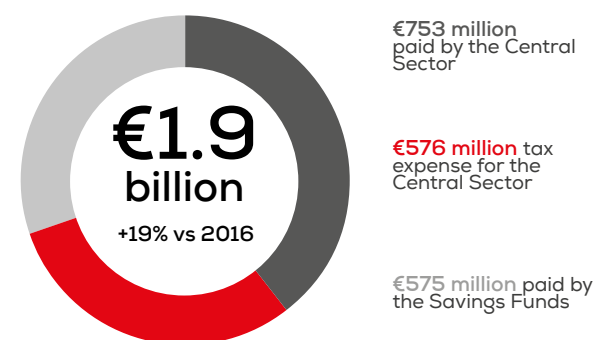
(Financial data for the Central Sector - excluding the Savings Funds)

...making a significant contribution to the French national budget

Caisse des Dépôts has a particular tax status which requires it to pay a contribution representative of French corporation tax (known as the CRIS). This contribution is calculated using the rules of ordinary law for the banking sector. Caisse des Dépôts is also required to pay VAT.

In addition, Caisse des Dépôts pays some of its profits to the Government, according to rules that are determined over time. Since 2010, it has paid half of the Group's consolidated profit to the Government, capped at 75% of its statutory net earnings (excluding temporary provisions applicable from 2015-2017 as part of the Bicentenary measures).

2017 PROFIT CONTRIBUTION TO NATIONAL BUDGET (PAID IN 2018)



A dynamic year

Territorial development

€1 billion in equity committed by Caisse des Dépôts in 2017 = **190 projects**

€17 billion in new savings fund loans granted, for social housing (88%) and the local public sector (12%)

6,000 new social housing units delivered and **7,100 more** being built by CDC Habitat

Corporate finance

€18.4 billion in funding

and **€8.9 billion in guarantees** injected into the French economy by Bpifrance in 2017

€8 million invested by the NovESS fund into the SSE¹ in 2017

Retirement and professional training mandates management

€28 billion in pension allowances paid out

More than 5 million personal training accounts open as at 1 January 2018

Subsidiaries and affiliates management

€26 billion invested in subsidiaries and affiliates

Asset management

€151 billion in aggregated financial assets² (market value)

ECOLOGY AND ENERGY TRANSITION (EET)

€18 billion in funding for the EET since 2014



2017 target: **€15 billion**

€500 m in green bonds

issued in 2017 (maturing on 1 March 2022)



A responsible employer

914 collective agreements signed within the Group in 2017

45% of women in executive-level positions within the Group in France in 2017

69% of the Group's workforce in France trained in 2017

6% of disabled workers in Caisse des Dépôts workforce³

145 apprentices hired in 2017



An acknowledged global performance

Financial Rating

Aligned with that of the French Government
AA/Aa2/AA

Vigeo Eiris

Leader in its sector
71/100

Oekom

One of the leaders in its sector
C

UN PRI

Maximum performance in the "Strategy & Governance" category
A+

AODP

One of the top investors for factoring climate risk into their investment policy
Top 7%

(1) Social and Solidarity Economy.
(2) Central Sector and the Savings Funds.
(3) Direct employment rate.

the year in review

JANUARY

Launch of the Ciclade platform

Under the Eckert Law (13 June 2014), financial institutions are now required to register all inactive bank accounts and company savings plans with Caisse des Dépôts, as well as all unclaimed life insurance policies in France. This prompted Caisse des Dépôts to launch the www.ciclade.fr platform, which went live on 2 January 2017. Beneficiaries can use this online platform to search for and lay claim to unclaimed assets.

Launch of the CPA programme

Created by the Law of 8 August 2016, the Personal Activity Account programme (known as CPA) was launched in January 2017. This scheme was both developed and managed by Caisse des Dépôts whose teams took less than a year to design the dedicated online portal. On 27 February, this portal was then merged with the Personal Training Account site, resulting in a single website www.moncompteactivite.gouv.fr.



FEBRUARY

Backing the Paris bid for the Olympic and Paralympic Games!

Throughout 2017, Caisse des Dépôts, an official partner of the French Olympic Committee, supported its bid to host the 2024 Olympic and Paralympic Games in Paris. In February 2017, Caisse des Dépôts flew the Paris Olympic flag from its Austerlitz Building (Paris).



Inaugural green bond issue

On 22 February 2017, Caisse des Dépôts launched its first ever green bond worth €500 million, with 5 years to maturity. The funds raised will be used to fund three key sectors: real estate (new builds and major renovations), renewable energies and site remediation (decontamination).

MARCH

10,000 emergency accommodation places

In order to meet the need for emergency accommodation, CDC Habitat, acting through its subsidiary Ampère Gestion, has created Hémisphère, a social impact fund. Gathering six French institutional investors, including Caisse des Dépôts and CNP Assurances, who have invested €100 million in the project, the fund will purchase housing for use as emergency accommodation. The first goal of the Hémisphère project was to purchase around 100 budget hotels, which will be managed by Adoma, another subsidiary of CDC Habitat.

APRIL

An investment fund with AFD

In April 2017, Caisse des Dépôts and AFD, French public development bank, created a co-investment vehicle to fund infrastructure development in emerging countries. This investment fund, known as Stoa, has €600 million in equity, €500 million of which came from Caisse des Dépôts and €100 million from AFD.



JULY

Bpifrance launches a fund for energy and the environment

On 3 July 2017, Bpifrance launched the France Investissement Énergie Environnement fund (FIEE). With a budget of €100 million, its purpose is to boost the equity of SMEs and mid-caps in the ecology and energy transition sector, especially those working in renewable energies, energy efficiency and the circular economy.

SEPTEMBER

First ever 3D-printed house

Can a house really be built in just a few days...? Yes, as witnessed by the construction of a social housing unit in Nantes on 12 September 2017. This first ever 3D-printed house, known as Yhnova, was made possible thanks to Batiprint 3D technology. Patented by the University of Nantes, with support from the technology transfer acceleration company Ouest Valorisation, this technology is supported by both Caisse des Dépôts and Egis, its consultancy and engineering subsidiary.

Cycle up and how to reuse construction materials

In September 2017, Egis and Icade, two subsidiaries of Caisse des Dépôts, created a company that specialises in the re-use of construction materials, called Cycle up, in which they each own an equal share. This innovative initiative is supported by Caisse des Dépôts. Cycle up operates via a digital platform to link up construction and demolition companies. In business since autumn 2017, the company launched its online marketplace on 8 March 2018.



OCTOBER

Driverless vehicles on the roads in Rouen, a first in Europe

In October 2017, Caisse des Dépôts teamed up with one of its subsidiaries, Transdev, to launch the Rouen Normandy Autonomous Lab project. It is Europe's first on-demand transport service using driverless electric vehicles on public roads. This partnership involves the Rouen Normandy Metropolitan Authority, the Normandy Region, the Renault Group and the Matmut Group.



DECEMBER

Éric Lombard appointed Chief Executive Officer of Caisse des Dépôts

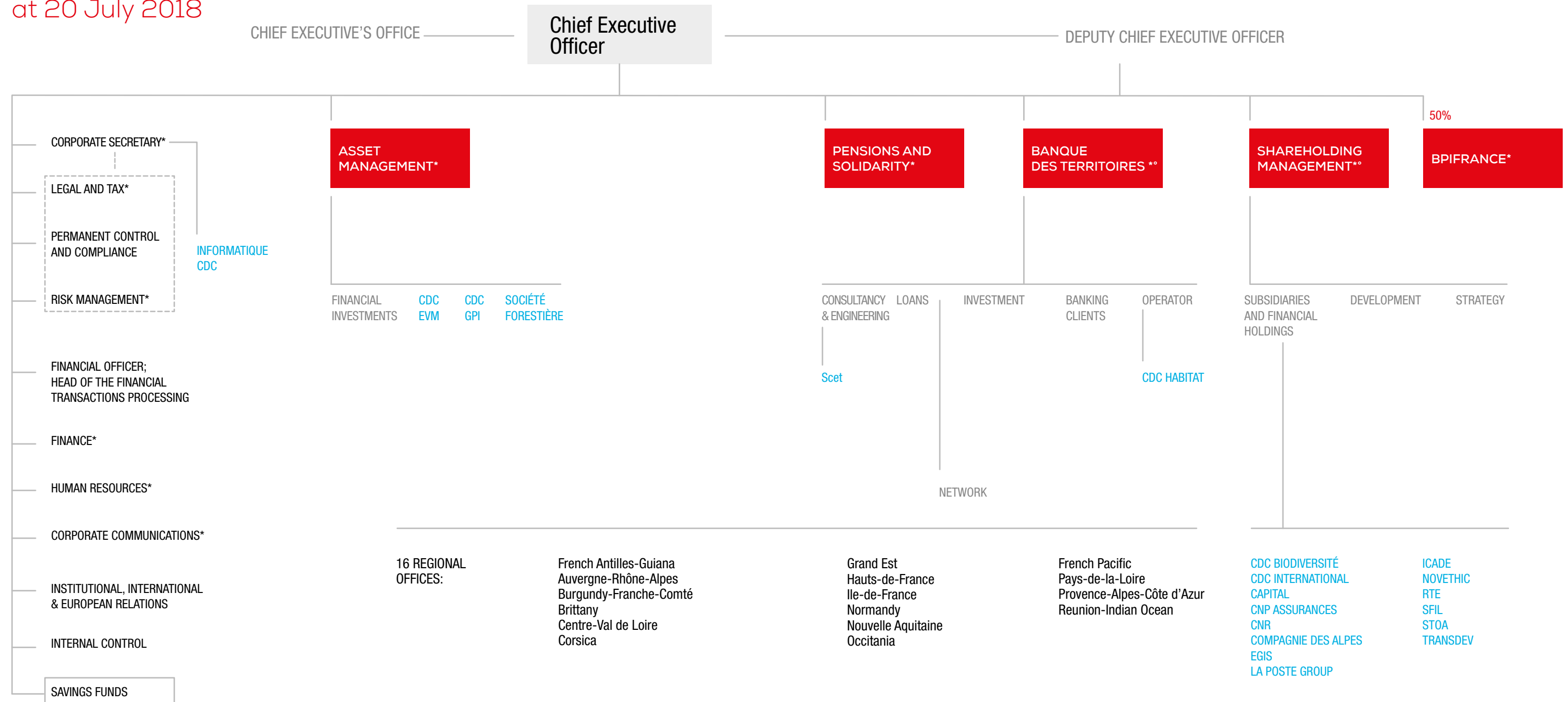
Éric Lombard was appointed Chief Executive Officer of Caisse des Dépôts on 8 December 2017 by decree of the President of the Republic, adopted by the Council of Ministers, and was sworn into office before Caisse des Dépôts Supervisory Board. In preparation for taking on this role, Mr Lombard presented his case on 28 November before the Finance Committees of the National Assembly and Senate, both of which approved his appointment.

New commitments made during the One Planet Summit

Held in Paris on 12 December 2017, the One Planet Summit was attended by over 4,000 participants. Caisse des Dépôts took advantage of this occasion and its numerous approved side events to reaffirm its shareholder commitments towards climate change. Together with CNP Assurances, it signed up to the Climate Action 100+ coalition. Caisse des Dépôts also signed the French Public Investors' Climate Charter, alongside Bpifrance in particular.

Group structure

at 20 July 2018



Key:

SUPPORT OFFICE

BUSINESS LINE

SUBSIDIARIES

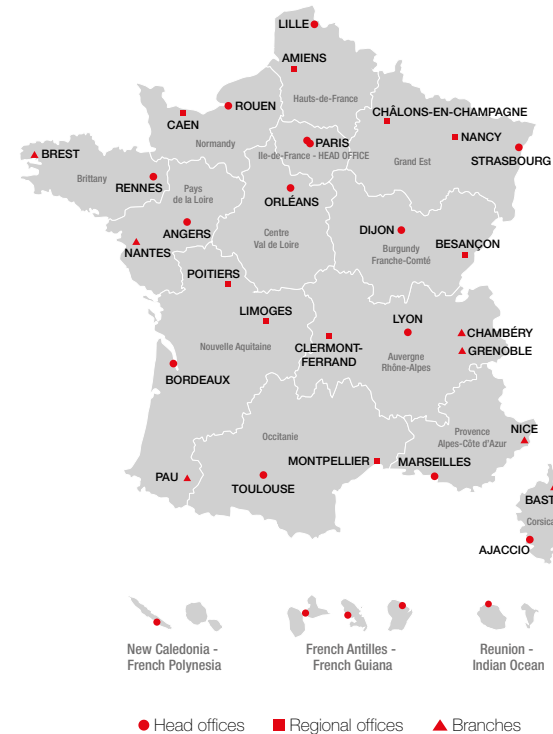
*Executive Committee (member)

°Reports to Deputy Chief Executive Officer

local and international presence

Working alongside our clients, in every territory

In 1960, Caisse des Dépôts had just three local branches, in Angers, Bordeaux and Lyon. Today, it operates 35 sites spread across mainland France and its overseas territories, in addition to those of its subsidiaries and strategic affiliates.

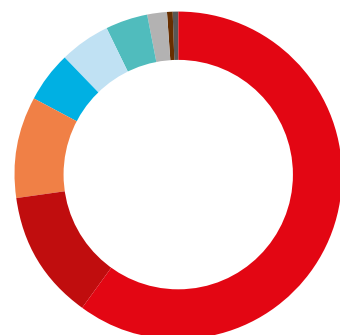


64,300+ employees in mainland France

~ **300** employees in overseas departments

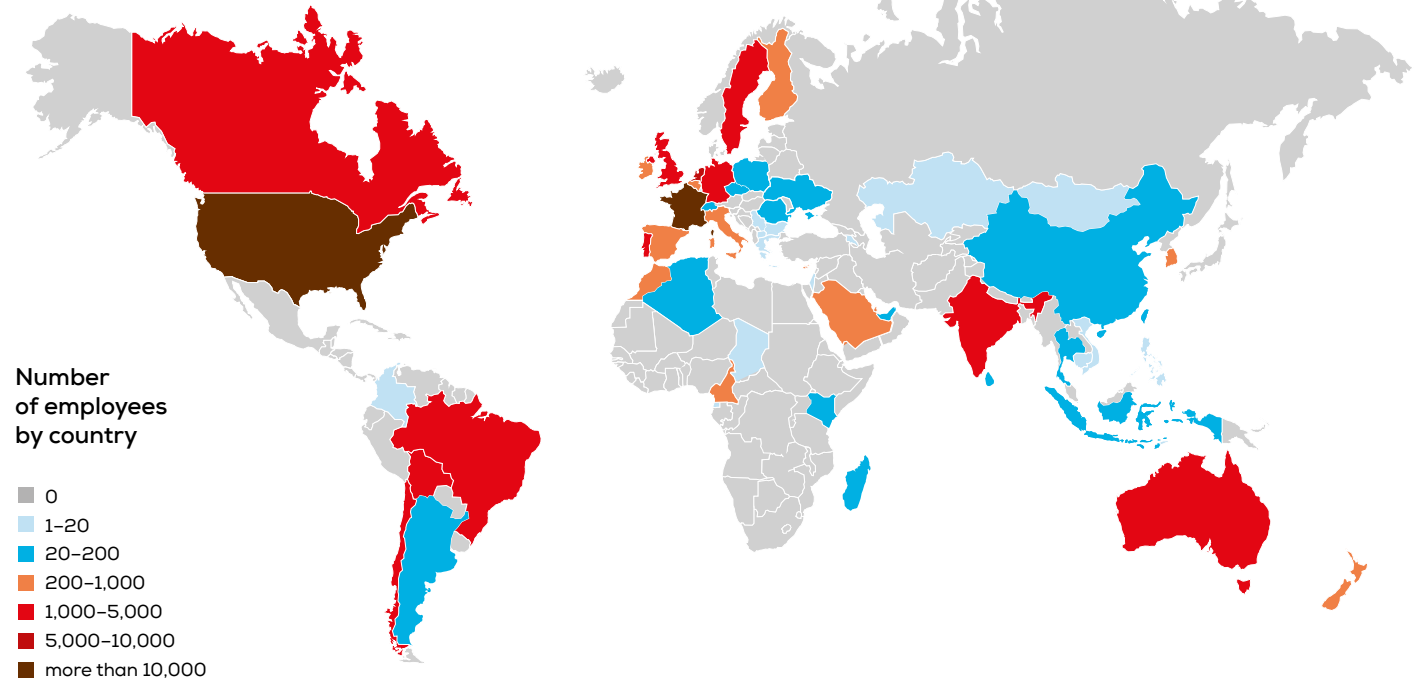
16 regional offices

Distribution of employees in France - by division



- 60% - Transport, engineering and consultancy
- 13% - Housing and real estate
- 10% - Public interest investments
- 5% - Insurance
- 5% - Corporate finance
- 4% - Tourism and leisure
- 2% - Digital technologies
- 0.7% - Other
- 0.3% - Environment

Exporting our business model and expertise



Number of employees by country

The subsidiaries and strategic affiliates of Caisse des Dépôts include international groups such as CNP Assurances, Compagnie des Alpes, Egis and Transdev, who are among the global leaders in their respective sectors of activity. A key shareholder, Caisse des Dépôts supports their search for new growth drivers and ways to expand their businesses and skills abroad.

In addition to this operational presence through its subsidiaries and strategic affiliates, Caisse des Dépôts also has its own international institutional presence.

More than 120,000 employees in 56 countries spanning 5 continents

4 subsidiaries and strategic affiliates on foreign markets

5 countries accounting for 81% of the global workforce

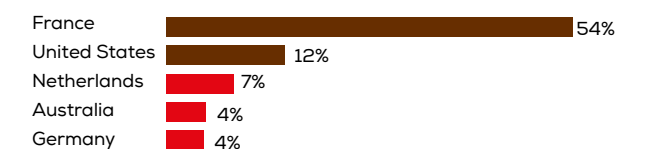
- Read more in the "Conducting a socially responsible human resources policy" sub-section
- "Conducting a socially responsible human resources policy" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Global distribution of workforce - by region



- 54% France
- 19% Europe (excluding France)
- 17% Americas
- 5% Oceania
- 4% Asia
- 1% Africa

- by country (Top 5)



Group management

at 29 June 2018

Caisse des Dépôts Executive Committee

Created in March 2018, the Executive Committee is headed by the Chief Executive Officer of Caisse des Dépôts. It is the main steering governing body of the Caisse des Dépôts Group.



Éric Lombard
Chief Executive
Officer of Caisse
des Dépôts



Olivier Sichel
Deputy Chief
Executive Officer,
Head of Banque
des Territoires



Nicolas Dufourcq
Chief Executive
Officer, Bpifrance



**Virginie
Chapron du Jeu**
Group Finance
Director



Pierre Chevalier
Head of Group
Legal and Tax
Department



Olivier Mareuse
Chief Investment
Officer, Director
of Savings Funds



**Catherine
Mayenobe**
Group General
Secretary



Paul Peny
Group Human
Resources Director



**Sophie
Quatrehomme**
Group Corporate
Communications
Director



Michel Yahiel
Pensions and
Solidarity Director



Nicolas Dufourcq
Chief Executive
Officer, Bpifrance



Nicolas Jachiet
Chairman and
Chief Executive
Officer, Egis



Stéphane Keita
Chairman and Chief
Executive Officer,
Scet



Frédéric Lavenir
Chief Executive Officer,
CNP Assurances



Thierry Mallet
Chairman and Chief
Executive Officer,
Transdev



Dominique Marcel
Chairman and
Chief Executive
Officer, Compagnie
des Alpes



Gilles Seigle
Chairman and Chief
Executive Officer,
Société Forestière



Laurent Vigier
Chairman and Chief
Executive Officer, CDC
International Capital



Olivier Wigniolle
Chief Executive
Officer, Icade



André Yché
Chairman of the
Management
Board, CDC
Habitat

Group Management Committee

The Group Management Committee is the Group's main information forum, for strategic consultation and steering of the Caisse des Dépôts Group.



Éric Lombard
Chief Executive
Officer of Caisse
des Dépôts



Olivier Sichel
Deputy Chief
Executive Officer,
Head of Banque
des Territoires



**Catherine
Mayenobe**
Group General
Secretary



**Virginie
Chapron du Jeu**
Group Finance
Director



Pierre Chevalier
Head of Group
Legal and Tax
Department



Anne Gautier
Group Risk
Management and
Internal Control
Director



Nathalie Gilly
Group Director of
Internal Control



Olivier Mareuse
Chief Investment
Officer, Director of
Savings Funds



**André Laurent
Michelson**
Financial Officer;
Head of the Financial
Transactions Processing



Paul Peny
Group Human
Resources Director



**Sophie
Quatrehomme**
Group Corporate
Communications
Director



Elisabeth Viola
Director of Banking
Services



Michel Yahiel
Pensions and
Solidarity Director



Laurent Zylberberg
Director of Institutional,
International and
European Relations



Marc Abadie
Chairman, CDC
Biodiversité

stakeholder dialogue


Thanks to its public-interest mission, the diversity of its business lines, and its presence in the heart of the French territories, the Caisse des Dépôts Group is on hand to help French people in their everyday life.

In return, and as a major player in the French economy, it generates strong expectations among those who have an interest in, are affected by, or take part in its activities.

Caisse des Dépôts, its subsidiaries and strategic affiliates sustain an ongoing dialogue with their stakeholders, which allows them to identify their expectations and factor them into their projects. The nature, terms and content of this dialogue are tailored to every stakeholder type.

Materiality-testing for the Group's non-financial challenges

In 2015, Caisse des Dépôts underwent its first Group-wide materiality analysis. The aim was to identify the most relevant challenges, from an internal standpoint and in the opinion of its stakeholders, in terms of its strategy and corporate social responsibility. The exercise will be repeated in 2018 in order to incorporate the Group's new strategic goals.

 Methodological note on the Caisse des Dépôts Group materiality analysis



TESTIMONIES

Local authorities

"Caisse des Dépôts plays a crucial role for us, not only at national level but especially at local level. [...] Developing a new way of thinking [...], a different way of spending money and [...] intelligent methods of cooperation, that's what Caisse [des Dépôts] does."

Frédéric Soulier, Mayor of Brive and Head of the Pays de Brive Conurbation Authority

"One of the best things about [Caisse des Dépôts] is its inclusive vision of society; [it] does not walk out on people in difficulties."

Frédéric Sanchez, Mayor of Petit-Quevilly and Head of the Rouen-Normandy Metropolitan Authority

Social housing body

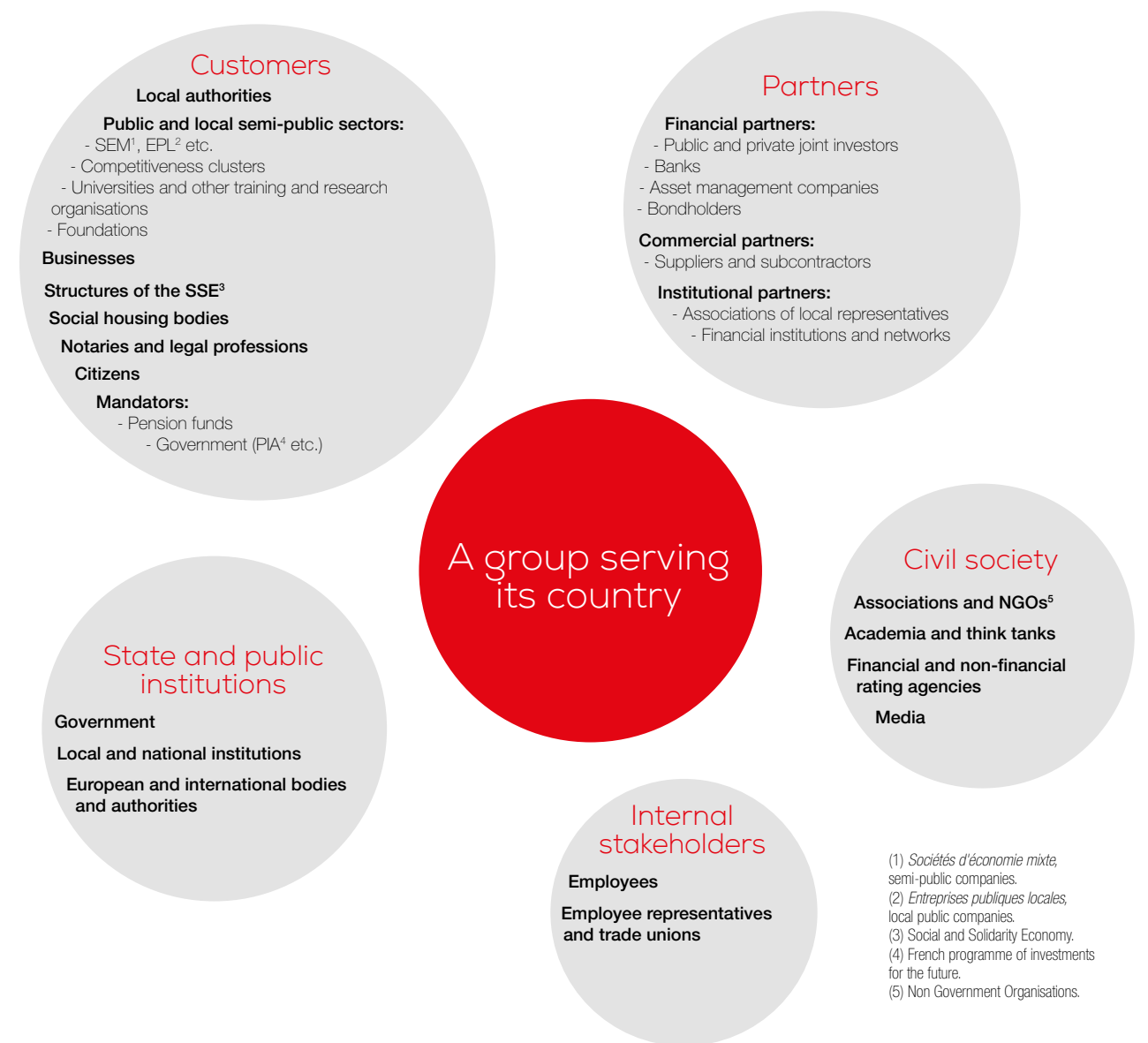
"Caisse des Dépôts is a major partner [...] who helps us through the good and the bad times, who knows how to find solutions to help us complete innovative projects [...], who knows how to offer financial engineering."

Jacques Wolfrom, Head of the Arcade Group

Social and solidarity economy

"In short, Caisse [des Dépôts] helps us with everything. In a way, [they] act as interpreters between public bodies and people like us."

Jean-Guy Henckel, Founder of Jardins de Cocagne



(1) Sociétés d'économie mixte, semi-public companies.
 (2) Entreprises publiques locales, local public companies.
 (3) Social and Solidarity Economy.
 (4) French programme of investments for the future.
 (5) Non Government Organisations.


Businessses

"Caisse des Dépôts has helped us from the start, since we were just a figment of our imagination, throughout every stage of [our] project. And with every step, it has got on board, motivated every partner and remained by our side throughout."

Lionel Minassian, Chairman of Thecamp

"Caisse des Dépôts supports [our] growth [...] both nationally and internationally [...]. We are so very proud to work with Caisse des Dépôts; it is also extremely important for us to have a partner who knows what we are talking about and who has [its] own particular expertise in our field."

Coline Vanneroy, Director of Development at Cap Collectif

-  Information sheets:
 - "Stakeholder dialogue"
 - "Social policy and human resource management"
 - "Fair practices and transparency"
- "Stakeholder dialogue" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report



2

our model

In order to successfully perform its public interest missions and support public policy, Caisse des Dépôts relies on its robust, and globally unique, business model, on the autonomy and independence of its governing bodies, and on its long-standing commitment to sustainable development.

ARTIE.

IONS ET DÉPÔTS.



a unique model

Our mission

To serve France's public interest and economic development by supporting public policy.

Our challenges

Territories:

- Help develop and improve the attractiveness of every territory
- Reduce territorial divisions

Economy:

- Help French businesses grow on domestic local markets and expand abroad
- Guarantee the solidity and stability of the industrial and entrepreneurial base

Society:

- Strengthen social cohesion
- Overcome social inequalities

Our resources

Stable financial resources not dependent on French national budget

- Directly owned:
 - €37 billion in consolidated equity for the Central Sector
 - €11 billion equity for the Savings Funds
 - €151 billion in aggregated assets under management
- Managed for third parties:
 - €245 billion in centralised regulated savings accounts
 - €49.8 billion in deposits from the legal professions
 - €21.7 billion managed by Caisse des Dépôts and Bpifrance for the PIA¹
- Market funding (e.g. €500 million green bond)

A wealth of skills and expertise

- 120,200 public and private employees across the Group
- 4.3% of Caisse des Dépôts' wage bill allocated to continuous professional development
- 5 structures dedicated to research and innovation

A local and international presence alongside our clients, partners and end consumers

- 35 sites in France (including 16 regional offices) for the Public Institution
- Group employees in 56 countries (54% located in France)

Trust capital built over time

- Over 200 years spent serving the country
- Governance structure based on autonomy and independence
- A trusted third party
- Global performance recognised by financial and non-financial rating agencies

A core foundation of values and commitments

- Long-standing commitment to sustainable development
- A pioneer of responsible investment in France
- Group-level policies (e.g. Code of Conduct and AML/CFT²)

Dynamic dialogue with our stakeholders

- Shareholder dialogue and commitment
- Ongoing domestic, European and international institutional relations
- Partnerships with think tanks, associations and NGOs³ to tackle sustainable development challenges
- 914 collective agreements signed within the Group in 2017

(1) French programme of investments for the future.
 (2) Anti Money Laundering and Counter-Financing of Terrorism.
 (3) Non Government Organisations.

Our added value

Long-term financing in accordance with both our public interest mission and competition laws

Support for our throughout their projects

A key market influencer

Territorial development
 Corporate finance
 Retirement and professional training mandates management
 Asset management
 Subsidiaries and affiliates management

Focus on positive financial and non-financial externalities

Effective and sustainable management of our own resources and those we have been entrusted with

Responsible behaviour and practices

— Our added value
 ● Our business lines

Together, these points present an overview of the business model of the Caisse des Dépôts Group; they are not intended as an exhaustive list but are presented by virtue of their significance.

(4) Very Small Businesses.

Our results and impacts

A key player working for:

- the territories:

- % of investments made by Caisse des Dépôts oriented toward medium-sized towns, semi-urban and rural communities
- 1 in every 6 people in France living in a social housing unit funded or built by Caisse des Dépôts
- 262,000 social housing units managed by CDC Habitat

- the economy:

- 7,500 companies received consultancy, training or business introduction services from Bpifrance in 2017
- 24,000 VSB⁴ created thanks to support from the FCS, a social cohesion fund managed by Caisse des Dépôts

- society:

- 1 in every 5 pensions managed by Caisse des Dépôts
- Annual electricity needs of 1 in every 8 people in France covered by the renewable energy capacities funded by Caisse des Dépôts

A robust institution that contributes to French national budget

- €1.9 billion attributable net profit
- €1.9 billion to be contributed by Caisse des Dépôts to the national budget in 2018 from its 2017 profits

Skills and expertise used for the benefit of research and innovation

- >€6 million in studies jointly funded with local authorities
- Funding for think tanks, NGOs and associations working in the field of sustainable development

Using social performance to drive economic performance

- €5.3 billion paid in salaries, employer contributions and social care
- 69.2% of Group employees in France trained in 2017

Controlled impact on the environment and society:

- No complaints filed against the Group by its stakeholders in 2017
- 37.9% reduction in the carbon footprint of directly-owned share portfolios between 2014 and 2017

robust governance

A well-defined governance model

The Group comprises Caisse des Dépôts itself – a public institution founded as part of the 1816 Law with a historical mission to serve France's public interest – and its subsidiaries and strategic affiliates, which operate in the competitive sector.

Placed under parliamentary supervision and guarantee, Caisse des Dépôts is Europe's only financial institution that benefits from parliamentary protection.



2 founding laws

- Law of 1816
- 2008 Economic Modernisation Act



1 unique model

- 1 public institution
- 13 subsidiaries and strategic affiliates¹



2 guiding principles

- Independence of the Supervisory Board
- Autonomy of the Chief Executive Officer

An independent Supervisory Board

The 1816 Law that instituted Caisse des Dépôts stipulated that it should be "closely supervised by the French Parliament and the legislative process". This special status is what guarantees its independence. Parliament exercises control over its activities and guarantees its autonomy via a Supervisory Board. The composition of this board was established by the Economic Modernisation Act of 4 August 2008, but could be affected by the upcoming French Pacte² Law. Since 2003, the Supervisory Board has had its own Internal Regulations setting out its rights and duties and governing its relations with the Group's senior management.

3 roles

- To oversee major decisions, strategic directions, shareholdings, savings funds management and account verification
- To monitor the prudential model and its changes
- To report on the financial situation to Parliament

6 specialised committees

- Account Auditing and Risk Assessment Committee (2003)
- Savings Funds Committee (2003)
- Investment Committee (2008)
- Nominations Committee (2008)
- Bpifrance Monitoring Committee (2014)
- Remunerations Committee (2015)

20 general meetings and **33 committee meetings** in 2017

86% attendance rate by board members in 2017

13 board members appointed for 3-year terms³, who hold no executive powers

3 deputies

2 senators

1 State Council representative

2 Court of Audit representatives

The Governor or one of the Deputy Governors of the Bank of France

The Director of the French Treasury (or the Director's representative)

3 qualified officials

10 men / 3 women⁴

11 independent board members⁵

(1) Two of which - CDC Arkinéo and Novethic - are not included in the environmental and social information disclosed in this report; they are however included in the human resources information.

(2) Action Plan for Business Growth and Transformation.

(3) Except statutory members who serve for an unlimited term.

(4) 2018 Supervisory Board members (12 men/1 woman as at 31/12/2017).

(5) The Governor (or one of the Deputy Governors) of the Bank of France and the Director of the Treasury (or his representative) do not class as independent members.



An autonomous Chief Executive Officer

The Chief Executive Officer of Caisse des Dépôts is appointed by decree of the President of the French Republic, after a presentation to the Finance Committees of both the French National Assembly and Senate. Appointed for a five-year term, the Chief Executive Officer has wide-ranging powers and a large degree of independence from the executive, which may not forcibly remove him from office. He is responsible for how the funds and assets of Caisse des Dépôts are used.

1 oath: to guarantee the inviolability of the funds entrusted to Caisse des Dépôts

A renewed governance model

In early 2018, Caisse des Dépôts underwent a governance overhaul at the initiative of the Chief Executive Officer. He is currently assisted by a refined Executive Committee as well as the Group Management Committee, whose members include those of the Executive Committee, the managers of cross-disciplinary support roles of the Public Institution and the managers of its subsidiaries.

2 steering bodies

- Executive Committee: supports the implementation of the Chief Executive Officer's strategic plan
- Group Management Committee: enriches the strategic deliberations of the Executive Committee and harmonises actions within the Group

"I have given these two bodies a very clear goal: to work efficiently and quickly to ensure Caisse des Dépôts serves even more actively every territory within the Republic. The team will be required to promote a cooperative, lateral approach and ensure each and every person contributes to the success of our shared corporate project. It will be important to pool our efforts, as well as the wide-ranging talents and entrepreneurial spirit that drive the Group forward, in order to combat territorial divisions and promote social cohesion".

Éric Lombard,
Chief Executive Officer of Caisse des Dépôts

A regulated pay policy

- Details of the Group senior managers' pay published annually
- Pay caps:
 - for the Chief Executive Officer, by decree
 - for indemnities paid to Supervisory Committee members
- 9/12 of the Group's entities have a Remunerations Committee (including Caisse des Dépôts itself)

Good governance practices

4-pronged control

- Internal Control policy
- Supervision by:
 - the Supervisory Board
 - AMF, French prudential financial market authority
 - ACPR, French prudential supervisory authority

3 Group-level reference documents

- Capital Adequacy Model
- Responsible Investment Charter
- Code of Conduct

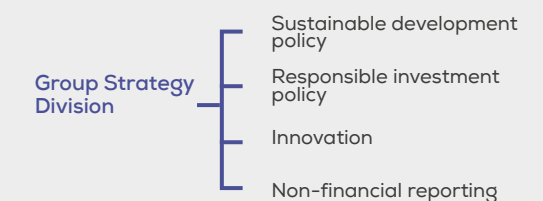
1 gender equality score for governing bodies, with year-on-year improvement since 2013

- +17.5% in 2017 for Caisse des Dépôts
- +19.7% in 2017 for all the Group's entities combined

3 stakeholder consultation bodies

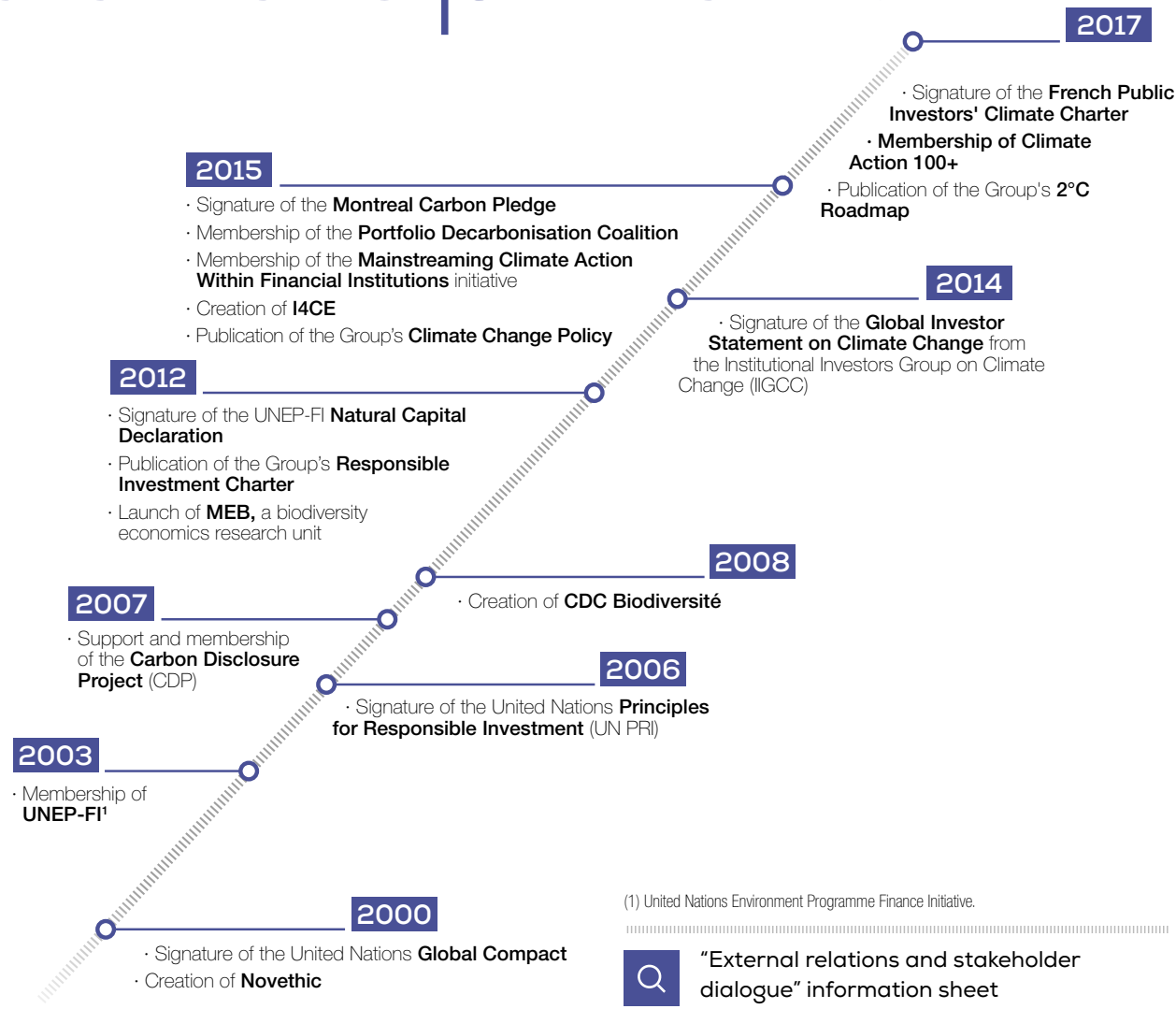
- CMIC, an information and consultation committee
- Group union representatives
- Group Strategic Guidance Committee on the Ecological and Energy Transition (meets annually)

STRATEGIC MANAGEMENT OF THE GROUP'S SUSTAINABLE DEVELOPMENT AND INNOVATION POLICY



- "Robust governance" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report
- "Our governance" page of the Group website
- Report to Parliament (French version)

long-standing commitment to sustainable development



United Nations Global Compact

Launched in 2000, the UN Global Compact brings together companies, associations and non-government organisations around ten universally recognised principles that are essential for the establishment of more sustainable and inclusive

societies. Having signed up to this initiative from the outset, Caisse des Dépôts is committed to ensuring the utmost transparency when declaring the impact of its activities and internal processes on the environment and on society. Three of its subsidiaries and strategic affiliates, CNP Assurances, Transdev and Egis, also support the initiative.

10 Principles of the Global Compact

<h3>Human Rights</h3> <p>1 - Businesses should support and respect the protection of internationally proclaimed human rights; and 2 - Make sure that they are not complicit in human rights abuses.</p>	<h3>Labour</h3> <p>3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4 - The elimination of all forms of forced and compulsory labour; 5 - The effective abolition of child labour; and 6 - The elimination of discrimination in respect of employment and occupation.</p>	<h3>Environment</h3> <p>7 - Businesses should apply a precautionary approach to environmental challenges; 8 - Undertake initiatives to promote greater environmental responsibility; and 9 - Encourage the development and diffusion of environmentally friendly technologies.</p>	<h3>Anti-corruption</h3> <p>10 - Businesses should work against corruption in all its forms, including extortion and bribery.</p>
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United Nations Sustainable Development Goals

In 2015, as part of its 2030 Development Agenda, the UN introduced seventeen sustainable development goals (SDGs) designed to eradicate extreme poverty, fight inequality and injustice and protect the planet over the next fifteen years.

The purpose of these goals, over the coming years, is to help companies structure their business models and strategies. Therefore, and to ensure these goals are fully incorporated into both its values and its missions, Caisse des Dépôts is committed to using its influence and capacity to help achieve the SDGs. These goals will be used to produce the Group's next materiality matrix, which is due for release in 2018.



③

our business lines

The Banque des Territoires; corporate finance; financial asset management, retirement and professional training mandates management; subsidiaries and affiliates: these are the five core businesses around which Chief Executive Officer Eric Lombard decided, at the start of 2018, Caisse des Dépôts should be organised.

This section of the report offers a presentation of these business lines.



Banque des Territoires

Unveiled in early 2018 by Chief Executive Officer **Éric Lombard**, the Banque des Territoires was officially launched on 30 May 2018. This new structure is now fully operational and is being gradually rolled out to 16 regional offices and 35 territorial sites. The Banque des Territoires forms the heart of the work and services of Caisse des Dépôts. It is one of the five business lines born from the restructuring of the Public Institution in January 2018 (see p. 3).

“Caisse des Dépôts is a public group that serves both the public interest and the territories. Its primary aim is to help reduce inequality. Our new collective project, known as Banque des Territoires, will allow Caisse des Dépôts to overcome territorial divisions and support the regions most in need”.

Éric Lombard,
Chief Executive Officer of Caisse des Dépôts

Fighting territorial divisions and inequality

- For decades, the Caisse des Dépôts Group has been known and recognised as an indispensable partner of territorial development. So why the need for this new entity? To better meet the needs of local players, fight territorial divisions and the resulting inequality, and thus better serve the public interest. *“Our territories are undergoing radical change, and Caisse des Dépôts is therefore transforming in order to better meet their requirements. Dedicated to serving its clients, the Banque des Territoires will provide an immediate, tailored response to their needs”*, explained Olivier Sichel, Deputy Chief Executive Officer of Caisse des Dépôts and Director of the Banque des Territoires, upon the launch of this new structure.

- To achieve this goal, the Banque des Territoires has been formed by merging the operating divisions of Caisse des Dépôts and two of its subsidiaries, Scet and CDC Habitat, within a single structure. The aim is to be much clearer for local players, offering a range of clear and tailored offers. The launch of a digital platform will encourage communication, and decision-making will be decentralised to the regions and thus faster. Caisse des Dépôts regional offices play a crucial role in client communication.

Banque des Territoires website (French version)

- The entity's clients are based in the territories: local authorities, local public bodies (semi-public companies), social housing bodies. The legal professions, which are all anchored in the regions, will also be involved. The Banque des Territoires is aimed at every territory, and therefore every population. It operates at all levels and works both with small and medium-sized rural communities, which merit special treatment, and with regions, cities and overseas territories.
- For all its clients and partners, Caisse des Dépôts works via the Banque des Territoires to offer several types of service: consultancy and engineering, loans, equity investments, banking services, escrow accounts and special deposits and operational services. Its ambition is to promote and build territories that are more sustainable, more attractive, more inclusive and better connected, for the benefit of everyone.

Territorial development expertise with Scet

A wholly-owned subsidiary of Caisse des Dépôts, Scet has sixty-three years' experience in providing consultancy and engineering services for the benefit of the public-private economy and local development. It supports local public and private initiatives in the areas of planning, housing and public service management. Its clients are local public bodies and social housing landlords, local authorities, private companies, public operators and institutions.

It controls a network of around 350 companies (local public bodies and social housing landlords).

Given the nature of its client portfolio and the areas in which it works, Scet is now a functional part of the Banque des Territoires, although it remains legally independent.

- In 2017, Scet won or ran several major contracts. For example, it helped the Association for Adult Professional Training produce its multi-year property strategy; it supported the town of Nouméa with the production and formalisation of an urban planning project; it acted as assistant project owner, alongside Egis, as part of the *“Réinventer Paris 2”* call for proposals; and with Citadia, it provides project ownership assistance to the Toulon Provence Méditerranée (TPM) city community for the urban redevelopment of Toulon and Seyne-sur-Mer city centres.
- During 2017, Scet purchased a stake in several companies allowing it to provide a range of comprehensive engineering services. In June 2017, it became the majority shareholder (60%) of Citadia Conseil, a leading territorial and town planning consultancy firm. The Citadia Group (120 employees) is made up of Citadia Conseil and four subsidiaries operating in a number of key local development and planning sectors, namely territorial and regulatory planning, environmental performance, town planning and urban design.

That same year, Scet also purchased Aatiko Conseil, an accommodation expert specialising in social housing owners and landlords. Its niche is to offer tailored solutions for corporate strategy, management, housing policy, IT systems, digital tools and regulatory compliance.

Finally, in 2017, Scet consolidated its strategy for innovation by reinforcing its partnership with Spallian, one of France's leading data analysts, by purchasing a stake in this company thanks to a fundraising round involving Caisse des Dépôts. With Spallian, Scet has incorporated digital technologies into its expert services in order to guarantee a better understanding of the territories.

Housing and local public sector loans

More than one in every four housing units built in France is a social housing unit financed by Caisse des Dépôts. This figure from 2017 shows the crucial role of the Savings Funds as a major partner and leading financial backer of social housing. This growth-driving business for territorial development now forms part of Banque des Territoires.

The Savings Funds managed by Caisse des Dépôts is based on savings kept in regulated savings accounts (in particular the Livret A passbook account). The Livret A rate will remain at 0.75% until 31 January 2020 (decree of 27

November 2017). This has a direct effect on the loans granted by Caisse des Dépôts to social housing associations, because these savings fund loans are all indexed against the Livret A rate.

- In 2017, savings fund loans continued to operate at a high level, with the volume of new loans reaching €17 billion in a repeat performance from 2016. Of this new funding, loans for social housing and urban planning totalled €15.1 billion, up 6% thanks to the subsidised equity loan initiative (€900 million of loans signed in 2017). €1.9 billion in new loans were granted to local authorities in 2017. There was over €185 billion in loan exposure at the end of 2017.
- In terms of its offer, in 2017 Caisse des Dépôts developed a digital signature system for social housing landlords who received savings fund loans for building or renovating social housing. Loans are now paperless and can be signed electronically, using a tablet or PC. This involves a secure process secure with additional signature authentication. This system was presented to the conference of French social housing bodies (known as *Congrès USH*) in Strasbourg in September 2017, and was awarded the 2017 Banking & Innovation Prize by a panel of banking professionals and experts.
- Finally, Caisse des Dépôts, in collaboration with the Government, announced a social housing action plan in April 2018 for the benefit of social housing associations. This “housing plan”, worth over €10 billion, will be steered by the Banque des Territoires. It includes several measures such as an extension for housing association loans, a €3 billion cash injection and a €2 billion package of zero-rate subsidised equity loans. The aim of this plan is to optimise the construction and renovation of social housing units and habitats intended for specific populations, for example young workers, and to help housing associations transform their sector in accordance with the Elan Law.

Savings Funds 2017 Report (French version)

Investing in every territory

As well as its funding for territorial players, Caisse des Dépôts makes equity investments in property, commercial and planning projects, infrastructure, urban projects and innovative technologies, amongst others. These investments will now all be handled by Banque des Territoires.

The capital value of these investments has quadrupled in three years, reaching €1 billion in 2017. Caisse des Dépôts has thus allocated €986 million in equity to fund 190 projects for a total value of €7 billion (i.e. a gearing level of 7). Of these transactions, 125 are new investments. Overall, 73% of the projects funded by Caisse des Dépôts are in rural territories, and 27% in towns and cities.

Caisse des Dépôts currently manages an asset portfolio of over €3 billion representing around 300 projects. Its major investments in 2017 included super fast broadband projects in two regions, Grand Est (€77 million equity for a project worth a total of €800 million) and Hauts-de-France (€41 million for a €1 billion project); commitments to the tourism sector, in particular the extension of the Moselle Holiday Park, the Les Arcs Club Med, Diaconesses Hospital in Strasbourg and the continuation of the partnership with Foncière Huttopia; and the creation of the EnRciT funding programme, with an investment of €2.5 million from Caisse des Dépôts, designed to accelerate the territorial energy transition by supporting the development of renewable energy projects proposed by citizens and local authorities.

Caisse des Dépôts has also pledged to revive city centres (see *opposite*) and to support the development of "smart cities", along with all the necessary innovations. In 2017, it invested €255 million in 30 companies in a range of sectors, including soft mobility, e-environment, data platforms and home automation. It has a global vision of producing "smart cities in the public interest", and is intent on identifying unmet needs within the territories, for the benefit of all.

Banking services and offers

The Banque des Territoires is not only for local players and elected representatives, but also for any one working towards greater cohesion and equality within these communities. This includes the legal professions, with which Caisse des Dépôts has a long-standing relationship. In fact, for many decades Caisse des Dépôts has been the preferred partner of notaries, judicial agents and administrators, court bailiffs and commercial court clerks. These professionals now naturally form part of the client base of Banque des Territoires.

- In 2017, Caisse des Dépôts managed approximately €50 billion in deposits on behalf of nearly 15,000 clients. The Public Institution also helped provide start-up funding for notaries and assisted with the development and renovation of notarial offices by offering a range of suitable banking and finance services.

In addition, 2017 marked the start of the market being opened up to competition, as established by the Croissance Law whose effects have had significant changes on the way in which notarial offices can be created. Caisse des Dépôts therefore provided support

for nearly 600 office start-ups in 2017 and adapted its services, granting nearly €150 million in funding over the year, up 75% on 2016.

It has also continued the digital transformation of its customer services, with the delivery of promotional sites for notaries and court bailiffs who can now benefit from increased visibility. In addition, Caisse des Dépôts manages funds from court escrow accounts, handling a total of 500,000 cases in 2017.

- Territorial equality can be measured by the accessibility of services for citizens, irrespective of where they are based. Under the Eckert Law of 13 June 2014, financial institutions are required to register all inactive bank accounts and company savings plans with Caisse des Dépôts, as well as any unclaimed life insurance policies, that were opened in France. To help beneficiaries search and apply for these unclaimed assets, Caisse des Dépôts launched a new website, www.ciclade.fr, on 2 January 2017. A simple search function allows users to search for themselves or on behalf of someone else, irrespective of which financial institution was originally involved. Ciclade was designed in collaboration with future users in order to best meet their needs. It has been a resounding success ever since it went public, with over 1.2 million searches in 2017 and 89,000 claims being submitted via the site. By the end of 2017, €43.6 million had been successfully recovered.

City centre regeneration

During the second National Territories Conference on 14–15 December 2017 in Cahors and Rodez, the Government launched its "City Centre Action" plan. The aim is to regenerate city centres that are being abandoned by people and businesses¹, especially in mid-size towns.

Caisse des Dépôts, which since 2016 has been involved with a scheme known as "City Centres of Tomorrow" (for mid-size towns) and "Town Centres" (for smaller communities) will participate in the City Centre Action plan by investing, over a five-year term, €1 billion in equity (for engineering, investments, land etc.) and €700 million in savings fund loans.

CDC Habitat: housing for every territory

The SNI Group, a wholly-owned property management subsidiary of Caisse des Dépôts, changed its name to CDC Habitat in February 2018.

It is France's leading landlord, managing 425,000 homes, including 262,000 social housing units, 86,000 intermediate

units and 77,000 very-low-income housing units, across the whole of mainland and overseas France. Its support for social, intermediate and emergency accommodation is linked to the services offered by Banque des Territoires, although CDC Habitat remains a legally independent entity.

In 2017, CDC Habitat recorded a net profit of €119 million, similar to the figure for 2016. Its net earnings, excluding special offers, rose by €3 million to €533 million. Maintenance charges account for 8.9% of these net earnings and demonstrate the significant efforts made by CDC Habitat to maintain its rental properties.

- In 2017, the property manager delivered over 10,500 units (including 6,000 social housing units) and renovated a further 10,500. Construction began on 16,700 homes. Its production of intermediate housing has been ramped up, with over 2,300 units delivered and over 21,000 on order.

It also focused on emergency accommodation in 2017. In order to meet the Government's demands for this sector, CDC Habitat, acting through its subsidiary Ampère Gestion, has created Hémisphère, a social impact fund². Combining six French institutional investors, including Caisse des Dépôts and CNP Assurances, who have invested €100 million in the project, Hémisphère will be used to purchase, renovate and manage housing for use as emergency accommodation. It is the leading social impact fund of this size in the world.

A leading partner in investments for the future

With 42 actions entrusted to it by the Government, the Caisse des Dépôts Group is the leading partner of the PIA, the French programme of investments for the future whose role is to identify innovative projects. It manages €22 billion, of which €14.5 billion have been allocated³ and €7.6 billion already invested. In order to deploy and implement these actions, the Group uses the services of the Banque des Territoires and Bpifrance. Bpifrance is the operational manager of over €9 billion, earmarked to fund French start-ups and mid-caps.

In turn, the Banque des Territoires is mobilising investments for the future, especially in the training sector, with €450 million already committed to support professional work-study programmes, the digital economy and sustainable development ("City of Tomorrow" programme).

The fund's first project was to purchase around 100 budget hotels in 2017. The renovation and management of these hotels was assigned to Adoma, a specialist in social integration through housing and a subsidiary of CDC Habitat, who also provides social support and accommodation services. Ten thousand emergency accommodation places have been created via this scheme.

- CDC Habitat also works in France's overseas departments, and in December 2017 it became the key shareholder of six overseas real estate companies, namely Sig (Guadeloupe), Simar (Martinique), Sim (Mayotte), SIDR (Reunion), and Siguy and Simko (Guyana). These six landlords own 70,000 social housing units, accounting for 45% of the overseas social housing portfolio. With an estimated need for 90,000 homes and an ageing and often dilapidated portfolio, these overseas departments are a housing policy priority.

KEY FIGURES

Main territorial projects of Caisse des Dépôts in 2017:

- **€17 billion in loans agreed**, 88% for social housing;
- **€1 billion in new equity investments**;
- **€2 billion in funding** for the legal professions;
- **425,000 housing units managed**, including 262,000 social housing units.



CDC Habitat website (French version)

(1) 222 towns and cities across all regions will benefit from the scheme, as announced by the Government on 28 March 2018.

(2) Conceived in the United Kingdom, *social impact bonds* allow private backers to fund social programmes by making their pay conditional upon the achievement of social targets.

(3) As at 31 May 2018.

corporate finance

Nearly 25 years ago, Caisse des Dépôts launched its first ever three-year programme, PME-Emploi that then changed its name to PME-Innovation, designed to support and fund small and medium enterprises. These two programmes assisted job creation networks that granted micro-loans to very small businesses, a sector that would come to be known as the "social and solidarity economy". A quarter of a century later, corporate finance is now more than ever one of the priorities of the Caisse des Dépôts Group. Because companies, however large or small, whatever their stage of development, and whatever their legal form, are what bind the territories together and they play a key role in ensuring their ongoing appeal, activity and employment; they form the foundation of social and professional integration.

Providing support and funding for businesses is a key element of one of the five new Caisse des Dépôts business lines resulting from restructuring programme that was announced at the start of 2018 by its Chief Executive Officer *Éric Lombard* (see p. 3). This area is the remit of Bpifrance, but can also be seen in the support given by the Caisse des Dépôts Group to the social and solidarity economy.

A record year for Bpifrance

Bpifrance was officially created in July 2013 and is owned in equal share by the Government and Caisse des Dépôts. Its mission is to be an indispensable public partner for corporate funding and support, both in France and internationally. The bank provides this service in several ways, whether through loans, guarantees, shareholdings, consultancy or support.

In 2017, Bpifrance grew for the fifth year in a row, with record figures. Posting strong growth in all areas of its business, it had an attributable net profit (Group share) of €1.363 billion, up 88% on 2016. This outstanding year resulted in a twofold increase in the subsidiary's contribution to the consolidated net earnings of the Caisse des Dépôts Group, accounting for 37% of the overall figure.

- This record year for Bpifrance can be seen from its equity investments in corporate interests: these new investments totalled €4 billion, of which €2.1 billion was invested in the capital of 213 companies and 56 funds, with a further €1.9 billion for non-recurring investments in PSA (buyback of shares from the Government) to support its growth. Overall, 67% of the equity investments in SMEs involved first-time issues.

- This was also a record year for Bpifrance in terms of financing:
 - the rise in corporate credit facilities continued into 2017, with €14.4 billion in credit and grants, up 6% on 2016;
 - Its loan guarantee business (for loans granted by French banks) also grew by 6%, with Bpifrance guaranteeing nearly €8.9 billion in private bank loans. This has allowed it to target 90% VSBs, mainly upon creation or transfer, especially in traditional sectors such as finance, catering, construction and retail.
- Bpifrance also established itself in 2017 as the public bank for financing export activities, offering both export finance and support services. The volume of export credit rose to €186 million in 2017, compared with €28 million in 2016. Since January 2017, export insurance products have been offered as part of the Bpifrance range.
- Finally, there was a change in gear for entrepreneur support services in 2017, which are now directed at all finance and investment sectors. Over 7,500 companies (vs. 5,500 in 2016) benefited from advice, training or business introduction services from Bpifrance.

KEY FIGURES FOR BPIFRANCE IN 2017

85,000 businesses financed
7,500 companies received advice, training and business introduction services
 Funding: **€14.4 billion in loans and grants** for companies
 Guarantees: **€8.9 billion private bank loans** guarantees
 Investment: **€4 billion invested**, including €1 billion for partner funds
 Export insurance: **€20 billion in guarantees granted** for export activities

- In terms of target sectors, Bpifrance continues to offer high-level support for innovation and has agreed to funding worth €1.3 billion. It also operates in this same field via various funds: the Large Venture fund for tickets over €10 million is now worth €1 billion; the InnoBio Fund for health innovation has launched a new call for funds; and Bpifrance has been asked to manage the Digital Fund of Funds created by Caisse des Dépôts (see opposite). Another sector strongly supported by Bpifrance is the ecology and energy transition, which has received record levels of funding including €1.5 billion for over 180 jointly funded projects. On 3 July 2017, Bpifrance launched the *France Investissement Énergie Environnement* fund (FIEE); this €100 million fund is designed to boost the equity of SMEs and mid-caps at least 3 years old in the ecological and energy transition sector (see p. 9).
- These corporate services are available in every territory. In fact, Bpifrance is partner to 18 French regions and has 48 branches.

Bpifrance website (French version)

On the international stage

Within the Group, direct corporate investments are made in partnership with foreign sovereign funds and major international institutional investors; since 2007, this type of transaction has been the remit of CDC International Capital. Alongside its international joint investors, CDC International Capital seeks to become a mid- and long-term investor in the companies and projects it supports. It offers tailored support designed to encourage international growth, or as part of plans to transfer or stabilise a company's capital. In 2017, it signed an investment partnership with Mubadala (United Arab Emirates sovereign fund) and Bpifrance with a target of €1 billion. CDC International Capital also contributed to the call for funds from French start-up Devialet, as part of the Future French Champions project in partnership with the Qatar Investment Authority.

CDC International Capital website

Support for the social and solidarity economy

Caisse des Dépôts, an informed investor in the public interest, is a long-standing financial backer of the social and solidarity economy (SSE) in France.

- It operates in this sector on its own behalf. In 2017, it made a further commitment via the NovESS Fund. Created in June 2016 by Caisse des Dépôts, this investment fund is intended to support the growth of players in the SSE, by

allocating key resources needed for expansion into the territories. Alongside Caisse des Dépôts, NovESS has brought together a community of public and private investors, including CNP Assurances and Ircantec. Managing nearly €60 million, this fund aims to invest €100 million in associations, cooperatives, mutual insurance companies and commercial companies operating in the SSE in France. It made several commitments in 2017, especially for MakelCI (€500,000) and Moulinot (also €500,000).

- Within the SSE sector, Caisse des Dépôts also manages mandates on behalf of the Government. For example, it manages the FCS, a social cohesion fund created in 2005. Over 21,000 guarantees (professional microfinance) had been offered by 31 December 2017 worth over €80 million. It had also granted 5,605 zero-rate NACRE loans for a total of €22 million. In 2017, the FCS supported the creation of over 24,000 VSBs, the vast majority of which (nearly 90%) were the initiative of jobseekers. As regards personal microfinance, 17,500 loans were granted, 9% more than in 2016.

As part of the PIA, its programme of investments for the future, the French Government also allocated to Caisse des Dépôts Group a total of €100 million to invest in the social and solidarity economy. The aim is to shore up, using the principle of joint public/private funding, the quasi-equity of 2,000 companies in the sector, and to create or secure between 40,000 and 60,000 jobs.

The Group launches a digital fund of funds

In June 2017, the Caisse des Dépôts Group and its subsidiaries announced the launch of a €140 million digital fund of funds. This investment vehicle has received €100 million from Caisse des Dépôts, €24 million from Bpifrance and €15 million from CNP Assurances, with the remainder being funded in equal share by CDC Habitat, Icade, Egis and Transdev. The aim of this tool, which is managed by Bpifrance, is to develop a real-time international and operational monitoring system for the start-up ecosystem, and to spot new technologies and emerging business models that could benefit clients of the Caisse des Dépôts Group and the French territories. Its target sectors are the digital transition (*big data*, digital marketing etc.); *smart cities*; fintech and insurtech. It hopes to invest in a dozen foreign capital innovation funds (from seed-funding to growth) located primarily in Europe (excluding France), North America and Asia.

asset management

“Asset management is one of the key business lines at the Caisse des Dépôts Group. Across the whole of the public sector, our institution is one of the leading names in this field able to offer real potential for growth”.

Éric Lombard,
Chief Executive Officer of Caisse des Dépôts

Caisse des Dépôts is one of the market's leading asset managers, with particular “added value”, as explained by Chief Executive Officer Eric Lombard (see p. 3), in the form of its long-term vision and desire to be a responsible portfolio manager.

Asset management is one of the Group's five strategic business lines. This core business, which contributes heavily to the results of the Caisse des Dépôts Group, provides the institution with the means to fulfil its public interest missions.

A new asset management division

On 4 June 2018, Caisse des Dépôts created a brand new division to handle its asset management requirements. The purpose was to centralise all of the Public Institution's internal management activities as well as those which, until now, have been handled by specialist subsidiaries, and to consolidate the institution's status among other market investors¹.

This new structure is the culmination of a centralisation project initiated by Caisse des Dépôts in 2017. In July 2017, it created a Financial Investments Division, bringing together the financial management teams previously working either in the Central Sector (Caisse des Dépôts equity) or for the Savings Funds, totalling over 120 employees.

The newly-created Asset Management Department is the latest stage of the Group's optimisation project. It manages over €151 billion of assets (as at the close of 2017, up €13 billion since the end of 2016), €63 billion of which are in the Central Sector and €88 billion for the Savings Funds. The majority of its portfolios are fixed income (Government and corporate bonds), but it also deals with shares, unlisted funds, real estate and forests.

Each of these two sides of its activity (Central Sector and Savings Funds) has a different make-up and distribution, but they are nevertheless consistent in terms of liabilities. In fact, although one single team manages both the Central Sector and Savings Funds assets, the two have very separate balance sheets.

Three of the Group's subsidiaries, each a specialist in a particular area of asset management, have been assigned to this new department, namely CDC Entreprises et Valeurs Moyennes (CDC EVM)², CDC Gestion des Placements Immobiliers (CDC GPI)² and Société Forestière. As an institutional investor, Caisse des Dépôts is *in a class of its own*. It makes long-term investments for the benefit of economic growth, and prefers to take a long-term approach in particular in its role as shareholder of some of the leading CAC 40 companies. It directs most of its investments to France and Europe. The goal is to achieve regular and significant returns on its portfolio, which are then used to fund its work in the territories and its public interest missions.

Ultimately, it is a responsible and committed investor, whatever asset class it manages.

A key year for sustainable finance within the Group

- In 2017, Caisse des Dépôts not only met but exceeded its sustainable finance targets and announced yet further commitments:
 - it beat its goal of €15 billion funding for the ecology and energy transition) over the 2014–2017 period by nearly €3 billion³, and will allocate the revenues from its Sustainable Development and Solidarity Passbook (LDDS) accounts towards funding for climate positive projects;
 - it also beat its goal of a 20% reduction in the carbon footprint of its equities portfolio. Caisse des Dépôts therefore extended this 20% reduction target to its bond portfolios for 2014–2020;
 - in terms of shareholder engagement, Caisse des Dépôts and CNP Assurances have both signed up to the international *Climate Action 100+* initiative, whose members are among the largest international investor networks in this field. The institution also signed, as part of Climate Finance Day, the French Public Investors' Climate Charter, alongside Bpifrance in particular (see p. 9);

- in 2017, Caisse des Dépôts established a framework for these commitments by producing a 2°C roadmap. This roadmap includes an extension of its targets from 2020 to 2050, a broadening of the scope, better traceability and quantification of the climate impact of its financial activities, and a gradual increase in its carbon reduction targets aiming ultimately for carbon neutrality of its financed assets.

- For the subsidiaries of the Caisse des Dépôts Group, 2017 was also a year for new commitments in terms of sustainable finance:
 - CNP Assurances announced €5 billion in new funding for the EET by 2021, including green bonds, investments in green infrastructures, high energy performance buildings and forests. In addition, by 2018 the subsidiary hopes to align the management of its shares in funds that have a clear preference for supporting the EET. Finally, in 2018, CNP Assurances raised the carbon reduction target for its portfolios to 0.25 t_{eq}CO₂ per thousand euros invested by 2021, meaning a 47% reduction on 2014 compared with the 20% (Group target) that it had already achieved by the end of 2017.
 - Icade has introduced a major energy efficiency plan for 2017–2019. By the end of December 2017, nearly €8.8 billion had been invested for this purpose in the assets operated by Icade, with a further €23 billion planned by the end of 2018.
 - In July 2017, Bpifrance launched the €100 million France Investment Energy Environment Fund for supporting the growth of SMEs and mid-caps in the EET segment and for consolidating the sector.



- Read more in the sub-section on “Promoting Responsible Investment”
- Group 2017 Responsible Investment Report

ASSET MANAGEMENT - KEY FIGURES⁴

€151 billion in assets under management:

- €63 billion for the Central Sector;
- €88 billion for the Savings Funds.

Green bonds for the Group

With two successful green bond issues in 2017, the Caisse des Dépôts Group has established itself as a major name in sustainable finance, in both France and the rest of Europe. In February 2017, Caisse des Dépôts issued its first green bond worth €500 million with a five-year maturity. These funds have been allocated to three areas: energy efficient buildings, renewable energies and site decontamination. The beneficiaries are projects with strong territorial roots in France, 82% of which are new. In September 2017, Icade also issued its first green bond, for €600 million and with a 10-year maturity.

(1) Caisse des Dépôts is ranked fifth among institutional investors in France, behind CNP Assurances, CA Assurances, BNP Paribas Cardif and Axa.

(2) Subsidiary not included in the non-financial reporting scope for the Group.

(3) Estimates at the end of December 2017.

(4) As at the end of 2017.

retirement and professional training

These services are as old as the institution itself. Ever since its creation in 1816, Caisse des Dépôts, as a trusted third party, has been tasked with managing the main public retirement schemes.

Two hundred and two years later, this management of social protection mandates has expanded and is still one of the core activities of Caisse des Dépôts, handled by teams in Paris, Bordeaux, Angers, Metz and Cholet. It is one of the five strategic business lines borne from the reorganisation of the institution announced by the Chief Executive Officer Eric Lombard in January 2018.

Caisse des Dépôts has been granted nearly 80 mandates for the management of pension schemes, solidarity funds, social action funds as well as personal activity and training accounts.

It uses this expertise to support the people of France throughout their lives.

An expert in pension management

In the retirement sector in 2017, Caisse des Dépôts managed the pensions of 3.8 million people in France, or one in every five of the 587,000 people who retired that year. It performs this service at the request of 75,000 public employees from central government, regional and local government and public health authorities. Caisse des Dépôts therefore manages four major retirement schemes for permanent and contracted employees of the three branches of France's civil service (central government, local government and hospitals) and for public sector workers (CNRACL, Ircantec, RAFFP and FSPOEIE⁽¹⁾).

It applies its management expertise to all types of pension scheme, whether integrated, first-, second- or third-tier. Thanks to the diversity of the funds it manages, it is an expert in both points- and annuity-based plans. Finally, it has access to the entire pension process, whether at administrative management level (from collection to payment of entitlements), legal, technical and financial procedures or relationships with beneficiaries.

Caisse des Dépôts has developed standard cooperative procedures for the large-scale management of these cases. At the same time, it has introduced cutting-edge systems for multi-channel customer relationship management (digital, on-line, postal, telephone etc.). In 2017, it handled over 2 million telephone calls.

This business expertise is the key to being awarded new mandates. Since January 2017, Caisse des Dépôts has managed the pensions of 12,000 current and 17,500 retired employees of the Bank of France. Retired agents received their first monthly pension payments on 1 March 2017.

For this mandate, Caisse des Dépôts has in particular developed special tools for managing individual pension accounts, as well as simulation and payment tools specific to the schemes offered by Bank of France.

The Bank of France and its current and retired employees also have access to a range of on-line services.

A long-standing service with a promising future, designed to fight inequality

Thanks to its experience in this historical area of pension management, Caisse des Dépôts has been able to expand into other fields of social protection, such as the solidarity sector, employment for the disabled and compensation funds. In 2017, the FIPHP, the French fund for the integration of disabled persons in public sector employment, which Caisse des Dépôts has managed exclusively since its creation in 2005, has generated funding to support employment for the disabled by over six in every ten employers. In addition, the various solidarity funds it manages have paid allowances to 3.8 million pension beneficiaries.

For many years, Caisse des Dépôts has also been involved in the training sector and helps the French progress their careers. In April 2018, in order to strengthen its position in this sector, it created a Professional Training Department within its pensions and solidarity division.

Following on from the creation of the CPF programme⁽²⁾, Caisse des Dépôts was also entrusted with the development and management of personal activity accounts through the CPA programme and the related website.

Created by the Law of 8 August 2016, this user-facing online rights and services platform was launched in January 2017. It was designed and produced in under one year by the teams at Caisse des Dépôts, thanks to an open innovation policy involving future users and start-ups. The scheme employs data analysis tools (big data) to allow the gradual development of services tailored to the needs and behaviours of the beneficiaries.

On 27 February 2018, the CPF and CPA websites were merged to form single site, www.moncompteactivite.gouv.fr.

An extension of the CPA programme to civil servants and self-employed workers is scheduled for 2018. In addition, professional training reforms look set to expand the scope of the CPF as well as the services available to beneficiaries. In preparation, Caisse des Dépôts began in May 2018 to steer *open lab* projects with users and training bodies in order to determine the content of the future CPF mobile app, which will be developed during the second half of 2019.

Day-to-day innovation

Paperless management, digitisation, on-line information and services, open innovation...

For all of its mandated management projects, Caisse des Dépôts innovates in close collaboration with public sector employers. In the retirement sector, it is invested in the inter-scheme programme run by Union-Retraite, of which it is a member (alongside the major funds it manages). In addition, it has been instructed by Union-Retraite to operate several sets of online services available since early 2017 via the shared inter-scheme portal.

Backed by two centuries of experience, Caisse des Dépôts is currently taking part in discussions concerning two planned reforms of the French professional training and retirement system.

KEY FIGURES

Pensions managed by Caisse des Dépôts in 2017:

- **3.8 million pensioners**, including 587,000 new pensions paid out;
- **7.6 million contributors** (to one or more funds);
- **75,000 public sector employees**.

Training:

- **24 million personal training accounts** (CPF) created based on declarations from 2 million private employers;
- **5.7 million CPF** in use;
- **1.4 million training applications** approved.

Solidarity funds:

- **3.8 million beneficiaries**.

(1) French pension fund for permanent local authority and hospital employees; French second-tier pension scheme for contracted employees of civil service branches and local authorities; French third-tier civil service pension fund; French special pension fund for industrial public sector workers.

(2) A programme consisting in developing and managing personal training accounts, whose IT system is managed by Caisse des Dépôts. This programme has been active since January 2015 for 24 million employees and jobseekers.

subsidiaries and strategic affiliates

Three-pronged supervision

Designing and managing personal insurance schemes, providing property and infrastructure, operating transport networks, ski resorts and holiday parks...these are just some of the activities performed within the Group by a number of subsidiaries or companies in which Caisse des Dépôts owns a strategic interest.

The supervision of these subsidiaries and interests is now the fifth business line of the Caisse des Dépôts Group, following the reorganisation announced by Chief Executive Officer Eric Lombard in early 2018 (see p. 3).

In keeping with its long-term strategy, Caisse des Dépôts manages its subsidiaries and strategic affiliates based on a three-pronged approach whereby it aims to uphold (i) the proprietary interests of the company in which Caisse des Dépôts has invested; (ii) the financial interests of Caisse des Dépôts; and finally (iii) the public interest, since "Caisse des Dépôts is a public institution that serves the public interest", as explained by Eric Lombard during the press conference to present the Group's results for 2017. Using these three criteria, Caisse des Dépôts oversees its strategic affiliates and ensures that they remain a relevant part of the Group.

A year of growth

For all these subsidiaries and affiliates, 2017 was a year of growth. Each one contributed to the health of the Group's consolidated profit (see p. 66). The share of all subsidiaries combined in this net consolidated profit was 53% (20% discounting the contribution from Bpifrance).

So how did these companies establish their goals and develop their projects and activities in 2017?

Here is an overview.

■ Mobility, infrastructure, engineering

Transdev

Although turnover remained stable in 2017, net profit rose by 15% to €76 million.

Transdev has strengthened its business in several of the 20 countries in which it operates. In France, for example, its city transport contract in Le Havre has been renewed for six years; and via its subsidiary Urbis Park it has won several on-street parking enforcement contracts (particularly in Paris and Bordeaux) and now manages 155,000 parking bays in ten cities across France.

In the Netherlands, its new Amstelland-Meerlanden contract (in the Amsterdam region) for electric mobility began in December 2017. In New Zealand, the contract for operating the Auckland railway has been extended for thirty months. In the USA, it won a high-level bus contract in New York (for the Tappan Zee Bridge) as well as a contract in Indiana. Business at the Transdev Group feeds upon innovation. In 2017, it developed electric mobility services in most countries where it operates, including the Netherlands. The Transdev Group is now Europe's leading private operator of electric buses. It has also forged partnerships for operating autonomous, driverless vehicles (see p. 41), including a research contract with Renault in February 2017 for autonomous public transport and transport on-demand, a contract with the Lohr Group in August 2017 for shared autonomous vehicles, and a contract with the Delphi Group.

Finally, Transdev has continued its work with on-demand transport, in particular thanks to digital innovations (corporate services, public service contracts, personalised commercial offers).



Transdev website

Recycling construction materials with Cycle up

Construction sites and materials are not immune to the circular economy, which is why Cycle up was launched in September 2017. This innovative company specialises in the reuse of construction materials and was created by Egis and Icade, with support from Caisse des Dépôts. The company is owned by the two subsidiaries in equal share.

Cycle up offers a digital platform for linking up construction and demolition companies (project managers, architects, builders etc.). Using this marketplace they can list their unwanted materials and optimise the opportunities for reuse.

Cycle up also provides advice to help buyers and sellers make the most of these materials. In business since autumn 2017, the company launched its on-line marketplace on 8 March 2018 (www.cycle-up.fr).

As part of the plans for hosting the 2024 Olympic Games in Paris, Egis recommended Cycle up for the construction of the Olympic Village in Saint Denis where the athletes will be housed.

Egis

In 2017, the Group celebrated 20 years of its Egis brand. With a slight increase in turnover (3% to €1.05 billion), Egis conducts 62% of its business internationally, including 20% in Europe and 17% in the Middle East where business continues to grow. Engineering - mainly in urban transport and railways, construction, highways, waterways and ports - accounted for 76% of its business, with its other main sector of activity being mobility services, especially motorway concessions.

As an engineering firm, Egis has continued to expand and diversify its offer. At the end of 2017, 10 Design, an architectural and master planning firm based mainly in Hong Kong, joined the Egis Group which will hopefully open doors for the company in South East Asia. Elsewhere, Egis has also been expanding into Mexico, and in 2017 it took over Ocaca, a service provider for toll road users and concessions, making it the country's largest independent motorway operator.

In 2017, Egis also created some new entities and services, some of which work in partnership with other companies of the Caisse des Dépôts Group. For example, Egis and Icade combined forces to launch Cycle up (see box below) as a way of applying the principles of the circular economy to construction materials. Working with Transdev, Egis has also created Moovia, a new brand with a six-year contract (starting in early 2018) for parking enforcement services involving 115,000 parking bays in Paris and in a dozen other cities across France. Finally, Egis has been collaborating with Caisse des Dépôts in support of the Yhnova project to build the first 3D printed liveable house in Nantes, using Batiprint technology (see p. 9).

The project has also involved external collaboration with XtreeE, a young company that specialises in large-scale 3D printing, and that worked with Seaboost (an Egis group entity) to design, manufacture and submerge the first 3D-printed concrete artificial reef. Seaboost won an award for this innovation at the 2018 National Eco-Enterprise Forum in the "Sustainable Water and Ecosystem Management" category.

Egis website

■ Real estate

Icade

In 2017, Icade underwent a visual rebrand, with a new logo unveiled in February 2017 to coincide with the announcement of its results for 2016. The shapes and colours of the new brand image reflect the company's three core businesses: commercial property, healthcare property and property development.

A few months after this change, Icade moved to a new head office in Issy-les-Moulineaux (Hauts-de-Seine, France) and now operates from a fully renovated site known as the Open building. Not just a new address, the building has been designed as a showcase of Icade's expertise, involving open-plan fully-flexible office spaces where employees, including members of the Executive Committee, can choose from one of eight different types of workstation every day (multi-tasking desks, sit-stand desks etc.). They can also enjoy themed meeting areas. This is a whole new way of working and a new management approach.

Each of Icade's three business lines had a successful 2017, with a threefold increase in net profit (Group share) to €170 million versus 2016. This performance was in particular thanks to a number of acquisitions and creations. In 2017, Icade took over ANF Immobilier, a company based mainly in regional city centres and, working with Poste Immo (real estate subsidiary of La Poste), it created property development company Arkadea, which is equally owned by the two entities. Finally, Icade launched the Cycle up recycling platform with Egis (see above).

As for the healthcare property side of its business, which celebrated its 10th anniversary in 2017, Icade owns the largest asset portfolio in this sector, in France and in Europe. As well as acquiring its 100th clinic in December 2017

(the Clinique Médico-Chirurgicale de l'Europe in Rouen), Icade Santé signed a new 12-year fixed lease with the Vivalto Santé Group.

Throughout 2017, Icade upheld its CSR¹ commitments. It issued its first €600 million green bond which has proved very popular with French and international investors. Following on from this first issue, Icade signed the Green Bond Pledge, which was announced during the Climate Finance Day in December 2017, alongside eight of the leading industrial green bond issuers, in confirmation of its commitment to encouraging growth of the green bond market.



 Icade website

Insurance

CNP Assurances

CNP Assurances recorded a very slight rise in turnover in 2017 (up 1.9% to €31.2 billion), with 71% of its business coming from France, 12% from the rest of Europe and 17% from South America. Revenues from the South American continent rose sharply (+47.4%), with CNP Assurances performing particularly well in Brazil where for the first time it exceeded 20 billion reais. Youse, a 100% digital insurance platform launched by its Brazilian subsidiary Caixa Seguradora, registered 115,000 customers in just over a year.

In 2017, CNP Assurances also consolidated its operations in Italy, thanks to a 7-year renewal of its life insurance partnership with UniCredit, a deal arranged via the company

CNP UniCredit Vita, owned 57.5% by CNP Assurances, 38.8% by UniCredit and 3.7% by Cardif.

Another partnership, this time in France, involved CNP Assurances and Malakoff Médéric that signed a distribution and reinsurance agreement for personal and wealth protection insurance targeting SME directors and non-salaried employees.

The year also saw an acceleration in the company's digital strategy.

Alongside products designed to conquer new full-digital customers (e.g. Youse), CNP Assurances continued its programme of investments and partnerships with innovative start-ups in sectors such as e-health, insurtech and fintech. At the end of 2017, Open CNP, the name of the partnership programme with these start-ups which has been given €100 million over five years, invested and forged links with five newcomers such as Lendix, a crowdfunding platform for SMEs, and H4D, a provider of remote medical service booths. Finally, in 2017 CNP Assurances reinforced its commitment to green finance, and in December the insurer announced €5 billion in new investments for the ecology and energy transition by the end of 2021. It has also increased its carbon footprint reduction target to 47% (compared with 2014) for its equities portfolio, again by 2021.



 CNP Assurances website

Tourism

Compagnie des Alpes

Having performed slightly better than the previous year (up 5.8% to €762.2 million) and with nearly 23 visitors in 2016-2017² across 24 sites including 11 ski resorts and 13 leisure parks, Compagnie des Alpes consolidated its place in 2017 as a leading name in the European leisure sector. Ski resorts accounted for 56% of its consolidated revenues in 2016-2017, with an increase in profitability despite poor snowfall during the 2016-2017 winter season. The Group has strengthened the synergies between this traditional sector and its leisure parks business, which has seen turnover rise by over 31% in the past four years. One of the key growth

Driverless vehicles on the right track

No longer confined to the realms of science fiction, autonomous vehicles will soon be out on our roads. In fact, the technology behind these driverless vehicles has been forging ahead at full speed. Transdev, a pioneer in this field in 2005 with its introduction of a fleet of driverless vehicles in Rotterdam, and convinced that they will soon form part of our day-to-day transport solutions in the very near future, undertook several experiments in 2017.

These tests involved on-demand and standard services, an extensive network of regional services, transitions with two

other modes of transport. Some will continue into 2018 and are being carried out at both closed sites and on public highways. The experiments included a one-month pilot scheme of a driverless shuttle in spring 2017 at Issy-les-Moulineaux public park, the "Rouen Normandy Autonomous Lab" project offering the first on-demand mobility service on roads open to driverless electric vehicles, a test conducted with Icade for employees at Rungis Business Park and further tests in Darwin (Australia) and the USA.

drivers for its leisure parks has been a year-on-year desire to offer new attractions, for example, the Pégase Express ride at Parc Astérix and the Extraordinary Journey attraction at Futuroscope, which both opened in 2017.

Through its subsidiary CDA Management, Compagnie des Alpes has also developed its consultancy services, primarily at international level. In February 2017, it signed a contract with the Turkey Ski Federation (TKF) in Istanbul for identifying the most promising sites across Turkey for development as a ski resort.


In China, Compagnie des Alpes and Thaiwoo Ski Resort, a future site located 200 km to the north west of Beijing, signed an agreement to continue and expand upon the collaboration that began in November 2015. Their goal is to gradually bring the Thaiwoo mountain resort in line with the highest international standards in terms of management, visitor experience, safety and ski schools. China currently has between 5 and 6 million skiers, a figure that continues to rise.

Energy

RTE (Electricity Transport Network)³

Having received approval from the merger control authorities, in March 2017 Caisse des Dépôts and CNP Assurances finalised their acquisition of an indirect 49.9% capital stake in RTE (*Réseau de Transport d'Electricité*).

The development, operation and modernisation of major national infrastructures are a core concern of Caisse des Dépôts. This shareholding in RTE is therefore a highly symbolic deal, in line with its role as a long-term investor and its commitment to the ecology and energy transition.

 Read about the work of Scet and CDC Habitat on p. 28 and 30, and the other subsidiaries on p. 66.



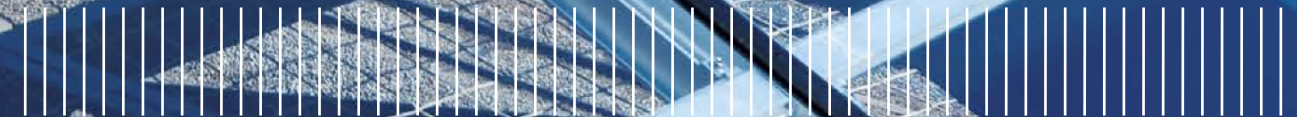
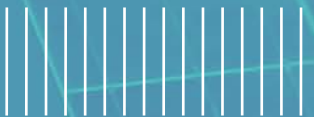
 Compagnie des Alpes website

(1) Corporate Social Responsibility.
(2) The financial year for Compagnie des Alpes runs from 1 October to 30 September.
(3) Strategic affiliate not included in the non-financial reporting scope for the Group.

4

our commitments

Caisse des Dépôts, a responsible and committed company, promotes best practices within its organisation, as well as with its peers and partners.



promoting responsible investment

A long-term investor working in the public interest, Caisse des Dépôts is one of the pioneers of responsible investment in France.

In search of financial performance and positive corporate impact, it factors environmental, social and governance (ESG) considerations into its financial management for a better understanding of its investments.

Its responsible investment policy forms part of a strategy of continuous improvement, which it shares with its subsidiaries and strategic affiliates working in the financial sector such as Bpifrance, CNP Assurances, Société Forestière and CDC International Capital.

Common principles

The Group's responsible investment policy, applicable to all its investment processes, define three complementary principles used to translate its vision into concrete actions within its investment processes:

- 1 - Analysis and inclusion of ESG criteria into investment selection and management.

- 2 - Being an active owner, through dialogue with the management of investee companies including on ESG considerations, as well as actively voting in all shareholder meetings.
- 3 - Ensuring that portfolios, through their activities or management practices, are not misaligned with the fundamental norms defined by treaties and conventions ratified by France.

This policy, in the form of a Group Charter approved by the Supervisory Board and the Group Management Committee in 2012, is designed to cover all investment activities, across entities and asset classes.

Principles and guidelines for responsible investment

Over time, thematic policies have been designed to guide the implementation of the Charter over key issues:

- governance principles: the performance and attractiveness of each entity in which Caisse des Dépôts and/or its subsidiaries and strategic affiliates invest depend directly on the robustness of its governing bodies as well as on the quality of the rules and practices relating to corporate governance that the company has established.
- principles for excluding investments: Caisse des Dépôts, along with its subsidiaries and strategic affiliates, are dedicated to preventing any financial, legal and reputational risks that could arise from investing in jurisdictions known for their lack of regulation, transparency and cooperation in the prevention of tax fraud, money laundering and terrorism funding;

- commitments supporting the management of the climate crisis: the Group has made public its climate commitments as part of its preparations for the COP21¹; in 2016 and 2017 it continued its transversal initiative to adopt a "2°C roadmap" seeking to align its activities with the goals of the Paris Agreement on Climate Change.

Exclusion policy

The Caisse des Dépôts Group endeavours to avoid investing in jurisdictions and sectors deemed exposed with respect to international norms ratified by the French State. This exclusion policy applies to all directly managed assets, and is gradually rolled out to indirect management (private equity funds, index funds etc.).

Norm-based exclusions

- Non-cooperative states and territories
- Jurisdictions at high risk of money laundering and terrorism funding

Sector-based exclusions

- Anti-personnel mines and cluster bombs
- Tobacco (Caisse des Dépôts and Bpifrance)
- Thermal coal:
 - Caisse des Dépôts: any share in a company that generates over 20% of its turnover from thermal coal
 - CNP Assurances: any share in a company that generates over 25% (securities held)/15% (newly-acquired securities) from thermal coal



- General principles on the governance of listed companies
- Principles for excluding investments in countries and territories that contribute to financial fraud (French version)
- Group Climate Finance policy

Each of the Group entities implements the responsible investment policy by defining specific processes for analysing and integrating ESG issues in its investment decision, taking into account its corporate mission, as well as the investment strategies and asset classes it manages.

Implementation of the Group's responsible investment policy is monitored by its governing bodies, as part of the Group's strategic management. Operations are coordinated through the Responsible Investors' network, gathering operational divisions leaders alongside ESG experts.

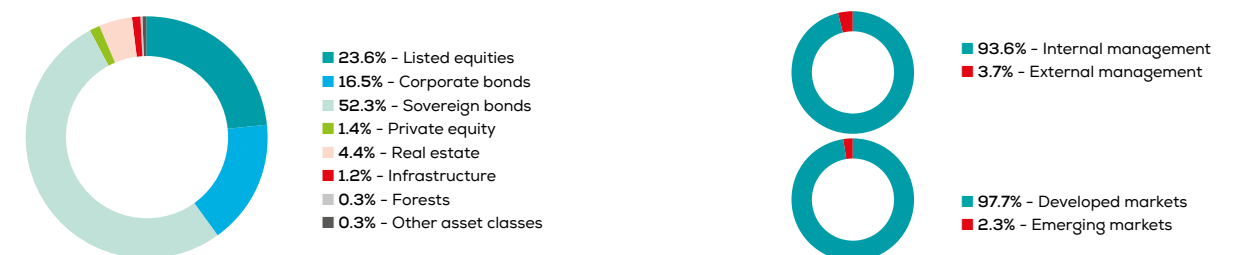
Corporate annual responsible investment objectives are specified for each entity as part of their strategic targets. They are translated into managers' objectives, which in turn define collective or individual objectives for their investment teams.

A responsible finance training programme is being rolled out. For example, in 2017, 300 directors from Caisse des Dépôts and Bpifrance completed the digital training programme created by Novethic on the ecology and energy transition. In addition, the CDC International Capital team took part in dedicated seminars, and fixed income portfolio managers from Caisse des Dépôts received training in green bonds.

(1) 2015 Paris Climate Conference, resulting in the universal Paris Climate Change Agreement. The main goal of this agreement, signed by 196 countries, is to keep the global temperature rise by 2100 "well below 2°C".

CAISSE DES DÉPÔTS INVESTMENTS

Caisse des Dépôts invests in a diverse range of assets, most of which are in developed markets.



Figures correct as at 31/12/2017. These figures do not include the investment assets of subsidiaries and strategic affiliates or outstanding loans.

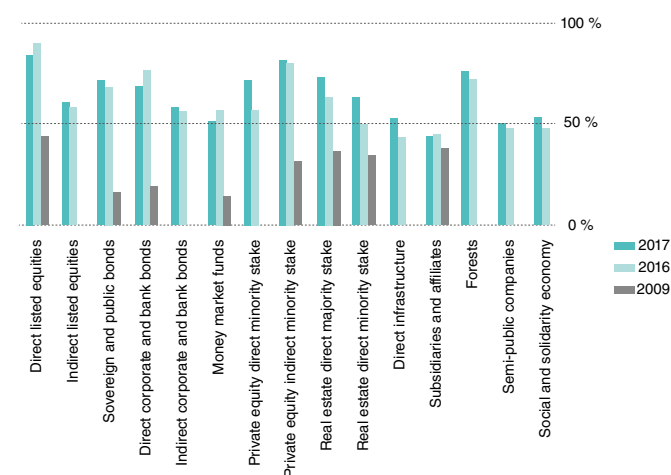


Further deployment in 2017

Year after year, Caisse des Dépôts measures the deployment of its responsible investment policy. It uses an indicator for assessing how the operating procedures underpinning this policy are being applied by all its investment teams, such as the collection and analysis of ESG data, inclusion of ESG criteria in management decisions, shareholder commitment to resolving identified ESG vulnerabilities, as well as training for teams and the incorporation of ESG criteria into the calculation of the teams' variable pay.

In 2017, notable progress was made in both indirect management and the investment activities of the future Banque des Territoires. The result for the "corporate bonds" asset class is due to a technical redefinition of the scope used for the assessment. 2018 will consolidate the efforts undertaken on these business lines, whilst continuing the implementation of the ESG processes to all other activities.

GROUP RESPONSIBLE INVESTMENT POLICY DEPLOYMENT INDICATOR BROKEN DOWN BY ASSET CLASS - 2009-2017



This internal score is combined with external reviews of our practices.

PRI² SCORES FOR THE "STRATEGY & GOVERNANCE" CATEGORY IN 2017

Caisse des Dépôts	CNP Assurances	Bpifrance	CDC International Capital
A+	A	A	B

Caisse des Dépôts' responsible investment policy rewarded in 2017

- Prize for the "Best Energy Transition Financing Initiative" during the Instit Invest Couronnes³ awards ceremony for French institutional investors.
- Inclusion on the Bretton Woods II Leaders List⁴ of the world's 25 most responsible asset allocators, established by the non-government organisation New America.
- Ranked as a Climate Leader by the NGO Asset Owner Disclosure Project⁵ (AA rating - ranked 24th of the 500 investors assessed on climate risk awareness).
- Award for best Responsible Investment Report⁶ by Responsible Investor in the category of companies holding more than \$25 billion in assets.

Two business principles: transparency and integrity, helping define and apply best practice

The Group reports on its responsible investment policy via not only its Business Review and Sustainable Development Report but also on its website.

Details of this policy, together with updates and news of its implementation, can be found in the Group's 2017 "Responsible Investment" report, which meets the transparency requirements of the French Law on Energy Transition for Green Growth (the TECV Law)⁷.

Group 2017 Responsible Investment Report

Caisse des Dépôts, as well as its subsidiaries and strategic affiliates, are seeking to help expand upon and share good responsible investment practices within the financial system. In particular, Caisse des Dépôts is one of the founding members of the UN Principles for Responsible Investment (PRI) initiative whose signatories are committed to factoring ESG considerations into their investment decisions. Each year, it and each of its financial subsidiaries produces a detailed annual report on how these principles have been applied. They are also members or supporters of numerous other collaborative initiatives in favour of more sustainable finance (see p. 10 of the Group 2017 Responsible Investment Report).

(2) Principles for Responsible Investment, a United Nations initiative.
 (3) <https://couronnes.institinvest.com/2017/les-laureats.html?editionPrecedente=150> (French)
 (4) <https://www.newamerica.org/in-depth/bwii-responsible-asset-allocator/bretton-woods-ii-leaders-list/>
 (5) http://aodproject.net/wp-content/uploads/2017/04/AODP-GLOBAL-INDEX-REPORT-2017_FINAL_VIEW.pdf
 (6) https://www.responsible-investor.com/images/uploads/reports/RI_Awards_2017_RESULTS.pdf
 (7) The TECV Law, published in France's legal gazette on 18 August 2015, is designed to help France contribute more effectively to environmental protection and the fight against climate change. For institutional investors, it introduces a duty of information about their climate risk management, and more generally an obligation to factor environmental and social criteria into their investment policies.

2017 PRI Report

Caisse des Dépôts is in regular communication with other stakeholders. Its goal is, on the one hand, to make its investment practices more widely known and, on the other hand, to promote the creation of regulatory standards and incentives to encourage the introduction of more sustainable financial practices.

Main Group contributions to the market place in 2017

Signature by Caisse des Dépôts and Bpifrance of the French Public Investors' Climate Charter

Éric Lombard and Nicolas Dufourcq both signed the French Public Investors' Climate Charter during the international One Planet Summit organised by France on 12 December 2017 to accelerate climate change action by the public and private sectors. By signing this charter, Caisse des Dépôts and Bpifrance have agreed to factor climate change considerations into their investment decisions. Information about how the Group has implemented this shared agenda can be found in the sustainability index tracking table in the Group 2017 Responsible Investment Report.

Contribution to the PRI Working group on the inclusion of ESG factors into credit risk ratings

Caisse des Dépôts is taking part in a PRI Working group designed to encourage financial ratings agencies and investors to include ESG-related factors in their credit ratings. Internally, it has launched its own project designed to reinforce the use of climate risk considerations in its ratings.

Report of the PRI Working group on the inclusion of ESG factors into credit risk ratings

Preparing for the EU sustainable finance action plan

Anne-Catherine Husson-Traore, Chief Executive Officer of Novethic (a subsidiary of Caisse des Dépôts), and Pierre Ducret, the Group's Special Advisor for Climate Change, both took part in a European high level expert group (HLEG) on sustainable finance. This latter's recommendations inspired the European Commission to publish an action plan in March 2018. Caisse des Dépôts has responded to the European consultations on the group's report and on the fiduciary duties of investors.

European Commission action plan on sustainable finance

Promoting the responsible finance expertise of the Paris financial market place

As part of the Finance for Tomorrow initiative⁸, Caisse des Dépôts helped organise Climate Finance Day 2017. This international event, held annually since 2015, brings together major names in international finance to discuss and identify financial solutions to the problems posed by climate change. Caisse des Dépôts also took part in the annual PRI event in Berlin. Joël Prohin, Head of Portfolio Management, discussed the opportunities for incorporating climate change considerations into financial management strategies and presented the Group's 2°C Roadmap.

Supporting research to factor in the climate issue into investment decisions

Caisse des Dépôts took part in a French research project into how to manage carbon sequestration by forests. It also supported a study conducted by Carbone 4, which hopes to produce a risk assessment protocol for the physical impact of climate change⁹ for fixed-income assets and infrastructures.

Report on the climate risk assessment methodology

Promoting responsible investment in unlisted companies

Caisse des Dépôts and Bpifrance are active participants in the work carried out by the ESG Committee of France Invest (formerly AFIC). They also take part in the Club Finance run by Orse, the French observatory on corporate social responsibility. In the same vein, Bpifrance has backed a study of ESG strategies in SMEs.

Overview of the study into the adoption of ESG criteria by SMEs (French version)

Contribution to market research

Novethic, the Group's media unit and centre for research into socially responsible investment, has published two significant studies:

- "Investors in Search of Impact", which describes the recent commitment made by investors seeking to help achieve the UN sustainable development goals;
- "173 Shades of Reporting", which analyses the first reports published by institutional investors subject to the transparency obligation created by article 173 of the TECV Law (see p. 63).

"Investors in Search of Impact" study

(8) Initiative by the Paris marketplace to promote sustainable finance in France and abroad.
 (9) The impact of natural disasters (hurricanes, floods, drought) on the economy.

Focus on managing a cross-divisional issue: climate change

A major challenge for society, climate change is having an increasing effect on our everyday life, on business and on every territory, whose resilience is being put to the test. On a global scale, climate disruptions are affecting the stability of our ecosystems, demographics, economy, finances and socio-political systems, which are all interdependent. The solution to this is a combination of public action, corporate action and a change in individual behaviour.

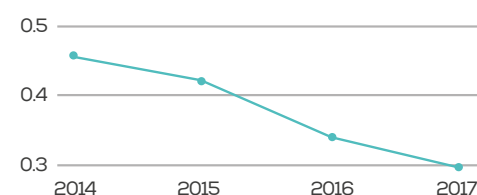
In 2015 prior to the COP21, the Caisse des Dépôts Group set out its climate finance policy and committed to specific quantitative and qualitative targets. At the end of 2016, following an assessment of these commitments, it launched a global program seeking to further align its own targets with those of the Paris Agreement. Via its 2°C Roadmap, the Group hopes to gradually increase the resilience of all its asset portfolios and transition towards entirely zero-carbon allocations by 2050. Involving around sixty internal investment managers and internal experts, 2017 saw a number of working groups meet in order to come up with action plans for each of their respective businesses.

Given the lack of any universal solution or standard, this strategy is both ambitious, in terms of scope and duration, but also flexible and progressive in terms of its methods. Numerous tools will need to be developed and tested. This long-term programme will therefore culminate in regular updates to the Group's Climate Finance policy and the gradual increase of the related climate performance targets. It has already resulted in new commitments that were made during the One Planet Summit in 2017, reinforcing the four key areas of the Group Climate Finance policy.

Decarbonation of portfolios

The Group originally set itself the target of reducing the carbon footprint of its listed equity portfolios by 20% between 2014 and 2020. However, it had already achieved this consolidated target by the end of 2017, prompting CNP Assurances to raise its own target in February 2018 to 0.25teqCO₂ per thousand euros invested by 2021, meaning a target reduction of 47% compared with the figures from 2014. Caisse des Dépôts also extended the reduction target for its corporate bond portfolio. As regards its property portfolio, the goal is to reduce its primary energy consumption by 38% between 2010 and 2030. The target for CNP Assurances is 20% between 2006 and 2020.

CARBON FOOTPRINT OF THE GROUP'S DIRECTLY OWNED LISTED EQUITY PORTFOLIOS (in teqCO₂ per thousand euros invested)



ENERGY CONSUMPTION OF CAISSE DES DÉPÔTS REAL ESTATE PORTFOLIO (MWh/year)



Shareholder dialogue on climate

Managers at Caisse des Dépôts endeavour to discuss ESG issues during their meetings with portfolio managers of listed companies, in order to encourage them to progress in this area. For unlisted companies, especially those supported by Bpifrance, these discussions are based on the results of the annual ESG surveys, conducted among companies either directly or through assets managers. Over the past two years, these conversations have involved more in-depth discussions into climate change in order to prompt companies to translate the expectations expressed by the Group in its Climate Finance policy into actual operating procedures.

As well as these discussions with portfolio managers, Caisse des Dépôts and Bpifrance endeavour to always exercise their voting rights at the general meetings of the companies in their respective portfolios. CNP Assurances has adopted this same rule for its portfolio of French companies. For several years, numerous motions relating to climate change have been put to the vote at these meetings. However, if the informal discussions are unsuccessful or the voting process fails, investment decisions may be taken instead. This policy was extended in 2017, first in scope by including bond and unlisted assets, and second by joining collaborative initiatives alongside other investors wishing to work together to ensure these issues are taken into consideration.

2017 Highlights

- Caisse des Dépôts and CNP Assurances joined the **Climate Action 100+ initiative, a coalition of investors engaging companies that are the largest greenhouse gas (GHG) emitters.**
- Caisse des Dépôts listed equities portfolio management team has started talks with the 14 companies responsible for 90% of the portfolio's carbon footprint in order to encourage them to align themselves with the 2°C climate target within the next two years.
- For the past year, CNP Assurances has been associated with the letters of engagement sent by its asset manager Mirova to companies with a high ESG risk that do not contribute or contribute very little to the transition towards a low carbon resource-efficient economy.
- Caisse des Dépôts voted in favour of two external resolutions on environmental matters which were not supported by their boards (Shell and J. M. Smucker).

Managing climate risk

By explicitly factoring climate-related factors into its investment process, the Group is able to better assess and manage the risks of climate change. In particular, in 2015 the Group set stringent limits on the ownership of equities and projects linked to thermal coal.

By 2017, it did not own any shares or bonds linked to thermal coal beyond the stated threshold, with the exception of Bpifrance's stake in a French energy company, Albioma, which currently makes 23.4% of its turnover from thermal carbon but which is receiving help from Bpifrance to implement its low carbon transition plan. One of the main features of this plan is the production of electricity from biomass.

As part of the work on the 2°C Roadmap, a working group was set up in order to adapt risk management procedures to include climate risks. Four different actions have been launched within Caisse des Dépôts:

- the integration of climate change in the risk management policy;
- the incorporation, in 2018 and 2019, of climate change risks into credit rating methodologies of the Risk Management and Internal Control Department;
- the creation of a climate risk mapping;
- An assessment of the financial impact of various climate change scenarios.

For this last action, Caisse des Dépôts will also be monitoring what the marketplace is doing to define such scenarios and the recommendations from the regulatory authorities.

Financing the transition

Caisse des Dépôts, Bpifrance and CNP Assurances agreed to allocate €15 billion in funding to low carbon and resource efficient assets between 2014 and 2017, and had largely achieved this target by the end of 2017.

Most of the funding was in the form of green infrastructure loans (renewable energies, mobility), energy retrofits and expansion of the French ecotechnology sector. The Group remains committed, for instance CNP Assurances will allocate an additional €5 billion by the end of 2021.

At the end of 2017, the French Government, which defines the management mandate granted to Caisse des Dépôts for the centralised Savings Funds (based on regulated passbook accounts), asked it to report on the usage of the revenues generated by the Sustainable Development and Solidarity Passbook accounts for projects with a positive climate impact. This communication is currently being designed.

Green bond issue: a new impact measurement tool

In February 2017, Caisse des Dépôts issued a €500 million 5-year green bond. It will be used to finance around thirty assets linked to green energy production infrastructures, highly energy efficient real estate projects, and the remediation of polluted sites, via three specially-created funds. In total, 82% of the assets will go to new projects, and 18% to existing assets in order to develop their capacities. Each one plays its own role in accelerating ecology and energy transition in local communities. The total estimated reduction in GHG emissions is 172,000 tCO₂eq. Along with other forms of additionality, this issue will help Caisse des Dépôts territorial investment teams to strengthen their ESG initiatives by making it easier to measure the impact of their projects.

conducting a socially responsible human resources policy

Caisse des Dépôts, its subsidiaries and strategic affiliates are home to men and women with wide-ranging profiles and backgrounds. This diversity of skills and expertise is what makes it possible for them to operate in many business sectors that are essential for the socio-economic development of France and its territories. It gives them the ability, thanks to a human resources policy that promotes cross-functionality and Group-level synergies, to work even closer with customers and meet their needs.

Tasked with supporting Caisse des Dépôts' strategy and its digital transformation, the Group Human Resources (HR) Department is committed to making social performance a driver of overall performance. Wherever there is an opportunity for value creation, it provides a link between the HR management of Caisse des Dépôts and that of its subsidiaries and strategic affiliates, although the latter pursue their HR policies and labour negotiations independently.

Moving forward with social dialogue

At both Group and entity levels, 2017 was a year of continued, responsible and constructive social dialogue with a long-term vision.

■ **914 collective agreements** signed within the Group in 2017



Improving gender equality in the Group's representative bodies

The Chief Executive Officer and all union representatives signed an additional clause to the Group's Social Dialogue Structure agreement in order to introduce a gender equality obligation in the composition of CMIC, the Group's information and consultation committee.

Sustaining corporate social responsibility initiatives

By sharing their experiences, Caisse des Dépôts and its subsidiaries and strategic affiliates have expanded upon a number of qualitative initiatives such as the donation of leave days, remote working, intergenerational solidarity and employment for the disabled.

Introducing long-term policies

The implementation of the responsible health insurance contract has been a topic of discussion for Caisse des Dépôts and several other entities within the Group. It gave them the opportunity to put in place, alongside their social partners, long-term initiatives. Employee savings schemes have also been introduced, especially by Caisse des Dépôts.

Putting promises into action

Caisse des Dépôts has finalised its commitments towards quality of working life and professional equality, specifically with the introduction of a new system for identifying gender pay gaps.

Following the reforms to the French Labour Code, one of the major social dialogue challenges in 2018 will be the necessary changes to the Group's employee representative bodies. Every subsidiary and strategic affiliate will have a body known as *Conseil économique et social* (social and economic committee) or CSE, whilst Caisse des Dépôts will have a single body to reflect its dual public-private nature. These changes will follow from the discussions and working groups on the social relationships of Caisse des Dépôts, its subsidiaries and strategic affiliates.

- "Social policy and human resource management" information sheet
- "Conducting a socially responsible human resources policy" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Promoting a quality work life

Knowing that a quality work life is essential to the social and overall performance of an organisation, Caisse des Dépôts has made Quality of Working Life (QWL) a priority issue. It is committed to helping employees "live better and work better together".

Uniting social policy around quality of work life

The 2016-2019 QWL agreement sets out the ambitions of Caisse des Dépôts. Throughout 2017, its actions were underpinned by two main goals:

- to produce two charters, one setting out the fundamental principles for "successful change management" during corporate transformation projects and changes, and the other establishing the rules for "living well together at the workplace";
- to allow time for employees from each unit of every department to express and discuss their views.

In order to highlight the importance of these measures and monitor their success, the HR Department has introduced a specific cross-functional incentive target which will be continued until 2018 in order to sustain the momentum.

■ **98% success** for the incentive target in 2017

Arranging and scheduling working hours for a better work/life balance

Most of the Group entities are still actively working to develop different methods of remote working and have been conducting various pilot projects.

Within Caisse des Dépôts, two major aspects of the 2016-2019 QWL agreement have been implemented: one to encourage access to remote working, and the other to allow 80 employees selected on social criteria to work a four-day week as part of a trial project that will run until Autumn 2018.

Finally, in 2017 Caisse des Dépôts set up a working group on the right to disconnect in order to prevent employees engaging in work-related electronic communications during non-work hours. An action plan for the reasonable use of digital tools, including a major section on training and awareness, has also been produced and will be rolled out in 2018.

■ **458 remote workers** at Caisse des Dépôts in 2017



Ensuring occupational health and safety

In 2017, Caisse des Dépôts set out its annual Occupational Risk Prevention and Working Conditions programme. This in particular culminated in the creation of a new "multidisciplinary platform" which brings together different people from within this field. In the second half of the year, this platform ran a pilot session on "Anticipating and Managing Sensitive Situations".

■ **41 planned actions**, with **37** completed in 2017 and **4** others extended into 2018

■ **920 managers trained** in managerial methods for preventing psychosocial risks (PSR) in 2017

■ **90% of new employees** trained in the safety issues and procedures specific to their sites in 2017

■ **Over 1,200 participants** on the different training courses held in 2017 for those involved with occupational health and safety

In 2018, Caisse des Dépôts will continue its efforts with a number of new projects, including the overhaul of the PSR assessment tool used for new IT projects and managerial PSR prevention tools, the production of guidelines on the role and members of the multidisciplinary platform, and ways to sustain the workstation modernisation actions initiated in 2016.



- "Social policy and human resource management" information sheet
- "Conducting a socially responsible human resources policy" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Strengthening the commitment to diversity and equal opportunities

Promoting gender equality

A new training and awareness programme about sexist behaviour has been introduced for the HR department, managers and employees. The efforts to identify any gender pay gaps have also been upped thanks to improvements in the calculation methodology. This latter will get applied every year.

In 2018, new guidelines will be produced for the prevention of workplace harassment and violence.

Boosting employment opportunities for the disabled

This year saw the signature of two key documents for Caisse des Dépôts: the new Disability Policy agreement and the new FIPHP¹ agreement. In addition, two new partnerships have been created for apprenticeships, one with the French

Parasports Federation, and the second with the Disability Services Unit at Paris-Dauphine University. New training modules have also been offered to corporate medical services members and members of the examinations boards.

■ **6% of disabled workers** in Caisse des Dépôts workforce in 2017

■ **~€700,000** dedicated to improving accessibility of Caisse des Dépôts sites in 2017

In 2018, the Group will be conducting a feasibility study for a call centre for deaf and hard-of-hearing employees, and for an independent information and advice service for employees.

Helping young people join the labour market

Caisse des Dépôts has taken targeted action to help young people from poorer backgrounds and/or French "priority neighbourhoods" as part of its policy to promote equal opportunities.

■ **20 young applicants** received as part of the third round of the 2017 "Entretiens de l'excellence" sponsorship programme

■ **145 apprentices** hired in 2017

■ **Over 1,000 young workers** supported since 2011 by nearly 311 volunteer sponsors from the Group as part of the partnership with the association NQT²

Working in favour of generational diversity

The positive results of the efforts made by Caisse des Dépôts since 2010 have prompted it to extend, in 2017 then in 2018 with the support of social partners, some of the initiatives set out by the previous intergenerational agreement.

The main aspects of this agreement are support for senior workers throughout their career, passing on their knowledge and skills, better working conditions and preventing them from falling into hardship, arranged working hours and the transition to retirement.

■ **242 senior employees** working remotely for Caisse des Dépôts in 2017

■ **26.2% of senior workers** on reduced working hours at Caisse des Dépôts in 2017



- "Social policy and human resource management" information sheet
- "Conducting a socially responsible human resources policy" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Supporting the transformation of the Group and its business lines

Understanding the changes affecting the business lines and human resources

The HR Department has been taking various steps to update Caisse des Dépôts Strategic Workforce and Skills Planning programme. It has relied on the results of a retrospective study that highlighted a change in resources over the 2013-2017 period and has attempted to identify and assess the mid-term drivers of change (especially the impact of the digital transition).

The work carried out in the past few years, as well as the successful transformation of Caisse des Dépôts' activities and environment have had several consequences, including an increase in technical skills, the introduction of a customer-driven culture, the development of new working methods (e.g. collaborative and mobile working) across the organisation, and the emergence of new businesses based on digital technologies. This latter has been accompanied by the introduction of a digital training plan launched in 2016, and by a new recruitment plan for data analysis and management, and marketing.

■ **138,365 trainees** each underwent 18.7 hours of training within the Group in 2017

■ **69.2% of the Group's workforce** in France received training in 2017

■ **4.3% of the wage bill** (equivalent) at Caisse des Dépôts goes towards continuing training

■ **29 special training programmes** on the digital transition provided to 1,315 trainees within Caisse des Dépôts in 2017

For 2018, Caisse des Dépôts has identified the following priorities for its Strategic Workforce and Skills Planning programme:

- reviewing and improving its planning procedures in order to produce a new multi-year "Employment/Training" roadmap;
- introducing a skills identification programme in order to better understand the skillsets of employees at Caisse des Dépôts and better manage this skill pool;
- continuing to develop its digital training plan.

Developing the skillsets of the Group's executives and managers

CDC University offers the Group's executives and managers regular opportunities to take part in a "beyond the office" initiative in the form of seminars or regional study trips. In 2017, this scheme was modified to better exploit the achievements of each the Group entities. Delegations were sent on fact-finding missions to Lille, Bordeaux, Nantes and Toulouse in order to discover what Caisse des Dépôts, its subsidiaries and strategic affiliates are actually doing in the field.

This year also saw an increase in training modules on "managerial innovation" and the introduction of a pilot workshop scheme that targets executives and uses a multi-disciplinary approach, on "the right to disconnect".

Following on from this, 2018 will be dedicated to developing new training programmes combining innovative educational methods and new approaches (flipped classrooms³, learning "at your own pace and in your own way" thanks to digital technologies, learning "from the network" and the concept of gamification⁴).



- "Social policy and human resource management" information sheet
- "Conducting a socially responsible human resources policy" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

(1) Fund for the public sector integration of disabled persons.

(2) Formerly known as "Nos Quartiers ont des Talents".

(3) An individual learning method, blending both remote and classroom-based study, designed to develop collective intelligence, practical application, experimentation and discovery.

(4) A learning method involving emulation and competition.

ensuring fair practices and transparency

Caisse des Dépôts "is closely supervised by the French parliament and the legislative process", via its Supervisory Board. This gives it a unique status in France. As a result, it has a duty of neutrality whilst at the same time being required to remain attentive to the broad focuses of local and national governments. It also means Caisse des Dépôts must be transparent and abide by current best practice, particularly with regard to business ethics and risk management and control.

2017 saw the introduction of two major pieces of legislation designed to increase the obligations upon companies in terms of risk management and transparency, namely the Sapin II Law¹ and the Corporate Duty of Care Act². Caisse des Dépôts, like many of its subsidiaries and strategic affiliates, is governed by at least some, if not all, of the Sapin II Law. Besides, Egis and Transdev are affected by the Corporate Duty of Care Act. As a result, in 2016, the Group entities began a review of their policies and introduced necessary measures for improvement. These new policies will gradually come into effect throughout 2018.

Reviewing the Group's business ethics policies

Adopted in 2012, Caisse des Dépôts Code of Ethics sets out a number of ethical principles and best practices to be applied by every employee. It was revised in 2017 as part of a general overhaul of the Group's business ethics policies. This resulted in particular in the production of a Group-level Code of Ethics that the subsidiaries have then to adapt to their own situation, based on the specific nature of their business and the related risks. This new scheme is due to be introduced and implemented in the first half of 2018.

■ **11 of the 13 Group entities**³ (including Caisse des Dépôts) had a charter or a code of ethics by the end of 2017

Designing an anti-corruption policy

Following its work in response to the Sapin II Law, in 2017 Caisse des Dépôts adopted a Group-wide anti-corruption policy. This policy, which supplements the existing business ethics policies, confirms a zero-tolerance approach to actual or attempted corruption and influence peddling.

Reinforcing AML/CFT policies

Caisse des Dépôts is required to implement Anti Money Laundering and Counter-Financing of Terrorism (AML/CFT) procedures. It has therefore introduced a special policy that

establishes a zero-tolerance approach to the risk of non compliance with AML/CFT requirements, and all related initiatives. The whole of these procedures were revised and updated in December 2017.

■ **11 of the 13 Group entities** (including Caisse des Dépôts) had an AML/CFT policy by the end of 2017

Deploying training programmes

The Group's entities provide training for all employees whose work puts them at particular risk of corruption, money laundering and terrorism funding. This includes both classroom-based training and *e-learning* modules. Following on from the efforts made in 2017, these policies will be expanded and deployed more widely in 2018.

ANTI-MONEY LAUNDERING AND COUNTER-FINANCING OF TERRORISM

■ **1,400 employees** at Caisse des Dépôts received training in 2017

■ 100% of employees:

- from GIE Ventes at CDC Habitat received awareness training by the end of 2017
- from CNP Assurances considered most at-risk received training in 2017
- from the real estate division of Compagnie des Alpes trained by the end of 2017
- from Icade considered most at-risk received training in 2017

ANTI-CORRUPTION

■ **100% of employees from CDC International Capital** trained in 2017

■ **90% of employees from Scet** considered most at-risk trained by the end of 2017

GENERAL TRAINING

■ **80% of at-risk employees of Egis** trained by the end of 2017 (478 people)

■ **100% of Bpifrance employees** trained within the last five years

Improving risk mapping

As part of its general risk management policy, Caisse des Dépôts has produced special maps for assessing risks relating to fraud, business ethics and AML/CFT. A corruption-specific risk map was produced for the first

time in 2017, in collaboration with the business ethics officers at Caisse des Dépôts.

Introducing a new whistle-blowing policy

In 2017, Caisse des Dépôts launched a new whistle-blowing system. It came into effect on 1 January 2018, and is in addition to existing reporting systems on business ethics and compliance breaches. A special procedure has been set out and distributed among all employees, as well as being made available on the intranet.

It places particular focus on detection, confidentiality and protection for the whistle-blower. All subsidiaries and strategic affiliates concerned have also begun work on the introduction of such a system. In most cases, these systems came into force at the start of 2018, and the remaining entities will be rolling out their own procedures throughout the year.

■ **11 of the 13 Group entities** (including Caisse des Dépôts) had a business ethics reporting system by the end of 2017

■ **9 business ethics reports** were received by the Group entities in 2017:

- corruption: **2** (including 1 international case)
- anticompetitive practice: **2**
- discrimination or harassment: **2**
- non compliance and/or unethical conduct: **3**

Raising employee awareness of data protection and privacy issues

Personal data protection forms part of a wider data protection strategy that is clearly defined and expressed within Caisse des Dépôts. A special policy has been put in place along with the necessary resources. In 2017, a customised free-access *e-learning* module was added to Caisse des Dépôts training programme. Monitoring the implementation of this module is one of the requirements of the Public Institution's 2018 Profit-Sharing agreement, and an awareness campaign has been conducted among employees. A Data Protection Officer was appointed in the first half of 2018.



- "Fair practices and transparency" information sheet
- "Ensuring fair practices and transparency" sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

(1) Law 2016-1691 of 9 December 2016 on transparency, anti-corruption and economic modernisation.
 (2) Law 2017-399 of 27 March 2017 on the duty of care of parent companies and subcontracting companies.
 (3) Across the 2017 non-financial reporting scope, which includes Caisse des Dépôts, 11 subsidiaries and strategic affiliates and Informatique CDC.



controlling the impacts of our business and internal processes

As a result of being involved in so many areas of French economy and society, Caisse des Dépôts has daily impacts on the territories in which it works as well as on their residents and the environment. These impacts relate to both its activities and its internal processes. The same applies to its subsidiaries and strategic affiliates. As part of their respective corporate social responsibility policies, the Group's entities strive to manage their impacts by implementing tailored action plans.

Caisse des Dépôts, its subsidiaries and strategic affiliates implement action plans on energy-efficient buildings and equipment, sustainable mobility, waste management and responsible procurement. In addition to these action plans, some of them have also chosen to obtain certification to guarantee their use of responsible operating and/or management procedures. A wide range of initiatives has been introduced in order to involve employees in these procedures and ensure their success.

“Controlling the impacts of our business and internal processes” sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Reducing carbon footprints

The environmental impact of the Group's entities derives primarily from the greenhouse gas (GHG) emissions generated by their activities. The amount by which each particular source contributes to these emissions varies depending on the type of business in question.



Real estate and housing

The energy consumption of its operated assets constitutes the primary source of emissions for CDC Habitat and is one of the main targets for reducing its footprint. At Icade, the grey energy consumed by its buildings is the main source of CO₂ emissions, in connection with its property development activities.

	Year on year change 2016–2017		
	Average annual energy consumption by surface area	Average annual energy consumption per occupant	Annual GHG emissions
CDC Habitat	- 2.3%	- 3.9%	- 3.1%
Icade	-11%*	-11%	0%

*Like-for-like scope.

This has resulted in the introduction of action plans designed to reduce the energy consumption of new buildings, along with a retrofit strategy for existing property (which mainly involves the replacement of equipment).

- **-16% housing units** with a E, F or G energy rating within the CDC Habitat property portfolio (excluding Adoma) compared with 2016
- **70% of Icade's new housing projects** with an energy efficiency rating at least 10% higher than required by the French RT 2012 energy regulation.

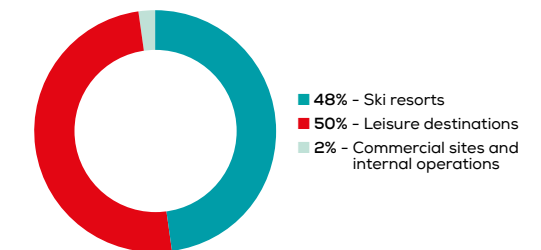
Transport and mobility

Transdev's vehicle fleet, most of which have combustion engines (scope 1) and infrastructures (scope 2) accounted respectively for 95.5% and 4.5% of its total GHG emissions in 2016 (figures not updated for 2017). Scope 3 emissions are not monitored. In 2017, the transport units operated by Transdev emitted 92 kg CO₂ per 100km (up 7.8% vs. 2016). By the end of the year, 34.3% of its French fleet were environmentally-friendly vehicles¹ (+7.6 points vs. 2016). The energy performance indicators used by the company are based on local conditions (building condition, investment opportunities, customer requirements).

- **10% renewable energies** in the total energy mix in 2017

Tourism and leisure

BREAKDOWN OF EMISSIONS (SCOPES 1 AND 2) BY BUSINESS SEGMENT OF THE COMPAGNIE DES ALPES GROUP IN 2017



Over 80% of the GHG emissions associated with the operation of ski resorts (scope 3) are generated by the customers when travelling to the resorts and the energy consumption of residential and commercial properties². On the whole, visitors tend to travel to the resorts in private vehicles, and so the sites are introducing pilot schemes to encourage the use of public transport. Although scope 3 emissions are harder to measure for leisure destinations, customer transport is still a major source of emissions.

- **62% renewable energies** in the total energy mix in 2017
- **100% electricity from renewable sources** used by ski resorts³ in 2017

Finance and services

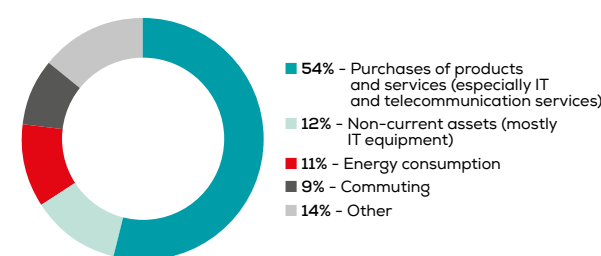
The main sources of GHG emissions (scopes 1 to 3, excluding emissions generated by asset portfolios) for Caisse des Dépôts are the purchase and use of IT equipment, employee travel and energy consumption. The same applies to Bpifrance (73% from business travel and 27% for electricity use in 2017) and CNP Assurances (exact figures not available).

Due to the nature of their business, the main levers these entities can use to reduce their emissions are internal procedures (e.g. improving the energy efficiency of buildings and equipment, optimising their use, reducing employee travel and commuting). The emissions generated by the asset portfolios managed by the investment divisions are measured separately.

Read more in the “Promoting Responsible Investment” sub-section

(1) Environmentally-friendly vehicles: Euro 6, hybrid, natural gas/biogas, electric. This definition was changed for 2017 (recalculated 2016 figure: 26.7%).
 (2) According to a 2010 study by 10 French ski resorts.
 (3) Excluding the STGM site (Société des Téléphériques de La Grande Motte) which uses a different supply.

BREAKDOWN OF EMISSIONS (SCOPES 1 TO 3) BY BUSINESS SEGMENT OF CAISSE DES DÉPÔTS IN 2016



- **5% emission reduction target** for Caisse des Dépôts (scopes 1 and 2) by 2019 compared with 2016

Engineering and consultancy

At the end of 2014, the main sources of GHG emissions for Informatique CDC were non-current assets (36%, mainly IT equipment), miscellaneous supplies (23%), freight (21%) and employee travel (14%).

Work began in 2016 has continued this year, in particular with the replacement of certain equipment (e.g. air conditioning and lighting, Energy Star rated IT equipment). At Egis, 83% of total emissions (scopes 1 to 3) in 2017 were due to business travel by employees. Scet does not measure its emissions.

Reducing the carbon footprint of internal processes

The corporate social responsibility of Caisse des Dépôts, which is shared by its subsidiaries and strategic affiliates, includes an internal element. This has resulted in the definition and deployment of dedicated programmes run independently by each of the Group's entities.

As regards the environment, reducing the carbon footprint of internal processes is a major challenge. This latter can be achieved by improving the energy efficiency of buildings and related operational processes, increasing the proportion of renewable energies in the energy mix, and streamlining employee travel.

- **-2.8% reduction in final energy consumed⁴** within the Group versus 2016

In order to reduce the environmental impact of their internal processes, the Group's entities have also launched action plans for managing their air, water and ground pollution emissions (other than CO₂), optimising their use of resources and consumables and improving their waste sorting.

An efficient Environmental Property Management plan

Caisse des Dépôts has produced an environmental property management plan for reducing the energy consumption (in kWh FE/sq.m) of its operated buildings by 38% between 2013 and 2020. This was followed in 2017 with energy efficiency programmes for five buildings with a surface area greater than 75,000 sq.m. By the end of 2017, building energy efficiency was being measured monthly, and the first corrective actions were put in place.

The plan was well on track at the end of the year, thanks to the measures implemented in previous years, the use of operating indicators, measures for improving the energy efficiency of offices and campaigns to raise employee awareness in energy efficient practices. Three properties in French Ile-de-France region have also embarked upon the process for certification, and should hopefully see the first results in 2018.

- **10% energy saved** (in kWh FE/sq.m) at the end of 2017 compared with levels in 2012

Using renewable energy

By the end of 2017, 71%⁵ of the energy consumed by Caisse des Dépôts came from renewable energy sources or energy harvesting.

There has been little change in this figure from the previous year (+1 point), after a significant increase in 2015 thanks primarily to the introduction of a 100% renewable electricity contract for its most energy-hungry buildings. In 2017, the focus turned to heating and air conditioning networks (2017 figures not yet available).

Linking sustainable mobility and social policy

Caisse des Dépôts has completed its Corporate Mobility Plan for 2018–2022.

It contains three main goals: reduce the need for travel, streamline all necessary travel, and transition away from private cars towards alternative methods of travel. The actions arising from this plan will focus mainly on employee commutes.

Accordingly, remote working procedures have been simplified, and the Skype Enterprise messaging system has been installed at all workstations. The Human Resources Department has also launched a pilot scheme for a four-day week.

“Controlling the impacts of our business and internal processes” sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Encouraging responsible purchasing

Caisse des Dépôts complies with the French Public Procurement Code. It has also produced a responsible purchasing policy that promotes responsible consumption, ways to manage the social and environmental impact of its purchases, transparency (especially for progress made as part of the Sustainable Purchasing Scheme published at the end of 2017), and awareness-raising and training for buyers.

- **100% of major framework agreements** renewed in 2017 included a CSR questionnaire
- **90% of purchases related to operating procedures** made in 2017 involved responsible purchasing criteria

Some Group entities face significant responsible purchasing challenges. The development, construction and operations activities in the real estate, transport, infrastructure, and IT sectors all generate large volumes of equipment purchases, combined with the challenges of tracing the materials used and managing waste. These entities have been focusing on how to factor CSR requirements into their relationships with suppliers and subcontractors (e.g. by signing charters or incorporating special requirements into contracts) and taking steps to vet, monitor and support them.

Support for the protected workers sector

Several Group entities use suppliers and service providers from the protected workers sector. These contracts are mainly for secretarial, publishing, office supply and waste management work, as well as office and green-space maintenance.

- **€3.6 billion in purchases** made from the disabled workers sector in 2017

“Controlling the impacts of our business and internal processes” sub-section of the supplement to the 2017 Business Review and Sustainable Development Report

Respect for human rights

As a signatory of the United Nations Global Compact, Caisse des Dépôts is committed to upholding its ten principles, including those relating to human rights and the freedom of association. Along with its subsidiaries and strategic affiliates, it applies French labour laws and abides by all major international declarations and conventions in this area. No Group entity uses forced or child labour.

The main challenges facing the Group are how to combat discrimination and ensure good working conditions, within both its own workforce and its supply chain. The most at-risk subsidiaries and strategic affiliates are those involved in property development, construction and operation, especially outside France. In addition to the anti-discrimination measures included in their respective HR policies, they strengthened their procedures in 2017 for monitoring working conditions.

- **100% subcontractors for Icade's Property Development and Commercial Property divisions** underwent administrative audits for compliance with the French Labour Code
- **100% of Egis international units** were included in a 2017 study of procedures for upholding working conditions
- **6–8 audits** conducted each year by the Compagnie des Alpes groups among its toys and crockery suppliers

In addition, due to its status and the nature of its missions, Caisse des Dépôts, aided by its subsidiaries and strategic affiliates, helps improve daily working conditions and access to essential services.

- **77,000 housing units** managed by CDC Habitat dedicated to the most vulnerable populations (emergency accommodation, migrant housing etc.) in 2017
- **109,500 social housing units** built in 2017 using savings fund loans from Caisse des Dépôts

Extract from the Group's Social Statement

The Caisse des Dépôts Group is “committed to upholding international principles of human rights in all of its activities and spheres of influence, including the principles enshrined in the Universal Declaration of Human Rights, the conventions and declarations of the International Labour Organization (ILO), and the UN Global Compact”.

- “Controlling the impacts of our business and internal processes” sub-section of the supplement to the 2017 Business Review and Sustainable Development Report
- “Fair practices and transparency” information sheet

(4) Figures for the Compagnie des Alpes and Transdev groups are consolidated separately since their activities account for a major share of their energy consumption (compared with their internal processes).

(5) Estimate based on 2016 figures.

supporting innovation and research

Innovation and research within the Group

5
expertise units

90+
research projects conducted or supported in 2017

13
innovative projects supported

I4CE – Institute for Climate Economics

Founded by Caisse des Dépôts and AFD, French public development bank, I4CE provides economic analysis and expertise on climate change and energy policies in France and across the world. The think tank focuses its work around three areas of research: industry and energy, territories and investment.

I4CE runs three clubs designed to support the territories, on the topics of cities, agriculture and forests. These discussion platforms bring together experts, researchers and private and public decision-makers. They encourage the use of economic incentives (e.g. payments for ecosystem services⁽¹⁾) as well as existing policies to help the territories reduce their greenhouse gas (GHG) emissions and/or encourage them to adapt to the effects of climate change. These clubs contribute to the wealth of expert knowledge and help reinforce the capabilities of economic players. They also develop carbon valuation tools. For example, the VOLuntary CARbon Land Certification project (VOCAL) was created in order to produce, in collaboration with numerous public and private partners, a domestic certification framework for the reduction and sequestration of GHG emissions from agricultural and forestry projects in France, which has been approved by the Ministry for the Ecology and Solidarity Transition.

I4CE research programmes

CDC Research Institute

Caisse des Dépôts runs the CDC Research Institute which supports research in the Group's major areas of interest, thus helping to showcase academic research and disseminate the related ideas in the business arena.

Analysing Links between Cities and their Neighbouring Territories

In 2017, the CDC Research Institute, the General Commissioner for Territorial Equality and France Stratégie joined forces to support research into the diversity of city development models, conducted by Marc Brunetto, Denis Carré, Nadine Levratto and Luc Tessier from the Economix Laboratory at Paris Ouest-Nanterre University. Their work shows that not all cities take the same route or foster the same type of relationships with their neighbouring territories.

(1) The practice of paying an economic player to introduce environmental protection measures.

This led them to question the “run-off” theory which supposes that city expansion naturally benefits nearby territories, depending on local circumstances.

Research reports from the CDC Research Institute (French version)

Lab cdc

Created in April 2013, Lab cdc is a Caisse des Dépôts group initiative that aims to accelerate the deployment of innovative, cross-business-line services to solve social challenges.

Working Together to Build the Educational Areas of Tomorrow

At the end of 2016, in partnership with the French Ministry of National Education, Higher Education and Research, certain associations of local representatives and two chairs, Lab cdc launched a call for projects relating to the educational areas of tomorrow. It was open to all local authorities and schools wishing to experiment with new ways of organising their spaces in order to develop new uses.

Over six months, five teams tested new types of classroom. Entrance halls, outside spaces, document archives and science rooms were all transformed in order to develop new ways of learning and new ways of living together at school. The ideas that were developed, based on innovative co-construction and configuration methods, quickly culminated in a number of “frugal” solutions (i.e. simple yet effective) that could be reproduced on a much larger scale.

Overview of the work of Lab Education (French version)

MEB

MEB, a Caisse des Dépôts initiative, is a research unit on biodiversity economics run and managed by CDC Biodiversité. It is tasked with creating and testing innovative tools that strike a balance between economic development and the preservation of biodiversity.

Economic and financial organisations are still struggling to see biodiversity as a major challenge. In 2017, CDC Biodiversité devised an innovative method for companies, irrespective of their sector, to quantify their impact on the ecosystem. It uses a combined indicator known as the Global Biodiversity Score (GBS) which allows companies to conduct a quantitative analysis of their biodiversity footprint throughout their value chain. This method was developed jointly as part of the B4B+ club run by CDC Biodiversité. It is designed to support the transformation of interactions

between economic players and the living world, at a time when factoring the natural capital into the decision-making process has become a priority issue in order to protect the planet and ensure a sustainable economy.

Biodiv'2050 No. 11 (French version)

Novethic

Created in 2001, Novethic offers guidance to help financial institutions, companies and citizens with their responsible transformation. A pioneer in the accreditation of responsible investment funds in Europe, Novethic is committed to improving the transparency, reliability and trust of public, private and individual investors. By developing and auditing ambitious and stringent responsible finance accreditations, its goal is to accelerate the transition to a low-carbon and inclusive economy.

173 Shades of Reporting

In 2017, Novethic analysed the reports published by the 100 leading institutional investors in France in response to Article 173 of the 2015 French Law on Energy Transition for Green Growth (TECV Law). This law introduces a climate risk management reporting obligation for these investors, and more generally an obligation to factor environmental and social criteria into their investment policies. This study, entitled “173 nuances de reporting” illustrates the diversity of practices that were applied during this first reporting year. It found that France's largest investors are also the most committed, especially when it comes to their policies for managing climate risk, thus setting an example for the rest of the sector. In fact, the fifteen most “committed” players according to Novethic's analysis manage over half the volume of assets included in the analysis (€1,813 billion). The study also contains recommendations for both institutional investors and regulators to encourage them in particular to demonstrate greater efforts at educating as many people as possible.

Novethic publications



fostering joint action

The partner of choice for the public sector, Caisse des Dépôts works to support national and European public policy. Convinced of the value of joint action, it backs the projects of its partners and helps to launch shared initiatives in favour of sustainable and inclusive development.

Contributing to public policy

In view of its status, governance and missions, Caisse des Dépôts contributes to public policy at both domestic and European level. This contribution is made in close collaboration with the various institutional players concerned.

At national level, Caisse des Dépôts holds regular talks with Parliament. It monitors any parliamentary affairs that may affect its business, and offers its public policy expertise to any questions formulated by the legislative powers. The senior managers and experts at Caisse des Dépôts, as well as those of its subsidiaries and strategic affiliates, are regularly consulted as part of parliamentary work on government bills, private members' bills, fact-finding missions or working groups set up by the French National Assembly or the Senate. Caisse des Dépôts also presents its strategies when requested by the parliamentary standing committees.

At a European level, Caisse des Dépôts uses a lobbying strategy aiming in particular to broaden the French economy's access to EU funding. This strategy is designed and implemented by a permanent representative body in Brussels. These lobbying efforts and Caisse des Dépôts' relationships with EU bodies are governed by an EU lobbying charter.

Using a partnership-based policy to support sustainable development

Thanks to its relationships with major European and international financial institutions, Caisse des Dépôts has a well-established place on the international long-term investment map. As well as having an institutional dimension, these relationships meet a number of operational challenges (e.g. cooperation with pan-European funds).

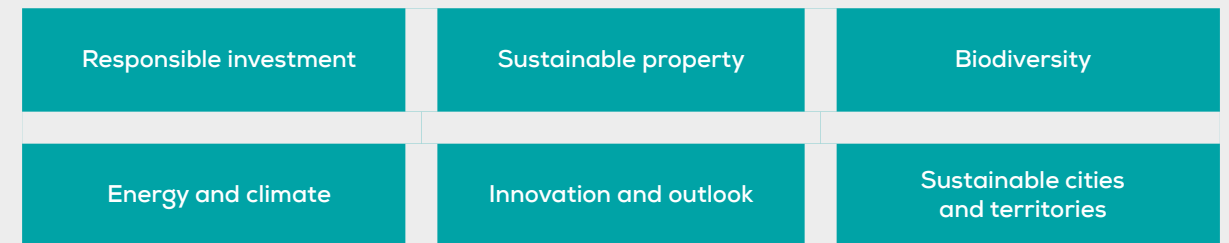
A global driver of long-term investment

Together with the Italian *Cassa Depositi e Prestiti*, the European Investment Bank (EIB) and the *Kreditanstalt für Wiederaufbau (KfW)* in Germany, Caisse des Dépôts is a founding member of the Long-Term Investors Club (LTIC). Working with these three organisations, it helped set up the European Long-Term Investors (ELTI) association which it has chaired since mid-2016. The aim of these initiatives is to promote long-term investment in the real economy at international and European scale.

In addition, Caisse des Dépôts, its subsidiaries and strategic affiliates participate jointly in platforms and working groups for sustainable development. The goal is to advocate their expertise and help launch operational projects, along with the publication of studies and reports.

Several national and international partnerships have been forged and are currently managed at Group level. These partnerships may concern sustainable development issues as a whole, or focus on certain topics in particular (for example The Shift Project or EnergieSprong for combating climate change).

Sustainable development topics addressed by the Caisse des Dépôts Group



"Stakeholder dialogue" information sheet

Partnering young talent through sponsorship

Caisse des Dépôts directly manages a sponsorship scheme which supports young and emerging professional talent in the fields of architecture and landscaping, classical music and dance. Its regional offices also support initiatives to develop public and cultural spaces, whilst its subsidiaries and strategic affiliates offer sponsorship schemes that link in with their own business areas.

• **€9.5 million** in sponsorship funding by the Group's entities in 2017

Partnerships beyond borders thanks to CDC Développement Solidaire

The CDC Développement Solidaire association works in less-developed countries in the fields of education, health and economic development. It is run by volunteer employees from within the Group. It also receives financial and logistic support from Caisse des Dépôts. In 2017, CDC Développement Solidaire supported 15 projects in 12 countries, granting a total of €211,000.

In particular, CDC Développement Solidaire backs a women's market gardening project in Dounga Rindia, a village with a population of 3,000 in the Matam region of Senegal. Inspired by the fertile soil, these women had the idea of creating a community market garden where they could grow fruit and vegetables and sell any surplus to the local markets.

The 400 members of the cooperative saved for three years to buy the necessary seeds and tools. They helped build fences and dig wells, and learned how to use natural fertilizer from neighbouring farms. Ultimately, they hope to convince the male-dominated population to develop much larger market gardens in order to generate sufficient income and halt the rural flight. CDC Développement Solidaire has donated €5,000 to this project (total project cost €17,700).



Website of CDC Développement Solidaire



5

our performance

In 2017, Caisse des Dépôts posted solid results that allowed it to go ahead with its strategic plan. As well as its sound financial health, ratings agencies have praised its overall performance and its desire for transparency.

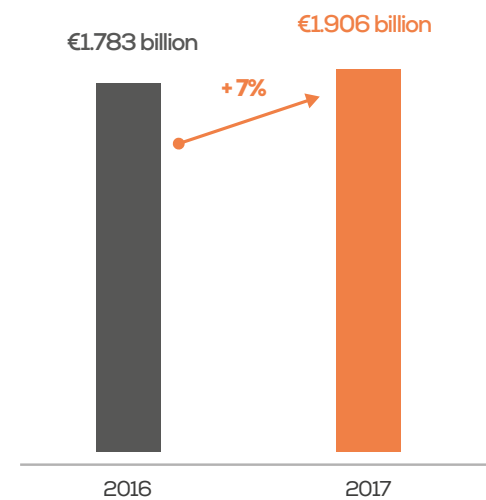


2017 Group results

Profit and equity on the rise

- Caisse des Dépôts posted a solid performance in 2017. Attributable net profit (Central Sector, subsidiaries and strategic affiliates) was **€1.906 billion**, versus €1.783 billion in 2016, a year-on-year increase of 7%. Operating profit stood at **€1.627 billion**. Statutory earnings reached **€1.254 billion**. These results reflect the strong performance delivered by all the Group's subsidiaries and Bpifrance in particular.
- Attributable equity grew by 9%. The figure was **€37.3 billion** at 31 December 2017 versus €34.2 billion at 31 December 2016. This growth is thanks to an increase in profits for 2017 and a rise in unrealised gains (due to stock market growth in 2017).

ATTRIBUTABLE NET PROFIT



“2017 was an excellent year. Thanks to these outstanding results, we will be able to continue our strategy in the coming years. My strategic plan involves the accelerated transformation of a Caisse des Dépôts focused on its core businesses, resolutely customer-centric and decentralised in its operations. Our results will support this public-interest project.”

Éric Lombard,
Chief Executive Officer of Caisse des Dépôts

A significant contribution to the national budget

Thanks to this strong performance, Caisse des Dépôts made a contribution to the national budget, calculated on the basis of its figures for 2017, of **€1.9 billion**, up 19% compared with last year. This contribution comprises a €575 million payment from the Savings Funds, €753 million from the profits of the Caisse des Dépôts Group and a contribution representative of French corporation tax (CRIS payment) of €576 million.

Growth across all business lines

This year saw growth for all the Group's business lines.

■ Caisse des Dépôts

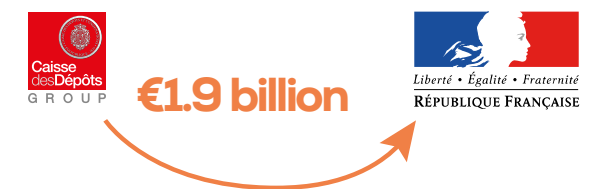
Caisse des Dépôts contributed 47% of the Group's consolidated net profit in 2017, underpinned in particular by the capital gains generated by the Central Sector, and notably through the disposal of the holding in SANEF and the transaction involving Christian Dior shares. Linked to the Banque des Territoires, CDC Habitat (formerly SNH) posted a net profit of €119 million on 31 December 2017.

■ Bpifrance

The net profit of Bpifrance totalled €1.363 billion in 2017, up from €723 million in 2016.

This result, fuelled mainly by its investment arm, reflected considerable growth in business activity and strong momentum in the rotation of the "large corporations" portfolio.

CAISSE DES DÉPÔTS CONTRIBUTION TO THE NATIONAL BUDGET (FROM 2017 PROFITS)



2017 KEY FIGURES

- €1.9 billion** consolidated net profit
- €401 billion** aggregate social report
- €47 billion** in aggregate equity
- €1.9 billion** contribution to the national budget for 2017

▪ Subsidiaries and strategic affiliates

CNP Assurances

In 2017, CNP Assurances posted a **net profit of €1.285 billion**, representing a 7% rise on 2016 (last year's figure was €1.2 billion).

An improved product mix combined with better cost management led to a strong rise in gross operating profit (up 9.5%) and new business margin, against a backdrop of an upsurge in partnerships.

La Poste¹

La Poste recorded a profit of **€851 million** in 2017, with little change since 2016.

Revenues increased 3.5% to €24.1 billion, fuelled by the development of new markets and a strong performance by La Banque Postale.

Icade

Icade saw a sharp rise in its adjusted net assets to **€84.8 per share** (up 7.8%).

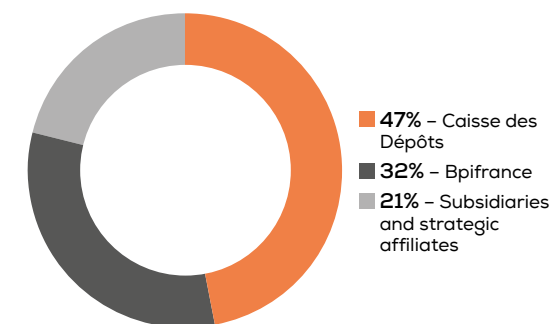
Attributable net profit came out at €170.3 million, compared with €58 million in 2016. This performance was driven by a substantial improvement in the operational activities of all the business lines, including commercial property, health property and development.

Compagnie des Alpes

Profit was **€31 million**, down slightly from €33 million in 2016.

However, performance and profitability targets were met two years ahead of schedule thanks to the scaling up of investments in leisure parks and the measures taken to boost visitor numbers at ski resorts.

BUSINESS LINE CONTRIBUTIONS TO GROUP CONSOLIDATED NET PROFIT IN 2017



Transdev

Transdev made a **profit of €76 million in 2017**, representing year-on-year growth of 15%. Recurring operating profit rose 12%, strengthened by robust operational performance, particularly in France, Sweden and Chile, which served to finance the Group's innovation efforts.

Egis

The **2017 profit was €32.1 million**, up 33%. Managed revenues grew 3% to €1.05 billion, boosted by the positive trend in the French market and several major projects, including "Grand Paris".

RTE (Réseau de Transport d'Electricité)¹

Caisse des Dépôts acquired a capital stake in Co-entreprise de Transport d'Électricité (CTE) (which is the sole owner of RTE) for **€1.6 billion** (29.9%) in March 2017. Over the final three quarters of 2017, the attributable net profit was €178 million.

CNR (Compagnie Nationale du Rhône)¹

In 2017, CNR saw a downturn in its profit to **€39 million**, compared with €108 million in 2016. Business was negatively impacted by the substantial 27% decrease in 2017 in hydroelectric power owing to weather conditions.

2017 Group Financial Report

Savings Funds

As well as the balance sheet for the Central Sector (or Caisse des Dépôts, to give it its proper name) and the consolidated balance sheet (which includes the subsidiaries), Caisse des Dépôts traditionally also presents the balance sheet for its Savings Funds. In 2017, the Savings Funds posted a current profit of €1.416 billion (vs. €1.335 billion in 2016, up 6%) and its net profit stood at €650 million.

(1) Strategic affiliate not included in the non-financial reporting scope for the Group.

global performance recognised by rating agencies

A committed and demanding long-term investor, Caisse des Dépôts aims to lead by example. Its most recent ratings, both financial and non-financial, attest to its global performance and reflect the continuous efforts made towards increased transparency.

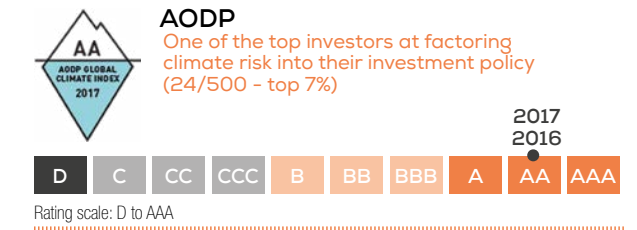
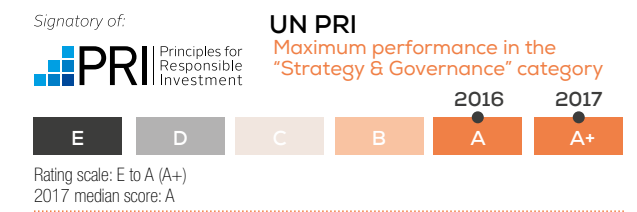
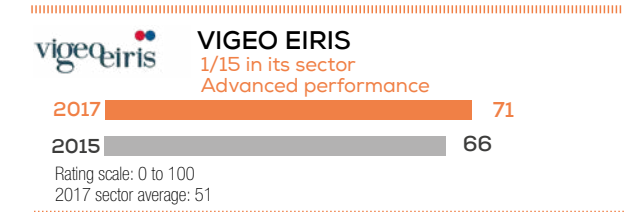
Financial performance

The ratings agencies classify Caisse des Dépôts as a government agency, and so its financial rating is aligned with that of the French Government:

Ratings	Standard & Poor's	Moody's	Fitch
Caisse des Dépôts	AA/ Stable/A-1+	Aa2/ Stable/P-1	AA/Stable/ F1+
NEU CP ¹	A-1+	P-1	F1+
EMTN ²	AA	Aa2	AA
NEU MTN ³	AA	Aa2	AA
Global Commercial Paper	A-1+	P-1	F1+

Non-financial performance

Caisse des Dépôts is assessed about every two years by three non-financial rating agencies, Vigeo Eiris, Oekom and Sustainalytics (score not available for the latter). As a signatory of the UN PRI⁴, it also produces an annual report for the PRI association which assesses its activities as a responsible investor. It is also assessed each year by the non-government organisation AODP⁵ on how it has factored the risks of climate change into its investment policy. For the first time in 2017, Caisse des Dépôts was ranked top by non-financial ratings company, Vigeo Eiris, in the "Specific Purpose Banks & Agencies" category, jumping up two places from its previous ranking in 2015.



(1) Negotiable European Commercial Paper.
(2) Euro Medium Term Note.
(3) Negotiable European Medium Term Note.
(4) United Nations Principles for Responsible Investment.
(5) Asset Owners Disclosure Project.



statutory auditors' report

on the consolidated social, environmental and human resources information presented in the Caisse des Dépôts Group's 2017 Business Review and Sustainable Development Report (for the year ended 31 December 2017).

In our capacity as Statutory Auditors of Caisse des Dépôts et Consignations ('Caisse des Dépôts') and in accordance with the request received from Caisse des Dépôts, we have prepared this report on the consolidated social, environmental and corporate information for the financial year ended 31 December 2017 (the 'CSR Information') that Caisse des Dépôts has chosen to present in its 2017 Business Review and Sustainable Development Report, pursuant to Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Strategy Division of Caisse des Dépôts is responsible for producing a Corporate Social Responsibility Report. In line with the voluntarily pro-active approach adopted by Caisse des Dépôts, this report includes the CSR Information required by the provisions of Article R.225-105-1 of the French Commercial Code.

This information has been prepared in accordance with the Group's 2017 human resources reporting guidelines, 2017 environmental, social and governance reporting guidelines and 2017 Responsible Investment reporting guidelines (the 'Reporting Guidelines'), all of which are summarised in the supplement to the Business Review and Sustainable Development Report in the methodological note entitled "Note méthodologique" and are available upon request from the Strategy Division of Caisse des Dépôts.

Independence and quality control

Our independent status is determined by law, the profession's Code of Ethics and the provisions of Article L.822-11-3 of the French Commercial Code. In addition, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with ethical rules, professional standards and the applicable legal texts and regulations.

Responsibility of the Statutory Auditors

Through our work, we have a duty to:

- attest that the CSR Information referred to in Article R.225-105-1 of the French Commercial Code is presented in the 2017 Business Review and Sustainable Development Report or, if any information has been omitted, that an appropriate explanation has been provided, in accordance with the third paragraph of R.225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- provide moderate assurance that the material aspects of the CSR Information, overall, are fairly presented, in accordance with the Reporting Guidelines (Report on the fairness of the CSR information).

The work was conducted by a ten-strong team of people between October 2017 and July 2018, and lasted a total of around eight weeks. We were assisted by experts in CSR-related matters.

We conducted the work described below in accordance with the professional standards set by the French National Auditing Body (CNCC) and, with regard to the Report on the fairness of the CSR information, in accordance with the international standard, ISAE 3000¹.

1. Attestation of completeness of the CSR Information

Nature and scope of our work

We conducted interviews with the management of the relevant departments to identify the Company's sustainable development strategy, based on the social and environmental impacts of the Company's activities, and its social commitments, as well as, where appropriate, resulting actions or programmes.

We compared the information presented in Caisse des Dépôts' 2017 Business Review and Sustainable Development Report with the list established in Article R.225-105-1 of the French Commercial Code. If any consolidated information was missing, we ensured that an explanation had been provided, as required by the third paragraph of Article R.225-105 of the French Commercial Code.

(1) Assurance engagements other than audits or reviews of historical financial information.

We checked that the CSR Information covered the consolidated scope, i.e. the Company and its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L.233-3 of the French Commercial Code, subject to the limits set forth in the supplement to the Business Review and Sustainable Development Report, in the methodological note entitled "Note méthodologique".

Conclusion

Based on this work, and with due regard to the limitations mentioned above, we attest that the 2017 Business Review and Sustainable Development Report contains the CSR Information required by Article R.225-105-1 of the French Commercial Code.

2. Report on the fairness of the CSR information

Nature and scope of our work

We conducted around 30 interviews with the people responsible for preparing the CSR Information, the people in the entities in charge of the data collection processes and, where appropriate, with the people responsible for internal control and risk management processes, in order to:

- determine the suitability of the Reporting Guidelines in terms of their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where relevant, sector best practices;
- verify the existence of a process for collecting, compiling, processing and checking the completeness and consistency of the CSR Information;
- identify the internal control and risk management procedures involved in the preparation of the CSR Information.

The nature and scope of our tests and checks were determined based on the nature and extent of the CSR Information in relation to the characteristics of the Company, its social and environmental issues, its sustainable development strategy and sector best practices. For the CSR Information which we considered the most important²:

- at consolidating entity level (Caisse des Dépôts), we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisational

structure, policies, actions etc.). We analysed the quantitative information and used sampling techniques to verify the calculations and the consolidation of the information. We also ensured the information was consistent and coherent with the other information presented in the management report;

- at the level of a representative sample of entities selected based on their business activities³, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures were being correctly applied and to identify any omissions. We also performed detailed sample-based tests to check the calculations and corroborate them with supporting documentation. The selected sample represented on average 97% of the workforce, which is considered a major aspect of the Company's social performance, and between 91% and 100% of the most relevant environmental data for assessing environmental performance.

For the other consolidated CSR information, we assessed its consistency based on our knowledge of the Company. Finally, where necessary, we assessed the appropriateness of any explanations for total or partial absence of certain information.

We believe that the sampling techniques and sample sizes that we selected and analysed using our professional judgement have allowed us to formulate our conclusions with a moderate degree of assurance; a higher level of assurance would have required more extensive verification work. Due to the necessary use of sampling techniques and the other limitations inherent to any information and internal control system, the risk of having failed to detect a significant irregularity in the CSR Information cannot be entirely ruled out.

Conclusion

Based on our work, we have not identified any significant irregularity that causes us to believe that the CSR Information, taken as a whole, has not been fairly presented in compliance with the Reporting Guidelines.

(2) The most important CSR Information are appended to this report.

(3) The following entities were selected for verification: Caisse des Dépôts, Bpifrance, CDC International Capital, CNP Assurances, Compagnie des Alpes, Egis, Icade, Informatique CDC, SNI, Transdev, Scet.

Neuilly-sur-Seine and Courbevoie, 5 July 2018
The Statutory Auditors

PricewaterhouseCoopers Audit

Patrice Morot
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Partner, Sustainable
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MAZARS

Jean Latorzeff
Partner

Edwige Rey
Partner, CSR and Sustainable
Development department

Appendix: Important information selected for verification

Quantitative HR information

- Average monthly workforce
- Total workforce by gender, socio-professional category and age group
- Incoming and outgoing employees by departure method and by contract type, turnover
- Gross average annual pay by gender and by employment category
- Percentage of women in executive-level positions
- Number of days' training for executive and non-executive grade employees

Quantitative HR information

- Anti-discrimination measures
- Key measures to encourage the employment and the inclusion of disabled people, by type of action

Quantitative environmental data

- Mean energy consumption per employee
- Weight of waste by disposal method
- Greenhouse gas emissions caused by internal processes (scopes 1-2-3)

Social and governance information

- Measures for vetting, monitoring and supporting suppliers and subcontractors
- Policies and measures supporting respect for human rights
- Number of whistle blowing cases in the past year

Responsible investment and the TECV Law

- Carbon footprint of the directly held securities portfolio (listed equities)
- Carbon footprint of the directly held securities portfolio (bonds)
- Energy consumption of the directly held property portfolio (minority and majority stakes)
- Exposure in directly-managed assets directly linked to the thermal coal sector

glossary

ACPR: French prudential supervisory authority

AFD: French public development bank

AMF: French financial markets authority

AML/CFT: Anti Money Laundering and Counter-Financing of Terrorism

AODP: Asset Owners Disclosure Project

B4B+ club: Club of businesses for a positive biodiversity

CDC EVM: *CDC Entreprises Valeurs Moyennes*

CDC GPI: *CDC Gestion des Placements Immobiliers*

CDP: Carbon Disclosure Project

CMIC: Caisse des Dépôts Group's joint information and consultation committee

CNR: *Compagnie Nationale du Rhône*

CNRACL: French pension fund for permanent local authority and hospital employees

Congrès USH: Conference of French social housing bodies

COP21: 2015 Paris Climate Conference

CPA: Programme consisting in developing and managing personal activity accounts

CPF: Programme consisting in developing and managing personal training accounts

CRIS: Contribution representative of French corporation tax

CSE: *Conseil économique et social (CES)*, a social and economic committee

CSR: Corporate Social Responsibility

EET: Ecology and Energy Transition

EIB: European Investment Bank

ELTI: European Long-Term Investors association

EMTN: Euro Medium Term Note

EPL: *Entreprises publiques locales*, local public companies

ESG: Environmental, Social and Governance

FCS: *Fonds de cohésion sociale*, a social cohesion fund

FIEE: *France Investissement Énergie Environnement* fund

FIPHFP: French fund for the integration of disabled persons in public sector employment

FSPOEIE: French special pension fund for industrial public sector workers

GBS: Global Biodiversity Score

GHG: Greenhouse gas

HR: Human Resources

I4CE: Institute for Climate Economics

IIGCC: Institutional Investors Group on Climate Change

ILO: International Labour Organization

Ircantec: French second-tier pension scheme for contracted employees of civil service branches and local authorities

KfW: *Kreditanstalt für Wiederaufbau*

LTIC: Long-Term Investors Club

MEB: Caisse des Dépôts' research unit on biodiversity economics

NEU CP: Negotiable European Commercial Paper

NEU MTN: Negotiable European Medium Term Note

NGO: Non Government Organisations

Orse: French observatory on corporate social responsibility

PIA: French programme of investments for the future

(UN) PRI: (United Nations) Principles for Responsible Investment

PSR: Psychosocial Risks

QWL: Quality of Working Life

RAFP: French third-tier civil service pension fund

RTE: *Réseau de Transport d'Électricité*

SDG: Sustainable Development Goals

SEM: *Sociétés d'économie mixte*, semi-public companies

SME: Small and Medium-Sized Enterprises

SSE: Social and Solidarity Economy

TECV (Law): French Law on Energy Transition for Green Growth

TPM: Toulon Provence Méditerranée city community

UNEPFI: United Nations Environment Programme Finance Initiative

VOCAL: Voluntary Carbon Land Certification

VSB: Very Small Business



Full details of the Caisse des Dépôts Group's corporate social responsibility policy can be found in the supplement to the 2017 Business Review and Sustainable Development Report. For further information about responsible investment, see the 2017 Responsible Investment Report.



Caisse des Dépôts Group

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