

2017

# Responsible Investment Report

In reference to the article 173.6  
of the French Law on Energy  
Transition for Green Growth



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# FOREWORD

Responsible investment is at the very heart of what Caisse des Dépôts, defined by French law as a “public group serving the public interest and the country’s economic development”, stands and works for.

In keeping with this mission, the Group applies an extended view of **long-term value** creation in its activities, including not only the **financial value** of its investments but also their **societal value**.

The Caisse des Dépôts Group firmly believes, along with an increasing number of financial players, that responsible investment improves the management of its portfolios by enabling a more comprehensive understanding of its investments. The responsible investment approach undertaken by Caisse des Dépôts is part of a dynamic of **continuous development**, shared with its subsidiaries and strategic affiliates operating in the financial sector, such as Bpifrance, CDC International Capital, CNP Assurances, and Société Forestière.



This strategy, which reflects the operational implementation of its slogan “*Foi Publique*” (public faith), contributes to the **trust** placed in the Group by its clients and partners.

The Group reports on its responsible investment policy in its Business Review and Sustainable Development Report, as well as on its website. The details of this policy, its developments and its implementation can be found in this report, which meets the transparency requirements defined by the French law on the Energy Transition for Green Growth (the TECV Act)<sup>1</sup>. This review also falls within the scope of the recommendations of the Task Force on Climate-Related Disclosures of the G20 Financial Stability Council on the financial reporting of risks linked to climate change.



[Group Reporting Page](#)



[Group Website](#)

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<sup>1</sup> The TECV Act, published in the French Official Journal of 18 August 2015, aims to enable France to contribute more effectively to the fight against climate change and the preservation of the environment. For institutional investors, it imposes reporting requirements on their management of risks linked to climate change, and more broadly on the integration of environmental and social criteria in their investment policy.

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## Investment principles founded on long-term value creation

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

1. Analysis and integration of environmental, social and governance criteria (ESG) into investment and management decisions.
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 RI Charter approved by the Supervisory Board and Management Committee in 2012, is designed to cover all investment activities, across entities and asset classes.



### Principles and guidelines for responsible investment

## 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

- States and territories deemed as non-co-operative in creating an efficient tax system
- 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 and Bpifrance: any company that generates over 20% of its turnover from thermal coal
  - CNP Assurances: any company that generates over 25% (securities held)/more than 15% (newly acquired securities) of its revenues from thermal coal

## Shareholder engagement

The Caisse des Dépôts Group supports the development of companies in which it holds shares over the long term, and actively monitors or participates in the governance of the companies that it finances. This shareholder engagement involves regular meetings with the management of the listed companies, during which Caisse des Dépôts systematically raises the environmental, social and governance issues that it considers most relevant for the company. For unlisted companies, the dialogue is principally maintained within the governing bodies (Bpifrance) and by annual ESG surveys carried out with the companies, conducted directly or via the asset managers.

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 company’s corporate governance rules and practices;
- **Principles for excluding investments in countries and territories that contribute to financial fraud:** Caisse des Dépôts along with its subsidiaries and strategic affiliates are committed to preventing financial, legal and reputational risks that may 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 preparation for the COP21<sup>2</sup>; in 2016 and 2017 it continued with its transversal initiative to adopt a “2°C roadmap” seeking to align its activities with the goals of the Paris Agreement on climate change.



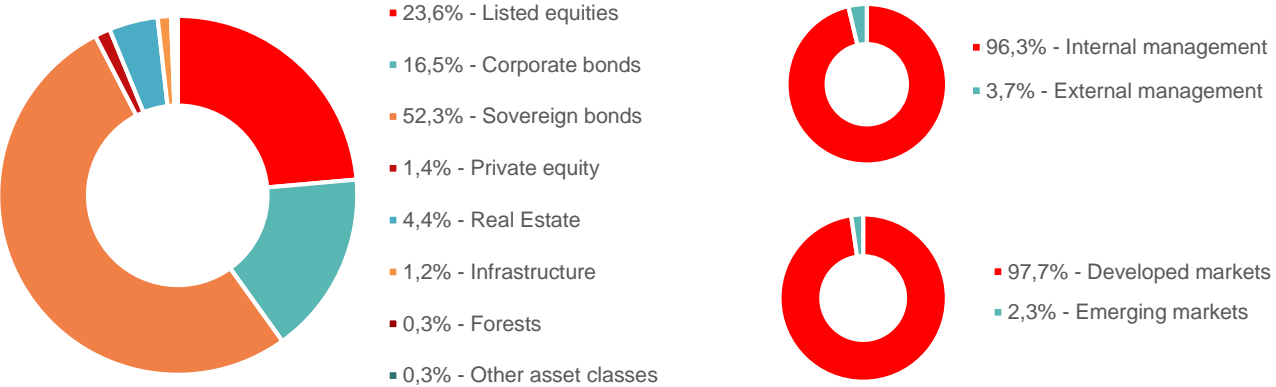
*General principles on the governance of listed companies*  
*Principles for excluding investments in countries and territories that contribute to financial fraud (French version)*  
*Group climate finance policy*

Each of the Group entities implements the RI policy by defining specific processes for analyzing 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.

**Caisse des Dépôts investments**

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

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



<sup>2</sup> 2015 Paris Climate Summit, 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”.

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## RESPONSIBLE INVESTOR PROFILES

**Caisse des Dépôts** is an institutional investor, which manages investment portfolios (listed and unlisted equities, bonds, real estate, money market assets, forests) on its own behalf and the regulated savings accounts according to the management mandates assigned delivered by the French state, over a long-term horizon, mainly using direct and active management. At the same time, in its role as “Banque des Territoires”, it invests, principally as a minority investor, in assets and companies that contribute to the development of the French territories: real estate, infrastructure, mixed-economy companies, and social businesses. Its responsible investment policy is for the most part directly implemented by its internal investment teams.

**CNP Assurances** is an insurance company which delegates the management of its portfolios of assets held directly, and the associated SRI (socially responsible investment) research to Ostrum AM and La Banque Postale AM, which are both strongly committed to responsible investment.

**Bpifrance**, is the French public bank dedicated to financing French companies, notably by taking minority investments, directly and in funds of funds, in companies of all sizes. Its responsible investment policy is primarily intended to encourage these companies to develop a corporate social responsibility (CSR) policy suited to their stage of development.

**CDC International Capital** is an asset management company dedicated to making direct joint investments in partnership with sovereign funds and major international institutional investors, which it supports in their investments in France, principally in French unlisted companies.

**La Société Forestière** is an asset management company that specialises in the sustainable management of privately owned forest assets for its clients.

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## Organisation for implementing responsible investment

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

Corporate annual RI 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.

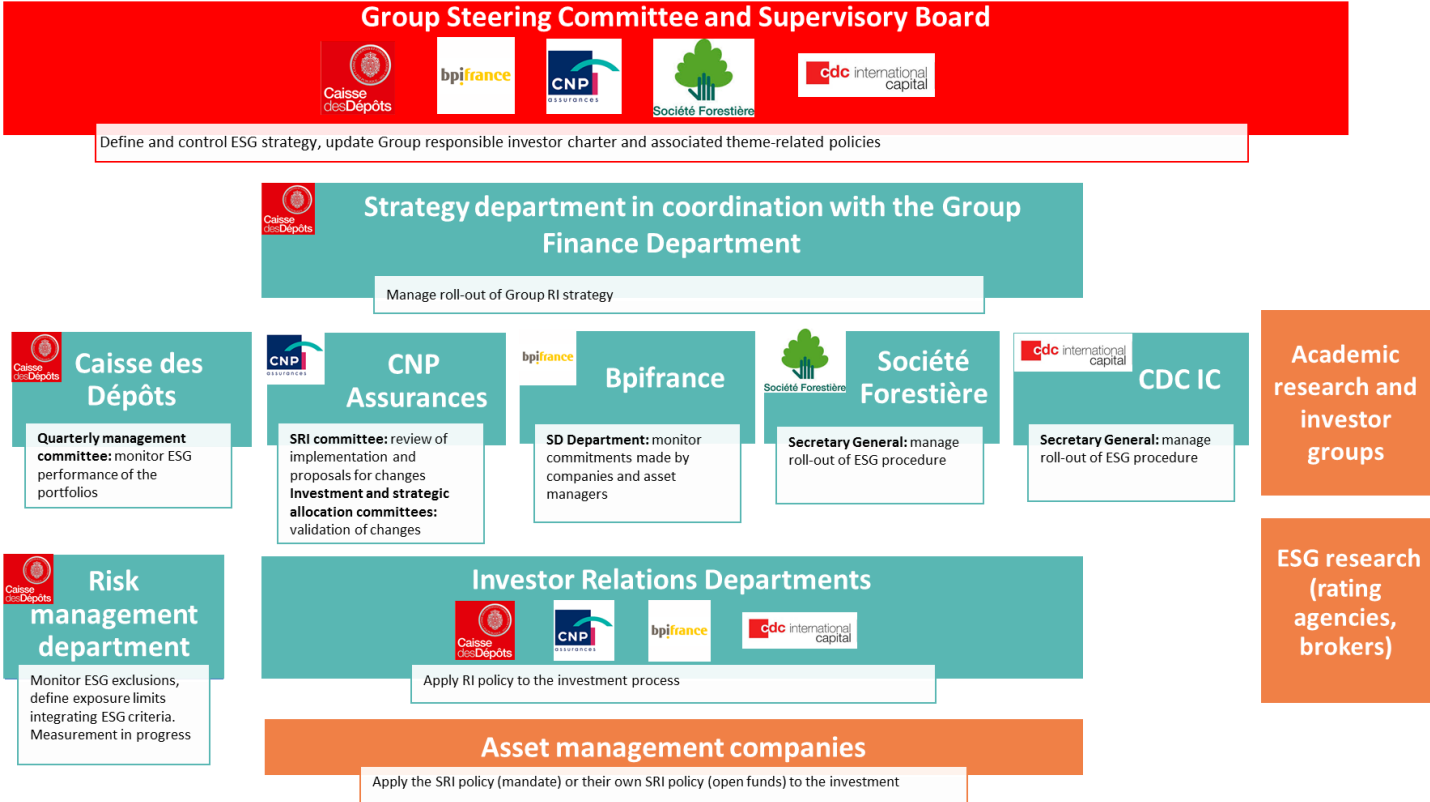
A training policy especially dedicated to responsible finance has been rolled out. For example, during 2017, 300 directors, representing Caisse des Dépôts and Bpifrance on the boards of the companies in which they hold shares, completed the digital training programme on the ecology and energy transition developed by Novethic<sup>3</sup>, a subsidiary of Caisse des Dépôts. In addition, the CDC International Capital

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<sup>3</sup> Online media and research centre specialized in sustainable development, **novethic** is delivering quality labels to eligible ESG, SRI or Green funds.

team took part in dedicated seminars on ESG management, and fixed income portfolio managers from Caisse des Dépôts received training on green bonds.

**Internal organisation of the Group's responsible investment process**



**Legends**

- External consulting and management
- Internal network of responsible investors

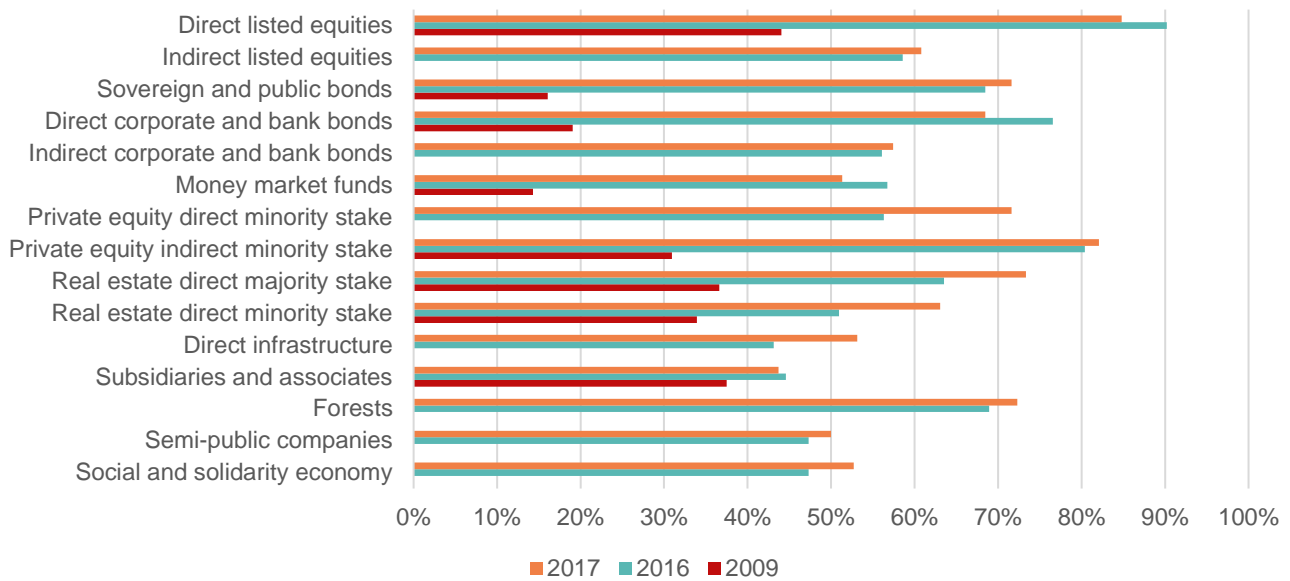
**Further deployment in 2017**

Year after year Caisse des Dépôts measures the deployment of its responsible investment policy. It uses an indicator for assessing how the procedures underpinning this policy are being applied by all its investment teams, such as the collection and analysis of ESG data, the integration of ESG criteria in investment decisions, the 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, significant progress was observed in both indirect management and the investment activities of the future Banque des Territoires. The result for the "direct corporate and bank 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 units, whilst continuing the implementation of the ESG processes to all other activities.

 [Press release relating to the launch of the Banque des Territoires \(French version\)](#)

**Group responsible investment policy implementation by asset class 2009-2017**



**PRI<sup>4</sup> scores for the "Strategy & Governance" category in 2017**

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

**CAISSE DES DEPOTS' RI POLICY REWARDED IN 2017**

Prize for the **"Best Energy Transition Financing Initiative"** during the Instit Invest Couronnes awards ceremony for French Institutional investors.

**Integration of the Bretton Woods II Leaders List** of the world's 25 most responsible asset allocators, established by the non-government organisation (NGO) New America.

Ranked among the **Climate Leaders** by the NGO Asset Owner Disclosure Project (AA rating-ranked 24<sup>th</sup> of the 500 investors assessed on climate related financial risk).

Award for **best responsible investment report** by Responsible Investor in the category of companies holding more than 25 billion dollars in assets.



*Winners of the Couronnes prize (French)*



*The Bretton Wood II Leader List*



*Global Climate Index AODP 2017*



*Results of the RI Awards 2017*

<sup>4</sup> Principles for Responsible Investment, a United Nations initiative



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## Transparency and contribution to the dissemination of best practices

The Group contributes to the enrichment and dissemination of responsible investment practices in the financial system.

### Sustainable Development Goals

In 2015, as part of the Agenda 2030, the United Nations developed seventeen sustainable development goals (SDGs) that are designed to eradicate extreme poverty, fight inequality and injustice, and protect the planet over the next fifteen years. The intention is that over the coming years, these goals will become an integral part of public policies and company strategies. Caisse des Dépôts is committed to bringing its influence on the table in support of the implementation of the SDGs.

The Group identified eight goals where its investment activities had a positive impact in 2017:

SDG	Group responses
	<ul style="list-style-type: none"><li>■ Group exclusion of thermal coal</li><li>■ €500m green bond issued by Caisse des Dépôts to finance green energy infrastructure assets (p. 19)</li></ul>
	<ul style="list-style-type: none"><li>■ Group exclusion policy (jurisdiction and sectors deemed exposed with respect to the international norms ratified by the French State)</li><li>■ Group 2017-2022 medium-term plan integrating ESG objectives (social and territorial impact)</li><li>■ Bpifrance equity capital invested in French unlisted start-ups, SMEs and MSBs (pp. 37-40)</li><li>■ Caisse des Dépôts investments in the capital of innovative mobility, digital, and social companies that contribute to local development (pp. 40-42)</li><li>■ Caisse des Dépôts owns shares in semi-public companies (SEMs) that operate in sectors such as local area development, economic development, social or industrial real estate, management of public facilities, etc. (p. 56)</li><li>■ Caisse des Dépôts contributes to the structuring and development of the social economy (pp. 57-58)</li></ul>
	<ul style="list-style-type: none"><li>■ CNP Assurances and Caisse des Dépôts investments in infrastructure projects and companies that support the development of communities (pp. 44-47)</li></ul>
	<ul style="list-style-type: none"><li>■ Caisse des Dépôts investments in real estate projects that are parts of Urban Social Cohesion Contracts designed by local authorities and in deprived urban areas (pp. 48-52)</li><li>■ Commitment by Caisse des Dépôts and CNP Assurances to reduce the energy consumption of their real estate portfolio (p. 16)</li></ul>

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SDG	Group responses
	<ul style="list-style-type: none"> <li>■ €500m green bond proceeds financing energy-efficient real estate projects (p. 19)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Green leases between Caisse des Dépôts and its tenants (p. 49)</li> <li>■ Commitment by asset managers to sign a charter for the energy efficiency of CNP Assurances tertiary buildings (p. 52)</li> <li>■ Group implementation of the TCFD recommendations (table p. 15)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Group commitments contributing to the management of climate change: <ul style="list-style-type: none"> <li>- Support to initiatives in favour of sustainable finance (pp. 9-15)</li> <li>- Implementation of a broad climate policy: decarbonation of portfolios, shareholder dialogue in support of climate change, climate risk management, financing of transition assets (pp. 16-19)</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>■ Group sustainable forest management: charter of sustainable management and forests certification (pp. 53-55)</li> <li>■ Group 2017-2022 medium-term plan featuring depollution of urban wasteland areas</li> <li>■ €500m green bond proceeds financing three funds dedicated to the rehabilitation of polluted sites (p. 19)</li> </ul>
	<ul style="list-style-type: none"> <li>■ Group contribution to the dissemination of best practices (pp. 8-15)</li> <li>■ Group support for initiatives in favour of sustainable finance (fig. p. 10)</li> <li>■ Strong shareholder engagement</li> <li>■ Employee sustainability training initiatives</li> </ul>

## Initiatives in support of sustainable finance

Caisse des Dépôts, as well as its subsidiaries and strategic affiliates, is seeking to help expand upon and to 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 produce a detailed annual report on how these principles have been applied.



*PRI Report 2017*

Caisse des Dépôts and its subsidiaries are also members of or support numerous other collaborative initiatives, both at a national and international level, in favour of a more sustainable financial system.



Likewise, the Group entities participate in responsible initiatives undertaken by the Paris financial centre:

- Caisse des Dépôts is a member of the **Forum for Responsible Investment (FIR)**, for which it acts as one of the deputy chairs. It is joint leader of a working group on the integration of ESG issues in asset allocation.
- Bpifrance is a signatory of the **France Invest (formerly AFIC) Charter of Commitments for Investors in Growth** and plays an active role in its ESG committees.
- Caisse des Dépôts is also an active member of **Finance for Tomorrow**, for which it was the leader of the working group on “green finance research”.
- CNP Assurances is heavily involved in the working group set up by the *Fédération Française d’Assurance* (French Federation of Insurance Companies) to develop the reporting guide relating to article 173 of the law on energy transition and its implementing order.
- Caisse des Dépôts, Bpifrance and CNP Assurances are members of the **Observatoire de la Responsabilité Sociétale des Entreprises (ORSE, the French watchdog for corporate societal responsibility)**, and take an active part in its Finance Club.

Caisse des Dépôts and CNP Assurances are also signatories of the United Nations Global Compact and strive to integrate its ten principles relating to human rights, employment law, the environment and

the fight against corruption in their financial activities.

To promote CSR and responsible investment best practices, and to present the Group's ESG policies, Group representatives contribute to public events and internal seminars.

Finally, 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 more sustainable financial practices. As part of its advocacy work, Caisse des Dépôts emphasises the importance of ensuring a greater connection between the framework in which financial institutions operate and other public objectives and policies, so that the financial system is more incentivized to take these public interest objectives into consideration in its operations.

## MAIN GROUP CONTRIBUTIONS TO SUSTAINABLE INITIATIVES IN 2017

### Signature by Caisse des Dépôts and Bpifrance of the French public investors' climate charter

Eric Lombard and Nicolas Dufourcq both signed the French public investors climate charter during the One Planet Summit, an international summit held in 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 commit to taking climate-related issues into consideration in their investment decisions. Information about how the Group has implemented this shared agenda is attached to this report.



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### Contribution to the PRI working group on the inclusion of ESG factors in credit risk and 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 and ratings*

### Promotion of responsible investment among unlisted companies

Caisse des Dépôts and Bpifrance are active participants in the work carried out by the ESG Committee of France Invest (formerly AFIC), and by the Finance Club run by the Observatory on Corporate Social Responsibility. In this regard, Bpifrance supported a study on the integration of ESG criteria in financing, investments and services provided to VSBs and SMEs.

 *Integration of ESG criteria in finance and services provided to VSBs and SMEs (French version)*

## Preparation of European action plan on sustainable finance



© European Union, 2017

Anne-Catherine Husson-Traore, Chief Executive Officer of Novethic (a subsidiary of Caisse des Dépôts), and Pierre Ducret, Group's Special Advisor for climate change, both participated in the work carried out by the European high-level expert group (HLEG) on sustainable finance. The group's recommendations, which aim to redirect capital towards sustainable assets and activities, manage climate-related, environmental and social risks, and increase transparency and the long-term view in the financial world, fed into the European Commission action plan that was published in March 2018. Caisse des Dépôts responded to European consultations on the expert group report and on the fiduciary duty of investors.



*European Commission action plan on financing sustainable growth*

## Promotion of the responsible finance expertise of the Paris financial marketplace

As part of the Finance for Tomorrow initiative<sup>5</sup>, Caisse des Dépôts was involved in the organisation of Climate Finance Day 2017. This international event, which has been held each year since 2015, brings together major players in the international financial sector to discuss and define financial solutions to issues related to global warming.

It also participated in the annual PRI event, held in Berlin. Joël Prohin, Head of Portfolio Management, spoke on the opportunities linked to the integration of climate change in financial management and presented the Group's 2°C roadmap.



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<sup>5</sup> Initiative by Paris financial centre actors who are developing sustainable finance in France and internationally.

## Support for research into the integration of the climate issue

Caisse des Dépôts participated in the research conducted in France on the recovery of carbon sequestered by forests. It also supported the study conducted by the Carbone 4 firm that aimed to develop a method for assessing the risks linked to the physical consequences<sup>6</sup> of climate change on an asset, such as bonds or infrastructure projects.



*Report on the climate risk assessment methodology*

## Contribution to the market study

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

- “Investors in Search of Impact”, which describes the recent commitment by investors seeking to contribute to the realisation of the United Nations Sustainable Development Goals;
- “173 Shades of Reporting”, which analyses the initial reports published by institutional investors that are subject to the transparency obligation arising from article 173 of the TECV Act (see page 63 of the 2017 Business Review and Sustainable Development Report).



*“Investors in Search of Impact”*



*“173 Shades of Reporting”*

## Support for public authorities: “French Strategy for Green Finance”

The Ministers for the Economy and Finances and the Ecological and Solidarity Transition asked Pierre Ducret, Group's Special Advisor for climate change, and Sylvie Lemmet, chief advisor at the Court of Auditors, to define a French strategy for green finance. Multiple proposals contained in the report “French Strategy for Green Finance”, which was published at the beginning of December, were the inspiration for the decisions announced by Bruno Le Maire at the Climate Finance Day.



© BercyPhoto PBagein



*“French Strategy for Green Finance”*

<sup>6</sup> I.e. the impact on the economy of natural disasters (hurricanes, floods, droughts) and climate change.



The Group maintains transparency with its investors and partners. Entities in Caisse des Dépôts Group publish their responsible investment policies online on their respective websites, and assess them in their institutional reports:

Group and Caisse des Dépôts	Bpifrance	CNP Assurances
<ul style="list-style-type: none"> <li>■ Business Review and Sustainable Development Report</li> <li>■ Corporate Social Responsibility Report</li> <li>■ Responsible Investment Report (Article 173-6 of the TECV Act)</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual reports by: Bpifrance Investissement, Bpifrance Participations, Bpifrance SA</li> <li>■ Responsible Investor Approach<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ CSR Report</li> <li>■ Responsible Investment Report (Article 173-6 of the TECV Act)</li> </ul>
<a href="http://www.caissedesdepots.fr/en">www.caissedesdepots.fr/en</a>	<a href="http://www.bpifrance.fr">www.bpifrance.fr</a>	<a href="http://www.cnp.fr/en">www.cnp.fr/en</a>

As asset managers, CDC International Capital and Société Forestière provide investors with an ESG report at least once a year, as well as on request. Société Forestière’s sustainable forest management charter is part of the management agreement with its clients.

CNP Assurances promotes its responsible investing strategy to its policyholders via more than 19 million emails sent out to them. Moreover, CNP Assurances, its two partner distributor networks and their asset managers, the Banque Postale with LBP AM and BPCE with Ostrum AM, offer unit-linked SRI and climate funds in all their major life insurance policies. In its own network, AMETIS, CNP Assurances has offered a thematic unit-linked fund, “CNP Sustainable Development”, since 2007.

At the end of 2017, the French government, which defines the management mandate assigned to Caisse des Dépôts relating to centralised savings from regulated passbook accounts, asked the Group to report on the allocation of sums collected on the Sustainable Development and Solidarity Passbook Account (LDDS) towards the funding of projects with a favourable impact on the climate. Work on this undertaking has been launched.

### Recommendations by the Task Force on Climate-Related Financial Disclosure (TCFD)

In June 2017, a group of experts mandated by the G20 Financial Stability Board published guidelines setting out recommendations for helping businesses to disclose climate-related financial information. The Task Force structured its recommendations around four thematic areas that represent core element of how organisations operate: governance, strategy, risk management, and metrics and targets.

Caisse des Dépôts analysed these recommendations carefully. A self-assessment was carried out



<sup>7</sup> The Bpifrance responsible investor approach applies to investment funds managed directly: <https://www.bpifrance.fr/Qui-sommes-nous/Nos-metiers/Fonds-propres2/Fonds-directs-Bpifrance> and its funds of funds activity: <https://www.bpifrance.fr/Qui-sommes-nous/Nos-metiers/Fonds-propres2/Les-fonds-de-fonds> (French versions)



based on all the available information, in order to identify improvements to be implemented over the coming years to bring the Group into line with these recommendations.

	Recommendations	2017	Improvements under way
Governance	Describe the board’s oversight of climate-related risks and opportunities.	●	
	Describe management’s role in assessing and managing climate-related risks and opportunities.	●	
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	●	<p>Ongoing decarbonation and development of increased resilience of the portfolios between now and 2050.</p> <p>An assessment of the financial impact of climate scenarios backed up by sensitivity studies relating to specific risks will be carried out.</p>
	Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	●	
	Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●	
Risk management	Describe the organisation’s processes for identifying and assessing climate-related risks.	●	<p>Work in progress to map the significant non-financial risks associated with the Group’s activities, products and services, and its business relationships.</p>
	Describe the organisation’s processes for managing climate-related risks.	●	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	●	
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	<p>The scoring of climate risks in the whole balance sheet assumes that indicators already tracked will be added to and extended to all assets, and that vulnerability to physical risks is measured. An initial report will be realised for governance in 2018, on the 2017 exposure. Initial work on the definition of methods and new objectives has been undertaken, such as a sector-based diagnostic of the impact of private equity portfolios. A composite indicator will provide a more exact measurement of progress as the years pass.</p>
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	●	
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	●	

- Integration to be improved
- Integration
- Good integration



## Focus on the management of a universal issue: climate change

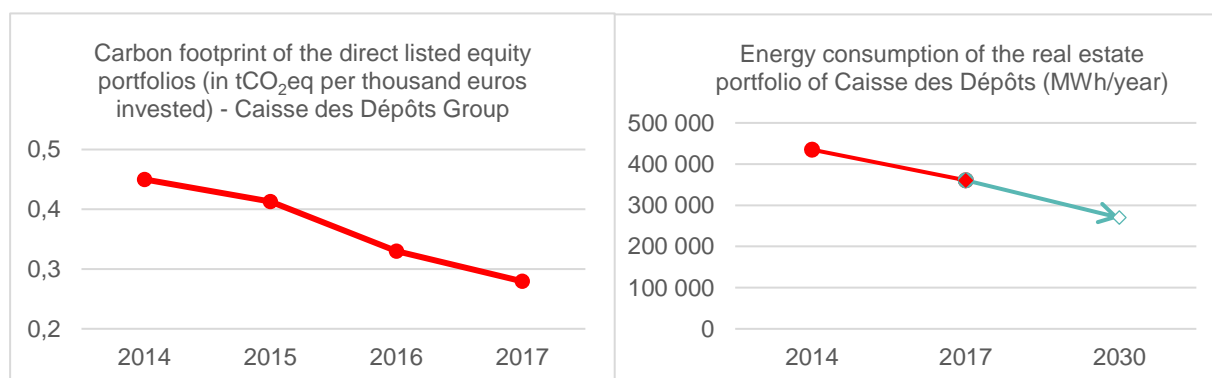
As a major challenge for society, climate change is having an increasing effect on our everyday life, on business and on every territory, whose resilience is being tested. On a global scale, climate disruptions are affecting the stability of our ecosystems, demographics, economy, finances and socio-political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

In 2015 prior to the COP21, the Caisse des Dépôts Group set out its climate finance policy and committed to specific targets 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 to transition towards entirely zero-carbon allocations by 2050. Involving around sixty assets managers and internal experts, 2017 saw several 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 program 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 for itself the target of reducing the carbon footprint of all its listed equity portfolios by 20% between 2014 and 2020. It had already achieved this consolidated target by the end of 2017, prompting CNP Assurances to raise its own target in February 2018 to 0.25teqCO<sub>2</sub> per thousand euros invested by 2021, meaning a target reduction of 47% compared to the figures from 2014. Caisse des Dépôts also extended the reduction target to its corporate bond portfolio. Regarding its real estate 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.



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## Shareholder dialogue on climate

Portfolio managers at Caisse des Dépôts endeavour to discuss ESG issues during their meetings with managers of listed companies 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 operations.

Caisse des Dépôts and Bpifrance also 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 resolutions relating to climate change have been put to the vote at these meetings.

If the dialogue undertaken informally or by a formal voting procedure proves to be unsuccessful, 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.

### Highlights in 2017

The Caisse des Dépôts listed equities portfolio management team has begun 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) towards the ecology and energy transition.

Caisse des Dépôts and CNP Assurances joined the Climate Action 100+ initiative to promote joint efforts by investors to engage the companies emitting the highest levels of greenhouse gases in the worlds.

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 criteria into its investment process, the Group is able to better assess and manage the risks of climate change.

In 2015, the Group fixed very ambitious upper limits for holdings in securities and projects with activities that are exposed to thermal coal. In 2017, the Group did not hold any shares or bonds linked to coal above the fixed thresholds, with the exception of one Bpifrance and CDC Entreprises Valeurs Moyennes

holding in a French energy company, Albioma, which currently generates 23.4% of its revenues from thermal coal; the Group is supporting Albioma's low-carbon transition strategy, which is principally based on the production of electricity from biomass fuels.

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

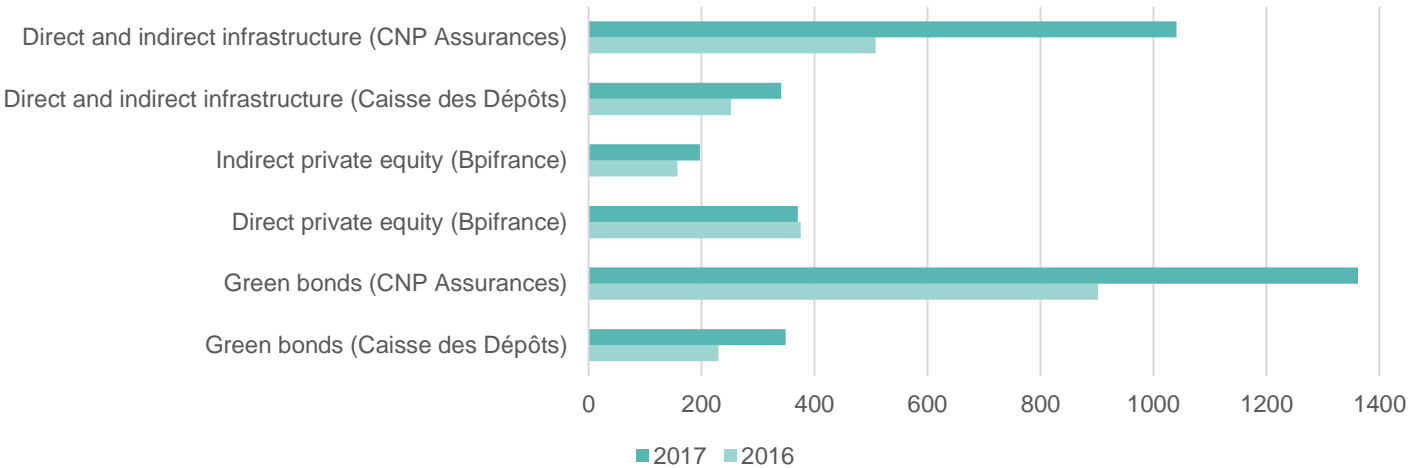
- the integration in 2018 of climate change in the risk management policy;
- the incorporation, in 2018 and 2019, of climate change risks into credit rating methodologies;
- the mapping of climate risks in the balance sheet;
- An assessment of the financial impact of various climate change scenarios. In this regard, the Caisse des Dépôts carried out an initial stress test in 2016 based on top-down scenarios over five years, with impacts defined by the consultancy Mercer. The results were inconclusive. The Caisse des Dépôts will monitor work carried out in the market on the definition of scenarios, as well as recommendations issued by the regulatory authorities.

### Financing transition assets

Caisse des Dépôts, Bpifrance and CNP Assurances have committed to allocate €15 billion in funding to low carbon and 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. Caisse des Dépôts remains committed to finance the energy transition assets, for instance CNP Assurances will allocate an additional €5 billion by the end of 2021. As regards investments, green assets under management increased in all asset classes where they are monitored:

- **High environmental performance real estate:** 36% of the Caisse des Dépôts investment portfolio has at least one label, including 24.9% certified HQE/H&E, 17.7% BREEAM, 17.5% BBC/Energy.
- **Sustainable forests:** volumes of carbon sequestered in 2017 by Caisse des Dépôts: 364,930 tCO<sub>2</sub>eq per 55,000 hectares of forest.

Green assets per asset class (€m)



## 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 rehabilitation of polluted sites, via **three** specially created funds. In total, **82%** of the assets will go to new projects, and **18%** to existing assets to develop their capacities. Each one plays its own role in accelerating ecology and energy transition in the territories. The total estimated reduction in greenhouse gas emissions is **172,000 tCO<sub>2</sub>eq**. Along with other forms of additionality, this issue will help the Caisse des Dépôts territorial investment teams to strengthen their ESG initiatives by making it easier to measure the impact of their projects.

## CLIMATE-RELATED UNDERTAKINGS

Caisse des Dépôts, Bpifrance and CNP Assurances signed the **Montreal Carbon Pledge** under which they commit to measuring and publishing the carbon footprint of their portfolios on an annual basis. In addition, Caisse des Dépôts is a member of the **Portfolio Decarbonization Coalition**, supporting the additional goal of reducing this footprint. Bpifrance is a signatory of the **Energy Efficiency Finance Statement**, and CNP Assurances has signed the Shift Project's **Decarbonize Europe Manifesto**.

# LISTED EQUITIES

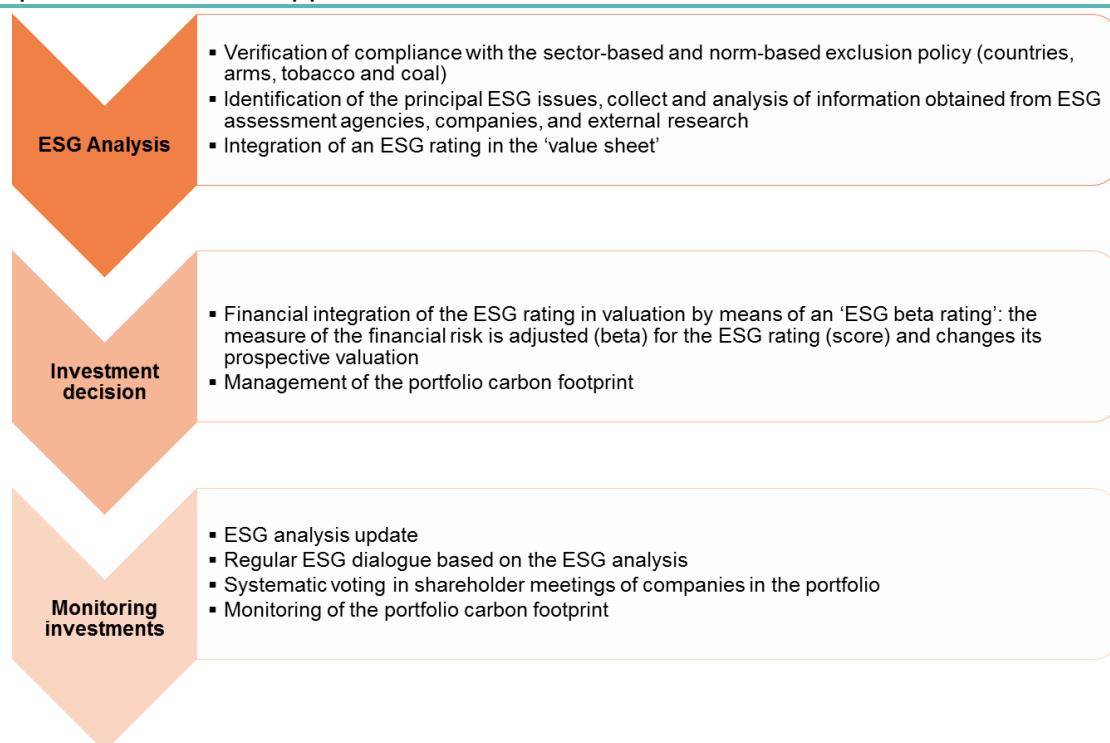
## Key figures

Engagement policy in 2017			
	Caisse des Dépôts	CNP Assurances	Bpifrance
Votes exercised at shareholder meetings	100%	84%	100%
Votes in favour of external environmental resolutions	2	1	0
Number of shareholder dialogues initiated or continued on climate	14	2 directly (not via management companies)	NA
Carbon footprint of the portfolios of listed equities held directly in tons of CO <sub>2</sub> equivalent per thousand euros invested in balance sheet value			
Group	Caisse des Dépôts	CNP Assurances	Bpifrance
0.28	0.35	0.30	0.12

## Listed equities held directly

### Caisse des Dépôts

#### Responsible Investor Approach



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Caisse des Dépôts integrates ESG issues into the investment process for its entire portfolio of listed equities. This initiative is integrated in the multi-annual financial planning process and forms part of the objectives set for the management of financial investments.

### An integrated analysis

The equity managers at Caisse des Dépôts carry out an ESG analysis for each security, depending on the most relevant issues identified for each company with regard to the long-term valuation risk of the companies and the integration of the public interest mission of Caisse des Dépôts. The ESG criteria tracked cover, among other things, the companies' governance structure and their directors' remuneration, gender equality, accidents in the workplace, labour relations, greenhouse gas emissions, water, and major ESG controversies. In particular, the portfolio managers use data provided by the non-financial rating agency MSCI, the CDP and Bloomberg, and internal analyses of the governance structures. These data are compiled in the analysis report for each security and updated annually. They give rise to an ESG rating for the security. The managers are also responsible for complying with the exclusion policy.

The ESG analysis is integrated in the valuation of the securities by means of an "ESG beta rating". The quantitative measure of the financial risk on the security is adjusted for its ESG rating thereby influencing its valuation. This valuation, along with compliance with the exclusion policy, is integrated in the investment decision.

The ESG analysis is updated annually and used in the engagement process undertaken with the companies.

### An active shareholder

Caisse des Dépôts is an active shareholder, with a long-term investment view. The strategy of moderate rotation on its portfolios effectively means that its portfolio managers are able to maintain an active and constructive two-way dialogue with companies' executives, in order to encourage their progress over time, including on ESG issues.

In their bilateral meetings with the companies' executives, which are held at least once a year, the managers discuss issues related to ESG, and especially the climate when this is a relevant issue for the company. Caisse des Dépôts expects its portfolio companies to establish a formal, ambitious, medium-term energy transition strategy; to regularly publish detailed, accurate and audited information on how this strategy is being implemented; and to define a realistic and quantitative GHG emissions reduction target. This target must be consistent with national or international energy transition scenarios and must relate to a significant portion of the business. The Caisse des Dépôts Group also expects its portfolio companies to establish a governance structure that is suited to managing this challenge. The ESG analysis of the company is updated every year and after any discussions with the company management.

Caisse des Dépôts systematically exercises its voting rights at the shareholder meetings of its portfolio companies, and votes against any resolutions that go against its governance principles. Its position on each resolution is defined by a multi-disciplinary voting committee, based on an internal analysis of these resolutions carried out in accordance with an internal voting guide that sets out detailed rules to be applied and based on the portfolio managers' knowledge of the company and its environment. This guide has been established in line with market standards and recommendations issued by experts, and is updated annually. Caisse des Dépôts may vote in favour of external resolutions that are not supported by the board of directors if these resolutions are consistent with its voting principles and its strategic priorities, particularly those that relate to ESG and climate issues. The dedicated team holds regular

meetings with the companies ahead of their shareholder meetings, to inform them about Caisse des Dépôts expectations.

## Managing the climate impact of the portfolios

The Caisse des Dépôts equities portfolio managers establish the carbon footprint of the companies in the portfolio and projects it over the medium term, so that the Group's decarbonation commitments can be integrated in the construction of the portfolio.

## Managing the ESG risks

The internal procedures used to identify ESG risks are based on the analysis of each individual security carried out by the teams, and on the monitoring of changes in the portfolio overall ESG performance.

Monitoring of the financial risks linked to climate change integrates the dual aspect of the exposure of the companies to thermal coal and their GHG emissions. The transition risk is approximated by looking at the risk of an increase in GHG emissions. Thus, a carbon price has been integrated in the analysis of oil securities to simulate the financial effects of a carbon tax or a change in carbon prices on company valuations. The decarbonation target that the Group has set itself along with the policy of shareholder dialogue on the management of the climate issue contribute to the management of this transition risk. The governance risk associated with each security is also managed by the shareholder meeting voting committee.

The GHG performance of the portfolio and the average ESG rating of the portfolio are reviewed in the quarterly Portfolio Management Committee meeting, along with a qualitative comment.

## Implementation in 2017: actions and results

### Shareholder dialogue:

- The equities portfolio managers initiated discussions on climate issues with 14 companies, representing nearly 90% of the portfolio's carbon footprint, encouraging them to adopt a strategy that is compatible with the 2°C objective, especially by adhering to the “Science-Based Targets” initiative.



*Science-Based Targets website*

- In terms of governance, Caisse des Dépôts held 42 meetings with issuers ahead of their 2017 shareholder meetings, with the objective of preparing for the shareholder meetings, obtaining transparent information, discussing Caisse des Dépôts voting policy and its voting guidelines, and as far as possible adapting any resolutions that go against its principles. In particular, the portfolio managers held a discussion with the board of a French company that was the subject of a major controversy relating to its governance. Caisse des Dépôts also held discussions with directors sitting on the remuneration committees of two French companies.
- At the end of 2017, Caisse des Dépôts joined the “Climate Action 100+” initiative, an international coalition of investors engaging companies that are the largest greenhouse gases emitters to: increase the integration of climate issues in their governance systems; define targets for

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reducing their GHG emissions; and increase the transparency of the impact and management of climate issues in their financial publications.

#### Report on votes in shareholder meetings:

- During the 2017 season, Caisse des Dépôts was called to vote in 135 shareholder meetings, including 57 in France. In total, 2,555 resolutions were analysed. Caisse des Dépôts voted against 13.7% of these resolutions (vs. 11.4% in 2016 and 13.0% in 2015). Although remuneration and compensation remained in the majority in terms of issues raised at the shareholder meetings, the number of resolutions relating to the climate continues to increase in Europe.
- Caisse des Dépôts voted in favour of a resolution linked to the climate at the shareholder meetings of Royal Dutch Shell and J.M. Smucker. It publicly expressed its support for the external resolution proposed by Shell, which has since published its “ambition” to align with the 2°C objective.

#### Integration of ESG criteria:

In 2017, the analysis approach did not result in any formal change in asset allocation, but movements on the portfolio were influenced by this ESG analysis, among other things.

#### Exclusions:

Caisse des Dépôts has no direct holdings of any shares in listed companies that generate more than 20% of their revenues from thermal coal, except for Albioma, which the Group is supporting in its withdrawal from coal in favour of renewable energies.

#### Carbon footprint of the portfolio of listed equities (scopes 1 and 2) established in balance sheet value:

The carbon footprint of the Caisse des Dépôts equities portfolio dropped 35% between 2014 and 2017, 6.6% of which was in 2017. At the end of 2017, it stood at 0.35 tCO<sub>2</sub> eq/k€.

#### ESG performance:

Caisse des Dépôts has initiated work that is intended to assess and evaluate the ESG performance of its portfolios.

## CNP Assurances

The ESG approach for all the listed equities held directly is based on a “best-in-class” strategy. A quarterly review has been established since 2006 involving discussions with the non-financial analysts at Ostrum AM, and since 2009 with those at LBPAM, about current issues and high-risk securities.

### Responsible Investor Approach

The ESG approach at CNP Assurances is based on two cornerstones: firstly, exclusion and secondly, best-in-class selection; this means for a given sector that only the companies that performing well in terms of ESG can be invested in.

#### Sector-based and norm-based exclusions

CNP Assurances excludes manufacturers of cluster bombs, anti-personnel mines, and thermal coal. Moreover, securities given a very poor ESG rating by the two managers are analysed by CNP Assurances at the quarterly SRI committee meetings, and these may also be excluded from the investment universe.



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## ESG best-in-class selection

The SRI committee, which meets every quarter with the asset managers, tracks the ESG status of the portfolio line-by-line.

For assets managed by Ostrum AM, the stock-picking process links the financial and non-financial criteria based on the ESG ratings attributed by Mirova. This type of investment strategy favours selecting securities with better ESG ratings. The portfolio securities with worse ratings are also monitored. Holdings in these securities are reduced or cleared based on the emergence of alternative investment opportunities of better quality.

Regarding assets managed by La Banque Postale AM (LBPAM), the managers may not invest in the securities with the worst ESG ratings (i.e. 20% of the investment universe and more than 8% of the Euro STOXX index). For the other securities, they use the ESG information available to them and for an equivalent financial level, they favour the ESG securities with the best ratings.

## Direct shareholder engagement and engagement via managers

A dialogue is maintained with the portfolio companies in the event of ESG problems, via asset managers or directly, ahead of the shareholder meetings. If this dialogue is not successful, the security may be subject to measures of varying severity: no more purchases, sale or even exclusion.

Since 2016, CNP Assurances has been associated with the letters of engagement sent by Mirova to companies with a high ESG risk that do not contribute (or contribute very little) towards the ecology and energy transition.

CNP Assurances also integrates ESG criteria when it votes at the shareholder meetings of the companies in which it holds shares. The voting principles are defined by the senior management. They are intended to ensure the rights of minority shareholders with a view to long-term development. These principles have been developed based on discussions in the market, and are applied pragmatically across all companies, taking into account the specific characteristics of each company, their business segment and national regulations.

## Moving towards a reduction in the climate impact of the portfolios

Other than its commitments to reducing its carbon footprint and the exclusion of coal, CNP Assurances has partnered with Carbone 4 Finance to apply the “Carbon Impact Analytics” methodology to its portfolio. The work has provided data on the amount of avoided emissions on the equities portfolio in sectors presenting major challenges, as well as ratings on the companies’ strategies and commitments. These assessments serve as the basis for the engagement actions.

## Managing ESG risks

The ESG risks management results from the integration of ESG criteria in the management of CNP Assurances portfolio and its climate policy. To gain a better understanding of the transition risks linked to the climate, CNP Assurances analyses on a case-by-case basis the impact of companies on the ecology and energy transition, using the Carbon Impact Analytics methodology. The reduction in the portfolio's carbon footprint and the coal exclusion rules help to bring down these risks.

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## Implementation in 2017: actions and results

### Exclusions:

CNP does not hold shares in any companies that generate more than 25% of their revenues from thermal coal.

### ESG best-in-class selection:

- The managers rate the portfolio companies and present this consolidated rating on their respective portfolios at the SRI committee meetings held with CNP Assurances. In 2017, the equities portfolios managed by La Banque Postale AM and by Mirova obtained an overall ESG rating that was higher than those of the MSCI Euro and DJ Euro STOXX indices.
- On the portfolio managed by LBPAM, the sale since 2010 of securities with a poor rating did not have a negative impact on the performance of the portfolios.

### Shareholder engagement:

- CNP Assurances has maintained a direct dialogue with two companies in the energy sector and is associated with the letters of engagement sent by Mirova to companies with a high ESG risk, which do not contribute (or contribute little) to the ecology and energy transition.
- CNP Assurances joined the Climate Action 100+ coalition at the end of 2017.

### Voting in shareholder meetings:

- CNP Assurances voted in the shareholder meetings of companies representing 84% of the assets under management. In total, out of 98 shareholder meetings and 1,853 resolutions analysed, CNP Assurances voted against 20.1% of the resolutions proposed.
- CNP Assurances voted "For" 100% of the resolutions proposed in favour of the ecology and energy transition.

### Carbon footprint of the listed equities portfolios (scopes 1 and 2) established in balance sheet value:

In 2017, the carbon footprint covered 92% of the equities portfolio and stood at 0.30 tCO<sub>2</sub>eq per €1,000 invested.

## Bpifrance

Bpifrance invests in the share capital of mid-cap and large-cap listed companies with a view to realising consolidation and growth. It makes one-off investments in the share capital of the largest companies considered as strategic for the national economy, especially in order to stabilise their share ownership. It takes an active part in the governance of these companies.

## Responsible Investor Approach

The ESG approach of Bpifrance with respect to the listed companies in its portfolio is identical to that developed for the unlisted companies: it aims to set the companies on a path towards continuous progress in terms of CSR.

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## Shareholder dialogue in favour of CSR

When Bpifrance makes an investment, it establishes a CSR situational analysis for the target company. This analysis, which is facilitated by a dedicated internal tool (ESG Invest) does not give rise to an ESG rating and is not decisive; rather, it allows Bpifrance to determine areas for improvement with the company. An ESG survey conducted every year by Bpifrance is used for monitoring progress. The shareholder dialogue is maintained, if applicable, by a Bpifrance representative on the board of the company. The voting policy applied by Bpifrance at shareholder meetings is the same as that of the Caisse des Dépôts Group.

## Sector-based and norm-based exclusions

Bpifrance implements the sector-based and norm-based exclusions set by the Group, and excludes securities exposed to thermal coal.

## Monitoring the climate impact of the portfolios

To comply with its commitments made in 2015 relating to the decarbonation of its listed equities portfolio, Bpifrance monitors its portfolio companies on a case-by-case basis depending on the issues associated with the company's activities.

## Managing ESG risks

The internal procedures used to identify ESG risks are based on the analysis realised before the investment decision, and on the operational monitoring carried out by the teams. These risks are assessed on a case-by-case basis.

The assessment of the physical risks linked to climate change is partial and is carried out with respect to the specific activities and organisation of each company held. Likewise, the assessment of transition risks is partial, and is carried out by monitoring each company's policy and environmental management system and the energy challenges faced.

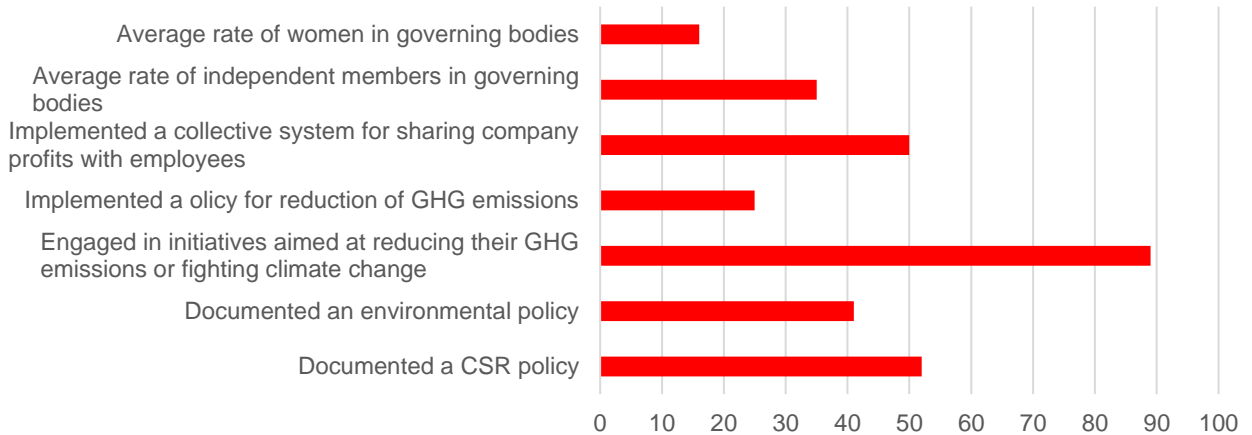
Bpifrance will roll out a methodology based on the Group's work towards the 2°C objective.

## Implementation in 2017: actions and results

### Shareholder dialogue and monitoring:

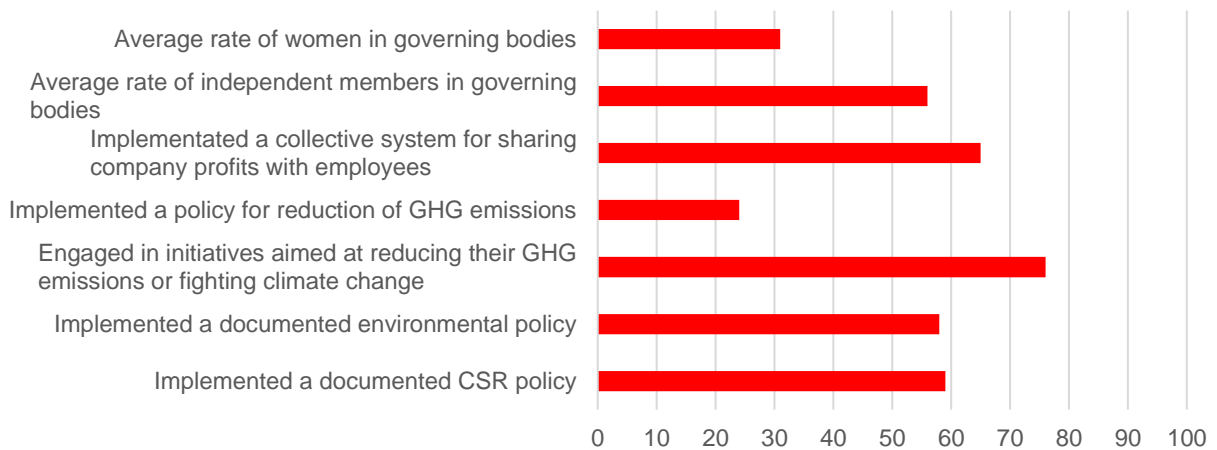
- Out of the 52 mid-cap and large-cap companies (MSBs and large corporations) in which Bpifrance is a shareholder, 44 responded to the ESG 2017 campaign focusing on practices in 2016. This figure has increased significantly; only 19 companies responded to the previous campaign.
- The results of the survey were presented to the portfolio managers for the mid-cap and large-cap companies:

## ESG practices of mid-cap and large-cap companies (%)



■ 17 listed companies responded to the ESG 2017 campaign

## ESG practices in listed companies (%)



### Voting in shareholder meetings:

Bpifrance did not vote on any external environmental resolutions in 2017.

### Carbon footprint of the listed equities portfolios (scopes 1 and 2) established in balance sheet value:

The carbon footprint of the listed equities portfolio for scopes 1 and 2 established in balance sheet value for 20 companies stood at 0.117 tCO<sub>2</sub>eq/€k at the end of 2017.

### Exclusion:

Bpifrance has maintained its holding in the share capital of a listed company, Albioma, which currently generates 23.40% of its revenues from thermal coal, to support the company's low-carbon transition strategy, which is particularly based on the production of electricity from biomass fuels.

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## Delegated management

### Caisse des Dépôts

With a view to the geographical diversification of its listed equities portfolio, Caisse des Dépôts invests in mutual funds managed by third-party asset managers primarily under passive strategies. Some of the Group's responsible investment criteria for direct investments are examined as part of the due diligence carried out prior to investment in mutual funds. Since voting has a direct impact on how the portfolio companies are run, and may also affect their value, one such criterion is how the asset managers actually use their voting rights.

## Responsible Investor Approach

### Selecting the funds

The approach consists in analysing the ESG policy of the asset managers. Based on work carried out on the 2°C roadmap, Caisse des Dépôts developed a new, more detailed due diligence questionnaire that integrates the climate policy of the target funds, including their investment policy moving towards a 2°C objective and the exclusion of thermal coal.

It also evaluates the ESG quality of the portfolio, using the MSCI ESG Ratings database. It gives a higher score to physical index funds that replicate exactly the composition of the index, and that clearly show the composition of the funds, thus facilitating the ESG and carbon monitoring of the investments.

The rules that are set for equities managed directly, such as the exclusion of coal and those for measuring the carbon footprint, are applied where possible. Apart from compliance with sector-based and norm-based exclusions set by the Group, the ESG risks management processes are not decisive because of the passive strategy of most of the funds bought. Nevertheless, Caisse des Dépôts expects asset managers to commit to exercising their voting rights - this being the only lever of influence for index funds - and to producing an ESG report based on the criteria that it sets.

### Monitoring of funds bought

The approach involves engaging in dialogue with the asset managers, via regular updates on their ESG reporting and their voting at shareholder meetings, and one-off updates as required should any issues arise.

### Monitoring the climate impact of the portfolios

The carbon footprint of the funds is measured by transparency where this is possible.

### Managing ESG risks

Caisse des Dépôts has no internal procedure to identify ESG or climate risks for indirect equity funds. However, it estimates some of these risks via ESG and carbon monitoring of the underlying securities. This internal ESG monitoring is carried out every month for the investment committee.

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## Implementation in 2017: actions and results

### Selection of funds:

- The portfolio managers sold its investment in an MSCI EM fund in favour of an MSCI EM ESG fund.
- Caisse des Dépôts invested 13 million euros in a green fund.

### Monitoring of funds:

- In 2017, Caisse des Dépôts asked the manager of an index fund to implement its voting policy and another to provide ESG reports.
- A specific ESG questionnaire for the fund management activity was developed in 2017, to be sent out in 2018.

## CNP Assurances

CNP Assurances invests in two types of mutual fund: dedicated funds and open funds. These investments involve different ways of implementing the ESG policy.

## Responsible Investor Approach

CNP Assurances documented its ESG integration process for delegated management in the form of mutual funds in 2016. It aims to be consistent with its policy for managing equities held directly. Furthermore, companies and funds speculating in agricultural commodities are excluded.

### Open funds

Before investing in open funds, CNP Assurances sends the asset managers a questionnaire on their responsible investment commitments, their ESG approach if applicable, the exclusion of controversial weapons and speculation in agricultural commodities. CNP Assurances also carries out a survey of all its partner fund managers, every two years, on their integration of the principles adopted. The question of their adoption of the PRI is also asked. The questionnaire was extended in 2017 to include the integration of issues relating to climate change in the voting policy.

### Dedicated funds

For dedicated funds, the ESG approach is based on general principles for the investment universe: the application of the CNP Assurances exclusion principles on countries and securities. The engagement and voting policies are delegated to the asset managers.

For dedicated mutual funds, integration of the transition risk and consideration during the investment process of the contribution to the international target of 2°C, are realised through the exclusion of securities linked to thermal coal.

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## Implementation in 2017: actions and results

### Integration of ESG criteria:

The most recent ESG survey of management companies was conducted in December 2017/January 2018. At the end of 2017, 90% of these companies had adopted the PRI.

### Exclusions:

In 2017, five companies were excluded from the investment universe of dedicated funds due to their non-compliance with the Global Compact, 75 for involvement in cluster bombs and anti-personnel mines, and 63 for their links to thermal coal.

# BONDS

## Key figures

### Exposure to thermal coal

Caisse des Dépôts	0 holdings in corporate bonds issued by companies that generate more than 20% of their revenues from thermal coal
CNP Assurances	0 holdings in corporate bonds issued by companies that generate more than 25% of their revenues from thermal coal 0 acquisition of corporate bonds issued by companies that generate more than 15% of their revenues from thermal coal

### Carbon footprint of the corporate bonds portfolios in tons of CO<sub>2</sub> equivalent per thousand euros invested in balance sheet value

Caisse des Dépôts	0.16
CNP Assurances	0.11*

### Green bonds under management in millions of euros

	2016	2017
Caisse des Dépôts	230	349
CNP Assurances	902	1,362

\* Scope of the corporates portfolio: bonds and listed equities

## Sovereign and public bonds

### Caisse des Dépôts

#### Responsible Investor Approach

#### Integration and management of ESG risks

Caisse des Dépôts integrates ESG criteria in the analysis and selection of its direct investments in sovereign and public bonds.

It establishes an internal rating for each issuer country, based on forty weighted ESG criteria from different sources: UNESCO, United Nations, NGOs, etc. Examples of the criteria integrated in the sovereign SRI rating include the following: for governance, the quality of the regulation and freedom of opinion; for social criteria the ratio of medical equipment and the Gini index, which measures inequality; and in terms of the environment, the use of pesticides and average levels of air pollution. The weighting depends on the internal assessment of the materiality of the risk for each country; it gives priority to governance criteria.

The results of the ESG analysis are taken into consideration in the assessment of risk and the allocation decision, in the same way as the other (financial) parameters. On a case-by-case basis, the investment committee excludes countries with high ESG risks, or it may set limits. The committee conducts a regular ESG review of the portfolio.



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## Monitoring the climate alignment of the portfolios

It is difficult to gain access to studies and data on the sensitivity to environmental factors of the macro-economic variables that determine a sovereign state's creditworthiness. Nevertheless, since 2017, in order to begin to understand how their investments are aligned with the 2°C target, asset managers have been measuring and assessing the GHG emission trajectories of countries as determined in their international commitment to contribute to the implementation of the Paris agreement (NDC<sup>8</sup>). At this stage, the understanding of the physical risks and transition risks linked to climate change is based on assessment of NDCs, and on tracking the GHG emissions of the countries in question.

## Norm-based exclusions

Caisse des Dépôts has a banned list prohibiting it from operating in countries on the list of non-cooperative states and territories (NCSTs) established by the French ministry of the Economy and Finance, as well as in territories against which the Financial Action Task Force (FATF) requires counter-measures to protect the financial system. This is supplemented by a list of countries that are subject to international financial sanctions imposed by France or the EU, countries described by the FATF as having “strategic deficiencies”, and non-European “offshore tax havens”. These exclusions are common to all asset classes, and therefore affect sovereign and public bonds.

### Implementation in 2017: actions and results

#### Integration of ESG criteria:

- Caisse des Dépôts has ceased to invest in securities issued by a Gulf state based on social criteria, and has not invested in the debt issued by one European country for reasons of governance.
- As part of the work relating to the 2°C roadmap, Caisse des Dépôts has initiated an internal analysis of the NDCs of issuing countries. At the end of 2017, the reduction in GHG emissions for the states in the portfolio was in line with the NDCs of these countries. The portfolio also had an improved GDP/inhabitant-CO<sub>2</sub>/inhabitant ratio than the G20 states.

#### Exclusion:

The changes in the banned lists and exclusion lists did not give rise to any reallocations within the portfolio.

## CNP Assurances

The management of sovereign and public bonds held directly is assigned to Ostrum AM and La Banque Postale AM.

### Responsible Investor Approach

CNP Assurances applies governance criteria in its selection of sovereign and public bonds. The company relies on the development of public and parastatal green bond issues to integrate the environmental aspect in this asset class.

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<sup>8</sup> Nationally determined contribution

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## Regulatory and norm-based exclusions

The exclusion policy is based on the lists established by the French state and the European Union as well as tax havens as per the Tax Justice Network indices. The implementation of the policy on countries that present serious problems regarding democracy, human rights and corruption, is based on the lists established by Freedom House and Transparency International.

## Managing ESG risks

CNP Assurances determines the list of exclusions and stocks on the watchlist (countries and companies). This list, which is regularly updated, is communicated to the financial departments and given to its asset managers for operational application. An internal audit is carried out.

## Corporate bonds - direct holding

### Caisse des Dépôts

#### Responsible Investor Approach

## Integration of ESG criteria and risk management

For bonds held directly, the ESG risks are systematically included in the credit risks analysed by the risk department. Each issuer is rated based on around fifty indicators from multiple external sources (MSCI, Bloomberg, Trucost, companies, etc.). This analysis influences the limits set by the risk management committee.

During the risk management committee meeting, the monthly review of the portfolio addresses the ESG risks associated with the issuers, on a case-by-case basis.

The physical risks associated with climate change are not included. The transition risks are partially included, in the energy sector.

## Sector-based and norm-based exclusions

Caisse des Dépôts implements the norm-based and sector-based exclusions applied by the Group. This means that countries that are deemed non-cooperating from a tax enforcement perspective or with a high risk of money laundering and terrorist financing, companies associated with anti-personnel mines and cluster bombs, tobacco companies, and companies that generate more than 20% of their revenues from thermal coal, are excluded.

## Initiating a climate commitment

Caisse des Dépôts maintains a dialogue with issuers via road shows organised for the issue of green bonds. It presents its ESG objectives and coal exclusion policy to energy companies.

## Climate-steered management of the portfolios

The adoption at the end of 2017 of the 2°C roadmap gave rise to two new objectives:

- 20% reduction in the carbon footprint of the portfolio from the 2014 figure by 2020;

- Strengthening the dialogue with issuers to monitor their commitments related to climate. Bearing in mind the performance objectives and the balance of the portfolio, a poor climate strategy could potentially lead to the total or partial non-renewal of securities reaching maturity, or to the total or partial sale of the exposure.

## Implementation in 2017: actions and results

### Integration of ESG criteria and risk management:

- In 2017, the integration of ESG performance led to changes in allocation on a case-by-case basis.
- Caisse des Dépôts divested from companies in some industries.

### Exclusion:

Caisse des Dépôts has no holdings in corporate bonds issued by companies that generate more than 20% of their revenues from thermal coal.

### SRI performance:

Caisse des Dépôts has initiated work that is intended to assess and evaluate the ESG performance of its portfolios.

### Carbon footprint of the portfolio of credit bonds (scopes 1 and 2) established in balance sheet value:

In 2017, the carbon footprint of the portfolio stood at 0.16 tons of CO<sub>2</sub> equivalent per thousand euros invested.

## CNP Assurances

### Responsible Investor Approach

The ESG approach adopted by CNP Assurances is principally based on the exclusion of securities and countries.

### Norm-based and sector-based exclusions

Analyses and decisions are common to equities and corporate bonds. The company excludes controversial arms and coal, as well as countries on list established by the French State and the European Union, and tax havens as per the Tax Justice Network indices. For countries that present serious problems regarding democracy, human rights and corruption, the exclusion policy is based on the lists established by Freedom House and Transparency International.

### Commitment by issuers to compliance with the Global Compact

CNP Assurances receives ESG alerts provided by its asset managers. When the alert corresponds to a company's non-compliance with the fundamental principles of the Global Compact, CNP Assurances requests the management company to investigate the issuer. If this dialogue fails to identify prompt remedial action, the investment committee is asked to consider excluding the stock. The investment committee makes this decision on a case-by-case basis. The securities are sold, if necessary, or excluded from the authorised investment universe.

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CNP Assurances holds quarterly SRI committee meetings with its two asset managers, during which a detailed, line-by-line review is carried out, and the alerts are presented.

The company maintains a direct dialogue with the companies in which it holds shares.

## Measuring climate impact

CNP Assurances measures the carbon footprint of its portfolio of listed corporate bonds held directly, and has tracked the outstandings on green bonds since 2016.

## Managing ESG risks

This is based on the implementation of the exclusion policy. The corporate bond portfolios are rated for ESG criteria every quarter by the SRI experts of the companies mandated to manage these portfolios (Ostrum AM and LBPAM). The ESG analysis of the securities is fed by the quarterly review of the listed equities, established since 2006 and carried out by the same non-financial analysts.

## Implementation in 2017: actions and results

### Exclusions:

Since 2015, CNP Assurances has sold off nearly €300m in bonds issued by companies that extract coal and produce coal-based energy. It does not hold any bonds issued by companies whose thermal coal activity accounts for over 25% of revenues.

### Climate impact:

At the end of 2017, CNP Assurances held €1.362 billion in green bonds.

Having achieved a year in advance its objective of tripling its assets under management supporting the ecology and energy transition from 2014 to 2017, at the end of 2017 CNP Assurances extended this commitment to dedicating €5bn in new investments by the year 2021 to the transition. The acquisition of green bonds contributes to this commitment.

### Commitment:

Not available

### ESG performance:

Estimate of greenhouse gas (GHG) emissions on the portfolio of listed corporate bonds held directly: the estimate covers 60% of the portfolio and amounts to 0.11 tCO<sub>2</sub>eq per thousand euros invested as at 31 December 2017.

## Corporate bonds - indirect holding

### Caisse des Dépôts

## Responsible Investor Approach

For bonds held in the form of units of mutual funds managed by external fund managers, the SRI approach consists in verifying, during the due diligence process, the existence and nature of the fund manager's SRI policy. This qualitative assessment focuses on the existence of ESG criteria in the anal-

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ysis and allocation, on the associated resources (dedicated teams, external sources and service providers) and any ESG reports that may be produced. These criteria are not decisive, apart from compliance with the fight against money laundering.

The implementation of the funds' SRI policy is not currently monitored, and Caisse des Dépôts does not realise line-by-line analysis of the ESG risks on the funds, other than those that may be provided by the asset managers.

### Implementation in 2017: actions and results

In 2017, Caisse des Dépôts did not invest in any new bond funds. 56% of assets under management were managed according to a policy that integrates ESG dimensions.

## CNP Assurances

For bonds held via dedicated funds, since 2016 CNP Assurances has excluded funds domiciled in sensitive countries and those that speculate on commodities. It also applies its coal exclusion rule. For bonds held via open mutual funds, the company sends the fund managers a questionnaire as part of the due diligence procedure, relating to its commitments as a responsible investor, and every two years carries out an SRI and ecology and energy transition survey in the same way as those for equity funds (see chapter Listed Equities, p. 28).

## Money market assets

### Caisse des Dépôts

#### Responsible Investor Approach

##### Sector-based and norm-based exclusions

The Group's sector-based and norm-based exclusions are applied.

##### Management and analysis of ESG risks

Each sovereign issuer is given an ESG rating and assessed with regard to its GHG emissions reduction trajectory.

For corporate securities, the analysis is based on around fifty indicators, with the environmental indicators provided by MSCI (productivity of resources, proportion of renewable energies, GHG emissions). The credit analysis is realised by the risk department, which integrates these ESG criteria in its rating. This analysis is the basis for the definition of the limits by the risk committee.

At this stage, the portfolio's physical and transition risks linked to the climate are not analysed since the very short holding periods make the analysis less effective.

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## Implementation in 2017: actions and results

### Exclusion policy:

Not available

### Management and analysis of ESG risks:

Not available

## CNP Assurances

## Responsible Investor Approach

### Open funds

Before investing in open funds, CNP Assurances sends the fund managers a questionnaire on their responsible investment commitments, their ESG approach if applicable, the exclusion of controversial weapons and speculation in agricultural commodities. CNP Assurances also carries out a survey of all its partner fund managers, every two years, on their integration of the principles adopted. The signing of the PRI is addressed as well.

### Dedicated funds

For dedicated funds, the ESG approach is based on the general principles for the investment universe: the exclusion of companies and funds speculating in agricultural commodities and the application of the exclusion principles of CNP Assurances on countries and securities (*see previous chapters*).

## Implementation in 2017: actions and results

### ESG due diligence:

The most recent ESG survey of management companies was conducted in December 2017/January 2018. → At the end of 2017, 90% of these companies had adopted the PRI.

### Exclusions:

Not available

# PRIVATE EQUITY

## Key figures

Green assets under management in millions of euros		
Bpifrance	Direct: 370.40	Indirect: 197.20 (of which 15.00 in labelled assets and 9.54 in thematic assets)
CDC IC	-	-
CNP Assurances	-	35.00
Caisse des Dépôts	-	-

## Bpifrance

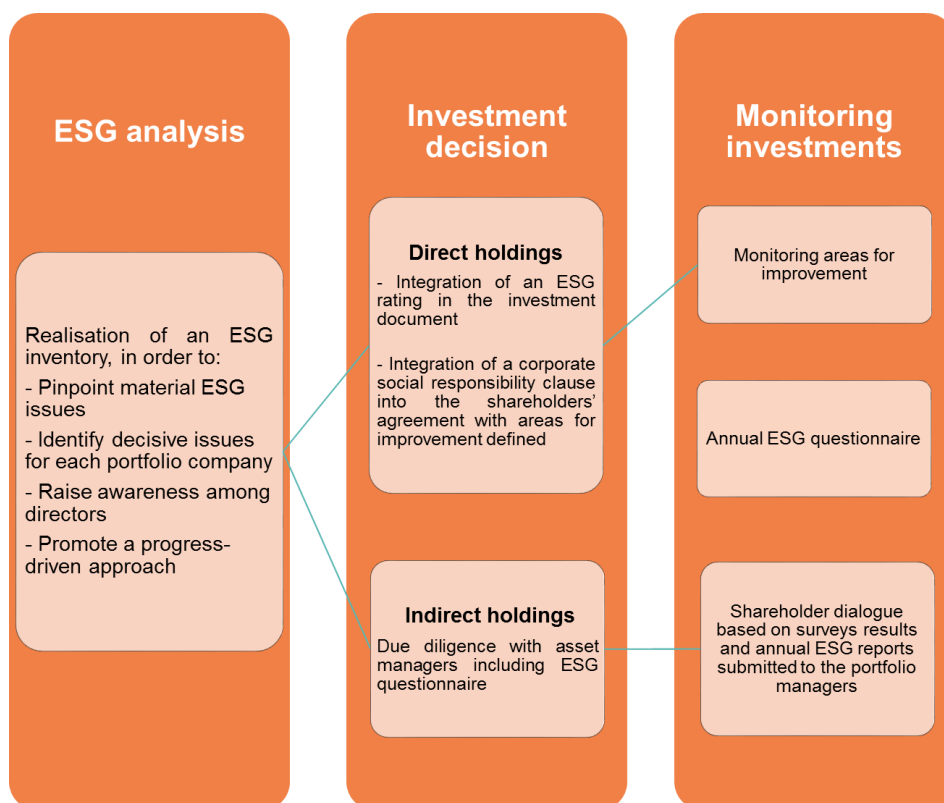
For Bpifrance, equity investment in French unlisted start-ups, SMEs and MSBs is part of its mission to support businesses. It operates in two ways:

- It invests directly in companies, in most cases as a minority shareholder, via specialised investment funds managed by its investment teams.
- It takes minority holdings in investment funds, particularly territorial ones.

## Responsible Investor Approach

Bpifrance ESG approach is primarily intended to promote a progressive CSR approach in the companies in which it invests directly and the asset managers to which it entrusts its capital, via an initial diagnostic and an annual survey.

The investment and monitoring procedures also include systems for combating money laundering and terrorist financing (AML-CFT) and preventing reputational risks linked to investment in tax havens, as well as exclusions determined by the Caisse des Dépôts Group (arms, coal and tobacco).



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## At the time of investment

### *Direct investments*

For its direct investments, Bpifrance carries out an ESG assessment of the target companies. An analysis tool ranks the ESG issues faced by the company regarding its size, its industry sector, and 14 questions organised in four areas:

- Governance: Transparency and balance; Anticipation;
- Human capital: Employment and labour policy; Management of jobs and skills; Diversity and equal opportunities; Occupational health; Labour relations and workplace environment;
- Stakeholders: Sustainable and ethical relations with suppliers; Quality and customer satisfaction; Relations with other external stakeholders
- Environmental policy and management system: Energy and greenhouse gases; Inputs and waste; Management of other environmental impacts

The rating following the ESG analysis is integrated into the investment rating. The ESG analysis does not result in a refusal to invest, but Bpifrance works with each company to identify areas for improvement that appear in the shareholders' agreement.

### *Indirect investments*

For its indirect investments, the due diligence procedures with the asset managers include an ESG questionnaire that is identical to that of Caisse des Dépôts; the integration of ESG criteria forms part of the selection process applied by the investment manager. Bpifrance ensures that the asset managers promote a progressive CSR approach in the companies in which they invest. Thus, the legal documentation (side letters) provides that the asset managers commit to driving a corporate social responsibility approach in the companies in which they invest. To measure this progress, the asset managers commit to responding to an annual ESG survey conducted by Bpifrance relating to their own CSR practices but primarily their ESG approach in their investment activity, or to submitting their annual ESG report.

## During the investment period

Bpifrance sends an ESG questionnaire every year to the portfolio companies and the funds held by Bpifrance, so that the funds themselves and the companies they hold can contribute to the survey. This questionnaire - which is identical to that of Caisse des Dépôts - asks the companies about their governance, social and environmental practices, with increased analysis on their consideration of climate change.

The results of the annual survey are returned to the external investment managers so that they can engage in a dialogue with the companies in the framework of the companies' governing bodies. Moreover, for indirect investment, the Bpifrance sustainable development team meets with the asset managers.



## Measuring impact

The data collected from the questionnaires and the companies' CSR reports provide Bpifrance with information about the companies' environmental and social policies and actions, as well as the creation/destruction of jobs.

## Managing ESG risks

The identification of ESG risks is based on:

- the analysis carried out before the investment decision, which leads to the identification of areas of improvement with the company held
- the operational monitoring realised by the investment teams, particularly via their participation in the governance of the companies and tracking the current status of the lines. Responses to the annual ESG questionnaires can also reveal risks that have not yet been raised in discussions with the company

Bpifrance does not carry out an overall analysis of the activity; the risks are assessed on a case-by-case basis.

The **physical and transition risks** linked to climate change are estimated in the framework of the shareholder relationship on the one hand, and on the other hand via the responses to the ESG questionnaires submitted by the portfolio companies. In 2017, Bpifrance led discussions among the businesses on the 2°C roadmap on private equity. A diagnostic of the carbon impact of the entire Caisse des Dépôts and Bpifrance portfolio was carried out using a statistical method. The 100 companies presenting the most issues were identified, with a view to monitoring them. The outcome was that Caisse des Dépôts and Bpifrance due diligence and ESG rating questionnaires for future years were updated to better integrate climate issues.

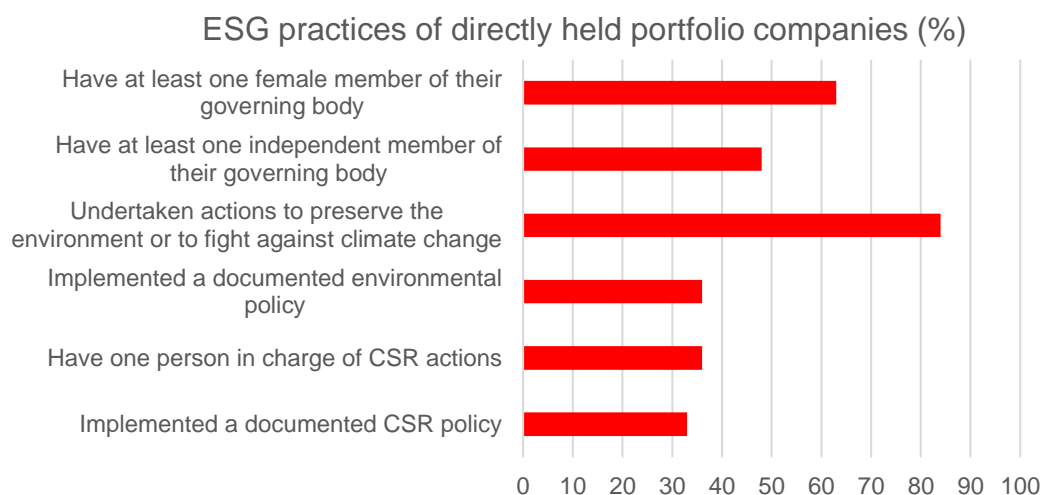
As a result of this work, Bpifrance will adopt a method intended to align its investments in the companies with the objectives of the Paris Agreement on the climate.

Bpifrance offers CSR training to the directors of the companies held and to the partner asset managers.

## Implementation in 2017: actions and results

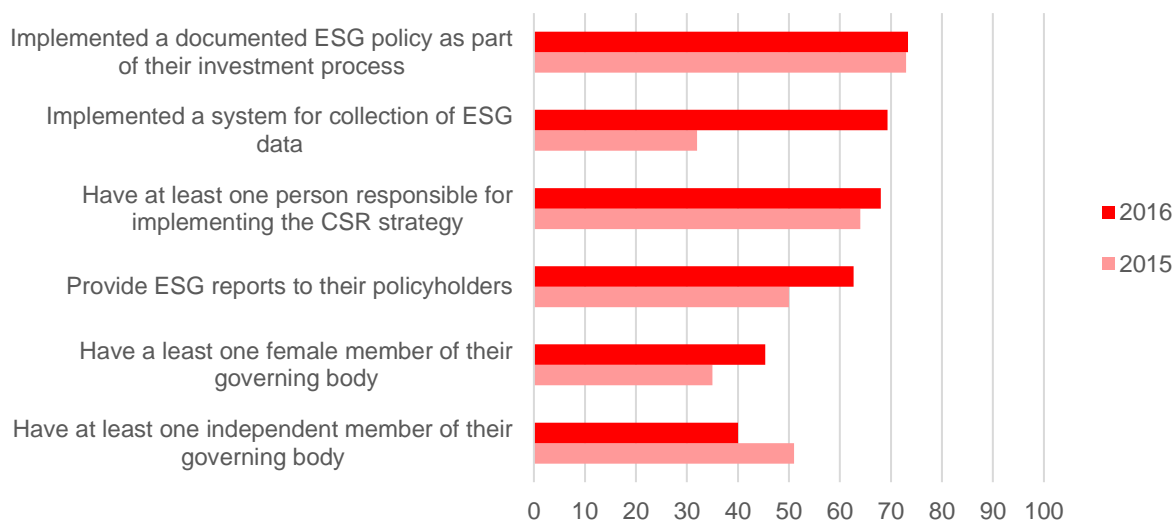
### Results of the 2017 ESG survey (relating to 2016):

- Direct investment: out of all direct holdings, 304 companies responded to the annual ESG survey



- Indirect: 75 asset managers and 802 of their holdings responded to the 2017 ESG survey.

### ESG practices in management companies (%)



#### Exclusions:

Bpifrance does not own any holdings in unlisted companies that generate more than 20% of their revenues from thermal coal.

#### Green assets:

- Direct holdings: €370.40m
- Indirect holdings: €197.20m, of which labelled green assets: €15.00m
- Thematic assets: €9.54m

## Caisse des Dépôts

### Responsible Investor Approach

#### Selection of asset managers

Caisse des Dépôts sends the target asset managers an ESG questionnaire resulting in a rating. The minimum ESG rating required to select a fund is 5/10.

The rating criteria are the company governance (independent members of the board, ethics code, etc.), employee training, practices in support of the environment, integration of ESG criteria in the management, environmental due diligence procedures on underlying companies, assessment of compliance with human rights, social impacts, and the quality of the company's ESG reporting.

The selected asset managers must undertake the ESG commitments that appear in the legal documentation for the funds (side letters). These commitments consist in documenting an ESG policy, applying the list of sector-based exclusions of the Caisse des Dépôts Group, and submitting a full annual ESG report.



As a result of the group's work on the move towards 2°C, the environmental criteria in the due diligence questionnaire have been extended to include the climate-related commitments of Caisse des Dépôts. The new side letters integrate the exclusion of thermal coal and provide for the production of regular reports on the management company's ESG criteria and those of the portfolio, including the climate aspect.

### Monitoring investments

Each year, Caisse des Dépôts conducts an ESG survey among the asset managers. This survey relates partly to the management company itself, and partly to the underlying companies.

It focuses especially on environmental issues (documentation of a policy, certification, carbon emissions, exposure to coal, water, biodiversity, waste management, lawsuits, physical risks), social issues (employee profit sharing, disputes), and governance (composition of the board, parity, lawsuits).

Caisse des Dépôts supports the Carbone 2020 initiative (IC20) by France Invest, which brings together private equity companies that are keen to calculate and measure the carbon footprint of their investments.

### Measuring impact

Caisse des Dépôts monitors the partially aggregated ESG indicators as part of its annual internal ESG reporting process. However, it is still difficult to measure impact for this asset class.

### Managing ESG risks

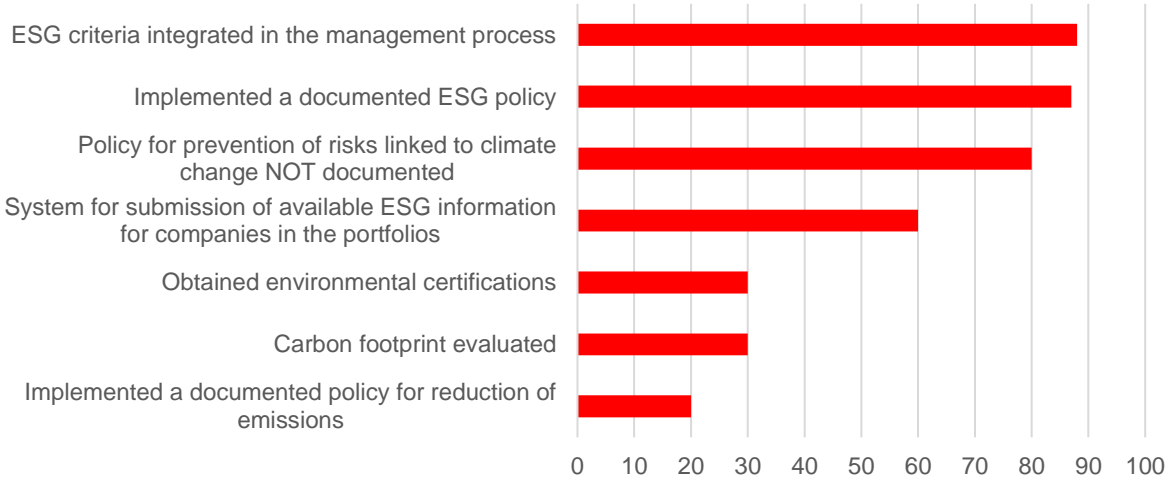
Caisse des Dépôts does not evaluate the ESG-climate risks on its private equity portfolio using the look-through approach.

## Implementation in 2017: actions and results

### ESG monitoring of investments in funds:

- In 2017, 97% of asset managers responded to the annual survey on their practices in 2016.
- 44 asset management companies are signatories of the PRI. Among these, three were rewarded in 2016 for their ESG practices.

ESG practices in portfolio companies (%)



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### Thematic investment:

In the framework of its investments that contribute to local development (future Banque des Territoires), Caisse des Dépôts invested in the capital of innovative mobility, digital, and social and solidarity economy companies for which the ESG approach is not fully implemented:

- Cityscoot (self-service electric scooter rental)
- Hype (hydrogen-powered taxi company)
- Oxipio (“last-kilometre” logistics)
- CitiZen Mobility (mobility service for elderly people living in rural areas)
- Clem et Totem (car sharing of electric vehicles).

## CDC International Capital

### Responsible Investor Approach

The ESG approach of CDC International Capital (CDC IC) is defined in its responsible investment charter, which is available on the company's website.

### ESG analysis of files and investment decisions

CDC IC applies the exclusions defined by the Caisse des Dépôts Group.

CDC IC carries out an analysis to allocate a synthetic ESG rating to the target company. The ESG criteria analysed are the following:

- Environment: the company's environmental policy; certification and regulation; consumption and preservation of natural resources; internal protocols - environmental criteria.
- Social: the company's social policy; types of staff employed; hiring and dismissal processes; health and safety; training and promotion; social and societal climate; customer relationships; subcontractors and suppliers.
- Governance: the company's method of governance; governance of the company.

The analysis is based on internal sources (information document; interviews with the managers; documents in the data room) and external sources (social due diligence; environmental due diligence; ESG due diligence; etc.). Investors may review the analyses provided by the ESG consulting firm, to gain an understanding of the ESG aspects of an industry sector or a company.

As a result of this analysis, CDC IC identifies points to be monitored vigilantly and possible areas for improvement to be reviewed with the company, in order to establish an “ESG roadmap”.

An ESG clause is also integrated in the legal documentation.

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## ESG risks management

- In reviewing the investment case, CDC IC looks at the risks linked to the environment, corruption, non-compliance with international labour standards and the regulations in force, and looks at multiple principles relating to human rights, international labour laws and anti-corruption.
- Throughout the life of the investment, ESG issues are monitored as part of the “ongoing” relationship of the investors with the companies, and in tandem with the procedures and reviews produced by the CDC IC ESG consulting firm.

CDC IC did not assess the physical or transition risks of the companies in 2017 but was involved in developing the Group's 2°C roadmap that aims to take these aspects into consideration. CDC IC undertook work to determine the level of climate risk of the industry sector concerned and, if necessary, to determine the level of climate risk of the company by assessing the sensitivity of the CEO to climate issues and the materiality of the actions established to manage climate risk.

### Implementation in 2017: actions and results

CDC IC has updated its investment procedure so that the responsible investment approach is now fully integrated in lieu of the previous approach, in which two procedures (standard investment and responsible investment) co-existed.

## CNP Assurances

### Responsible Investor Approach

#### Exclusions

CNP Assurances has applied the list of blacklisted countries (democracy, corruption, degree of freedom, tax havens) since 2015.

#### Pre-investment ESG assessment

CNP Assurances sends an ESG questionnaire to the asset management companies before investment, the responses to which give rise to a rating.

### Implementation in 2017: actions and results

#### Exclusions:

The exclusion policy described above is applied.

#### ESG assessment:

In 2017, 18 funds were subject to an ESG assessment.

#### Thematic investment:

Assets invested in listed green funds amounted to €35m.

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# INFRASTRUCTURE

## Key figures

Green assets under management at the end of 2017 in millions of euros

	2016	2017
Caisse des Dépôts	252	341 (renewable energies)
CNP Assurances	508	1,041

CNP Assurances and Caisse des Dépôts invest as minority investors, directly and indirectly, in infrastructure projects and companies.

Many of the direct investments made by Caisse des Dépôts are specifically intended to promote the development of the territories and of social utility in the transport, energy and renewable energies, environment, and digital sectors, and tourism.

For the assets already held in the portfolio, the responsible investor approach is being developed gradually. Given the lifespan of the infrastructures and the long-term investment horizons associated with this asset class, both Caisse des Dépôts and CNP Assurances direct their new investments towards projects that contribute to the ecology and energy transition.

## Caisse des Dépôts

### Responsible Investor Approach

#### Integration in the decision and monitoring of investments

The integration and consideration of ESG elements in the investment decision is currently being formalised via the gradual introduction of an ESG rating system when projects are analysed.

Regarding monitoring, Caisse des Dépôts pays attention to the quality of the governance of its holdings (existence of a shareholders' agreement, number of board members, etc.) and takes an active part in shareholder meetings, board meetings, and strategic committees. In this way, the representatives of Caisse des Dépôts raise questions about incidents or areas for improvement, for example. For its investments in renewable energy projects backed by the green bond, the impacts are monitored by dedicated annual reports covering the production of green energy, employment, carbon emissions saved, and households provided with green energy.

Information on ESG elements is communicated voluntarily by the asset managers and differs depending on the type of infrastructure. Caisse des Dépôts uses their analyses or its own internal analyses, depending on the case.

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## Thematic investments supporting the ecology and energy transition and contribution to the 2°C objective

Caisse des Dépôts analyses the consistency of its portfolio with the public objectives of the national low-carbon strategy (SNBC). In this way, Caisse des Dépôts seeks to contribute to the improvement of the energy mix by investing in the production of renewable energy and the development of low carbon mobility solutions.

## ESG risks management

The analysis of ESG risks on this asset class is still partial.

Caisse des Dépôts ensures that its investments are consistent with its commitments, particularly those linked to the climate, and with its responsible investor charter.

The physical and transition risks linked to climate change are assessed as part of the investment selection process. Caisse des Dépôts uses long-term scenarios to clarify its decisions, for example the regulatory risk on the development of engines, energy prices, the pedestrianisation of town centres, and even the impact of new rolling stock technologies.

## Implementation in 2017: actions and results

### Contribution to the 2°C objective:

Caisse des Dépôts implemented no formal changes to its investment policy in 2017, but its stated desire to contribute to the low-carbon transition is leading to the gradual change in its portfolio of infrastructure holdings. In this regard, it sold off its holding in highways company SANEF during 2017.

### ESG risks management:

Caisse des Dépôts pays attention to the development of its key holdings. Thus, for its investment in GRT-Gaz via the holding companies SIG and HIG, it is supporting the company in its own low-carbon transition. GRT-Gaz is working on solutions to develop green gas (hydrogen, biomethane) to achieve 100% green gas by 2050. To do this, the company has established an extensive research and development plan, an investment plan, and an environmental action plan, presented to the Board of Directors, as well as a progress plan (quantitative indicators such as methane emissions, CO<sub>2</sub> emissions) and a plan to complete the modernisation of its facilities.

### Thematic investments supporting the ecology and energy transition:

- Assets invested by Caisse des Dépôts in renewable energy infrastructures and in the area of energy efficiency (industrial and buildings) amounted to €367 million in portfolio value as at 31 December 2017. New commitments (including new investments made in existing commitments) represented €121.6 million in 2017, or 339.6 megawatts of new production capacity. Caisse des Dépôts also invested in several companies that are developing clean infrastructure and mobility solutions.
- The issue of a green bond in February 2017 for €500m was an opportunity to create a tool to measure the climate impact of the assets that it finances via this loan, particularly renewable energy infrastructures.
- An infrastructure investment fund for developing countries: Caisse des Dépôts and the French Development Agency launched a joint investment vehicle dedicated to infrastructures in developing countries, with €600m in equity capital. It will contribute to the realisation of low-carbon projects by focusing on greenfield infrastructure projects in the energy, transport, water and

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sanitation, telecommunications and digital infrastructures, waste treatment, and regional development sectors, as well as in healthcare and education. An ambitious ESG policy is currently being defined.

#### Exclusion:

As part of its EEco Holding project, which involves joint investments in energy efficiency equipment installed on industrial sites, Caisse des Dépôts invests in equipment to improve the energy efficiency of a coal-fired boiler, with the objective of reducing the consumption of coal in the site's energy mix by 25% by the year 2020.

## CNP Assurances

### Responsible Investor Approach

#### Geographical exclusions

Since 2015, the list of blacklisted countries has been applied and is decisive.

#### ESG risks management

ESG reports are introduced for new investments.

#### ESG monitoring

Since 2015, CNP Assurances has worked to raise awareness of the principles of the Global Compact among the companies that manage its investments, and requests that they produce an annual ESG report including a section on the environment.

#### Thematic investments supporting the ecology and energy transition and contribution to the 2°C objective

Its new direct and indirect investments in **green infrastructures** comply with its undertaking to reach €3bn in green assets before the end of 2018. These investments in green infrastructures cover renewable energies, sustainable mobility, water treatment and waste treatment. To analyse the alignment of its portfolio with a 2°C scenario, it compares the share of its green investments in the energy and transport sectors with the 2°C scenarios of the EIA and ADEME (the French Agency for the Environment and Energy Management).

### Implementation in 2017: actions and results

#### Thematic investments supporting the ecology and energy transition:

- Assets under management: €1,041m at the end of 2017 (including the holding in the fund Meridiam Transition)
- At the end of 2015, CNP Assurances launched the fund Meridiam Transition jointly with asset management company Meridiam. This fund finances innovative development projects in the area of energy transition, local services such as heating networks or waste-to-energy systems, electricity and gas networks, and finally, innovative renewable energies.

#### ESG monitoring:

In 2017, 67% of the infrastructure funds submitted reports as requested or provided their own reports voluntarily.



# REAL ESTATE

## Key figures

Primary energy consumption on scopes 1 and 2 of the portfolio  
Estimated at 360,634 MWh pe/year, i.e. 17% less than in 2014

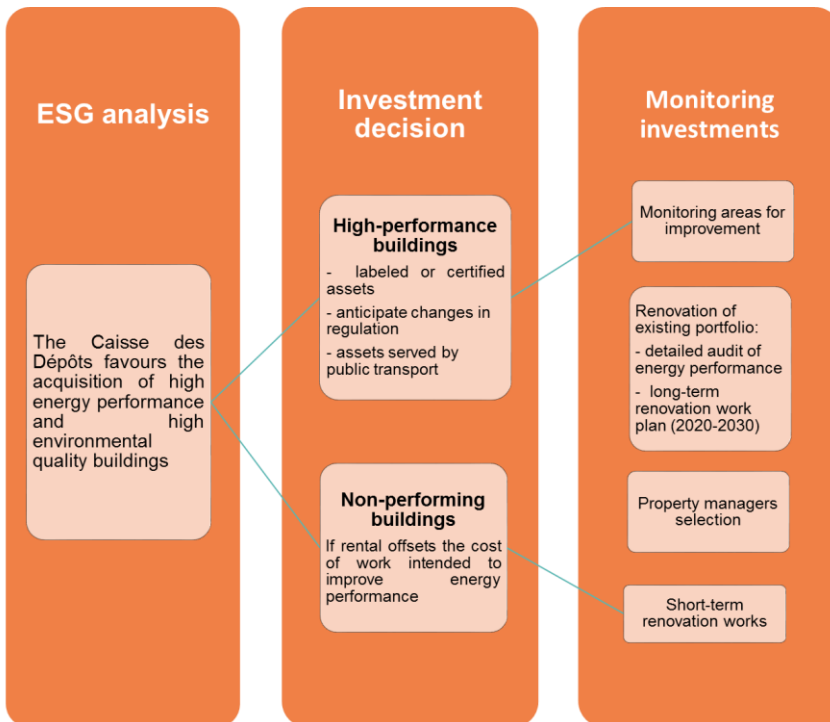
## Caisse des Dépôts

Caisse des Dépôts manages a portfolio of real estate financial investment (80% of its real estate assets). It also invests in real estate transactions involved in urban projects defined by public authorities, particularly as part of urban social cohesion contracts and in sensitive urban areas.

## Investment portfolio

### Responsible Investor Approach

An ESG integration approach intended to improve the environmental quality of the real estate portfolio



Caisse des Dépôts has committed to a reduction of 38% in energy consumption across its entire real estate financial investment portfolio (residential, commercial and tertiary) between 2010 and 2030. This undertaking is in line with the national climate targets for tertiary real estate, which were recently reviewed when the LTECV (French law on energy transition for green growth) was passed. This law aims in particular to reduce energy consumption in the tertiary sector by 60% by the year 2050 compared with 2010, and thus reduce the overall energy consumption of existing tertiary buildings per 10-year period.

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## Selection and acquisition of assets

Caisse des Dépôts systematically analyses the environmental performance of the buildings. It only buys the assets with the best energy and environmental performances or those that can be improved to the performance levels required under acceptable economic conditions. In the case of a poorly performing building, the business plan for the acquisition must include the short-term realisation of work to improve the building's energy performance.

The ESG information collected during the due diligence process is mostly provided by the vendor. This information is analysed by the team at Caisse des Dépôts and by external experts.

The criteria for acquisition are energy consumption, GHG emissions in operation, the Low-Carbon Building accreditation (BBCA - Life Cycle), environmental accreditations and certificates (construction and usage), certificates and accreditations relating to the well-being of users (Well), and proximity to public transport.

Some of the acquisitions are financed by the green bond issued by Caisse des Dépôts in 2017. As such, the buildings must have a minimum level of certification/accreditation as follows: LEED Gold or BREEAM Very High or BBC *Effinergie* + HQE Excellent or NF Habitat and Environment Compliance E + C or *Bâtiment Durable Méditerranéen* or *Qualité Environnement Calédonienne* or European Ecolabel.

## Properties management

After carrying out energy audits across its entire portfolio of freehold properties, Caisse des Dépôts implemented a portfolio programme of arbitrage affecting the worst-performing assets, and a strategy of major renovations of some properties including improvements to their performance.

A green annex is included with all leases concluded between Caisse des Dépôts and its tenants. Caisse des Dépôts measures the reduction in energy consumption and carbon emissions on the portfolio resulting from its renovation programmes, sales, and acquisitions. Caisse des Dépôts is involved in the Nature 2050 programme, which is the first post-COP21 programme to adapt territories to climate change.

For the assets in which it holds a minority interest, the objective for environmental performance is presented in the investment file. Caisse des Dépôts encourages clubs deals to move forwards in terms of energy and climate performance. It does not have a way of measuring ESG impact and does not have full knowledge of the energy consumption. The monitoring of certified buildings and the reduction in carbon emissions are possible only when these data are communicated to the Group.

## ESG risks management

The risks linked to ESG issues considered on a qualitative basis in the investment process are: pollution of sites and land; exposure to natural and technology risks (ERNT); changes in regulation relating to sanitation; energy obsolescence of the asset; changes in regulation relating to GHG emissions.

The policy of acquisition of the properties with the best certificates, particularly the low-carbon building BBCA accreditation (construction and usage) in new transactions as well as the sales/renovations programme should cover the transition risk.

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## Implementation in 2017: actions and results

### Integration of environmental performance in portfolio management:

- In 2017, Caisse des Dépôts sold off poorly performing residential properties and office buildings for €2.6m and €1.2m respectively. In Paris, it is renovating an old building and demolishing/re-building 40,000m<sup>2</sup> of office space that will be built to the very highest standards of energy performance.
- 36% of the portfolio has at least one certificate. 24.9% of the portfolio is certified HQE/H&E, 17.7% BREEAM, 17.5% BBC/*Energie*

### Estimated energy consumption of the portfolio:

- At the end of 2017, the primary energy consumption on scopes 1 and 2 of the portfolio is estimated at 360,634 MWh pe/year compared with 435,000.00 MWh pe/year across the same scope in 2014. This represents a drop of 17%.
- The associated reduction in CO<sub>2</sub> emissions is currently being quantified.

## Real estate investment in the territories

### Responsible Investor Approach

The investment policy integrates non-financial criteria for the different real estate segments. The 2017-2022 Medium-Term Plan is especially concerned with positive social and environmental external factors, such as the creation of jobs, support for a regional healthcare policy and the development of serviced residences for senior citizens (healthcare, social services and the silver economy sectors), decontamination of urban wasteland (“decontamination - development” investment fund) and investments in properties that present an energy and environmental performance ambition.

An environmental quality strategy for real estate investments is being developed. The levels of environmental compliance to be achieved will be set out by real estate segment, and will aim to:

- reduce energy consumption and GHG emissions keeping to the climate 2°C roadmap,
- favour buildings that are resilient in terms of climate change and that limit their impact on resources.

The targets will be in keeping with the current environmental certification themes (HQE, BREEAM, LEED).

## Implementation in 2017: actions and results

### Integration of environmental performance in portfolio management:

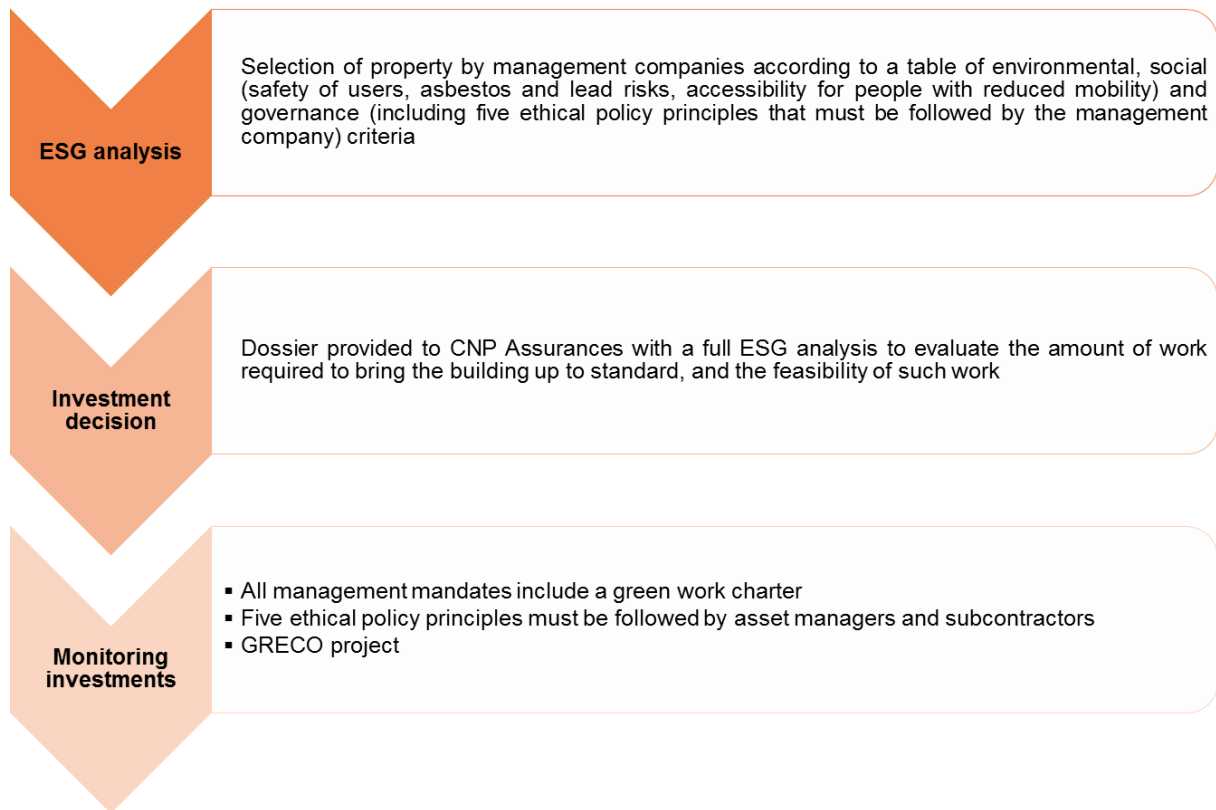
Out of 50 new projects undertaken since 1 January 2017 that are likely to benefit from an environmental standard, 40, or 80%, will be labelled or certified (BREEAM, NF Habitat, HQE, etc.).

**Primary energy consumption of the portfolio associated with the issue of the green bond, scopes 1 and 2:** 8,957.79 MWh pe/year

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## CNP Assurances

### Responsible Investor Approach



### An ESG integration approach intended to improve the environmental quality of the real estate portfolio and safety issues

The SRI approach of CNP Assurances aims to improve the energy performance of its real estate portfolio, ensure the preservation of biodiversity, and integrate safety compliance issues.

To that end, CNP Assurances has undertaken to reduce the energy consumption of its real estate portfolio by 20% between 2006 and 2020. This objective is in keeping with the national low-carbon strategy that recommends reducing energy consumption by 38% between 2010 and 2030.

In 2015, the company signed the charter for the energy efficiency of tertiary buildings.

CNP Assurances entrusts the management of its real estate portfolio to management companies who are responsible for the ESG analysis and management of the investments.

### Assets selection and acquisition

CNP Assurances requires that the managers select the properties to be acquired in accordance with an ESG matrix. The companies are responsible for the analysis, and they provide CNP Assurances with a complete file on the property. Among the criteria assessed are the following: governance (including five ethical action principles that must be followed by the asset managers), environmental risks, energy performance (obligatory diagnostic), GHG emissions of the building and its position with regard to new

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environmental regulations (green lease, certificates, accreditations), and the sanitation situation with regard to asbestos, lead, termites, and land pollution. This ESG information can be added to if necessary by information from audits, benchmarks, international standards (certificates) or other information from external experts.

The investment file evaluates the amount of any work needed to bring the building into line with the standards required by CNP Assurances, and the feasibility of such work. Projects will be abandoned if they are not feasible, and the cost of the works will be estimated with an impact on the acquisition price.

CNP Assurances excludes properties located in blacklisted countries.

## Assets management

To ensure responsible management of the real estate portfolio by the management companies, CNP Assurances asks them to sign the charter for energy efficiency of tertiary buildings. In addition, all the management mandates include a green work charter, which has included biodiversity since 2015.

In this regard, since 2014 the management mandates have included green annexes.

Moreover, CNP Assurances has an ongoing programme in place to improve the energy performance of its real estate portfolio, as part of a project known as “Greco”, which was launched in 2012. 168 properties are part of this programme, representing 53% of the total real estate portfolio. Different phases of the Greco mission define the energy improvement action plans, asset by asset:

1. carrying out energy audits of the properties;
2. definition of several scenarios per building;
3. definition of a portfolio outlook based on one scenario per asset;
4. verification of the calculations by consulting firms;
5. integration of the budget for the work into the multi-year plans.

## ESG risks management

The management companies undertake to comply with the ESG principles set by CNP Assurances and must ensure that their subcontractors also comply.

**Monitoring of physical risks linked to global warming:** most of the properties, located in France, benefit from systematic analysis of the risk of flooding and coverage against natural disasters. In 2014, an inventory of properties located in the 100-year floodplain of the Seine was completed.

The undertaking to reduce the energy consumption of the real estate portfolio by 20% between 2006 and 2020 contributes to the work towards the 2°C objective.

## Implementation in 2017: actions and results

**Estimated energy consumption of the portfolio:** The rate at which the objective of a 20% reduction in the energy consumption of the real estate portfolio between 2006 and 2020 has been achieved was 48% at the end of 2017.

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# FORESTS

## Key figures

### Percentage of forestry portfolio with PEFC certification

Caisse des Dépôts	100%
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CNP Assurances	100%
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### Net volume of carbon sequestered in 2017

Caisse des Dépôts	364,930 tCO <sub>2</sub> eq per 55,000 hectares managed
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CNP Assurances	218,692 tCO <sub>2</sub> eq per 51,700 hectares managed
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Société Forestière manages forestry portfolios for Caisse des Dépôts and CNP Assurances respectively, under mandate. It offers its clients sustainable management of their forest assets, applied across the entire portfolio belonging to Caisse des Dépôts and CNP Assurances.

## Sustainable forest management

### 100% sustainable management of forest assets

This is based on two tools:

- A **sustainable management charter**, which is reviewed and updated every year, documenting the implementation by Société Forestière of its **sustainable management manual** certified ISO 9001 for Caisse des Dépôts and CNP Assurances. The manual is a working tool designed to standardise the actions undertaken with respect to the sustainable management of the forests, governance, the management and organisation of relationships with customers and other stakeholders, and finally, the implementation of forestry practices that take into consideration exceptional habitats and species.
- The **certification of the forests** by the Program for the Endorsement of Forest Certification, which for the last five years has awarded the **PEFC certificate** confirming that the wood comes from forests that are sustainably managed. All the forests in the portfolios belonging to Caisse des Dépôts and CNP Assurances have a PEFC label or are undergoing the accreditation process.

### Selection of investments

CNP Assurances and Caisse des Dépôts integrate the ESG analysis within their investment processes to select high-quality forests or those that have the potential for value in the future if they are sustainably managed. Consequently, any forests that are not sustainably managed at the time of investment are valued based on them being sustainably managed as soon as they enter the portfolio, with a view to obtaining PEFC certification.

Regarding its acquisitions in France, Caisse des Dépôts pays attention to identifying and respecting ZNIEFF zones (natural zones of interest for ecology, flora and fauna) and any other zones affecting protected species, as well as complying with the Water Act.

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## Sustainable management and measuring impact

Société Forestière collects and analyses ESG data every year on behalf of Caisse des Dépôts and CNP Assurances respectively.

The **indicators tracked** are as follows: carbon sequestration, biodiversity and, for Caisse des Dépôts, the quality of the governance of the forestry groups of which it is a member.

The measurement of carbon sequestration is the subject of ongoing work. In 2018 Caisse des Dépôts will implement a measurement of carbon sequestration that is inherent in the sales of wood for the year.

The **management of ESG risks** is principally based on the application of Société Forestière's sustainable management manual, which provides for monitoring of stand growth with respect to the climate, and the implementation of appropriate forestry practices. The risks are mitigated by the implementation of best practices, particularly environmental ones (e.g. establishing an inventory of protected zones so that these are not damaged; best practices associated with humid environments). These practices must be sent to all stakeholders associated with the forest when the works contracts are established and are subject to internal control and external audits (certification ISO 9001).

The analysis of the **physical risks linked to climate change** focuses on:

- The stated impact of the local changes in climate
- The adaptation of existing species and production cycles
- The geographical distribution of forestry assets
- The diversity of species

This risk analysis results in Caisse des Dépôts not investing in fire risk zones such as south-east France, diversifying its investment areas, particularly in Europe, and replacing fragile species with those that stand up better to parasites due to rising temperatures.

To date, the analysis has not been able to identify the financial sensitivity of the portfolio to ESG risk factors. Storm and fire risks are covered by insurance policies.

Société Forestière integrates transition risks into its ESG risk analysis. It is committed to studying regulatory risks as well as those arising from changes in the availability of natural resources. In addition, for Caisse des Dépôts, these investments help to reduce GHG emissions and thereby transition risks.

## Promotion of best practices

To encourage the development of methods used and shared by all those involved, including institutional investors, to derive value from carbon in forests, the dedicated investor teams at Caisse des Dépôts take part in working groups looking at the role of forests and how it is changing with regard to sustainable development:

- *Club Carbone Forêts*, managed by I4CE
- ASSFOR
- Groupe Bois and communities

Caisse des Dépôts also takes part in work organised by I4CE for the creation of a national system to derive value from forest carbon, known as the VOCAL project.

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## Implementation in 2017: actions and results

### Managing climate risk:

Société Forestière manages the forestry portfolios of CNP Assurances and Caisse des Dépôts with a view to reducing the risks linked to climate change. At the end of 2017, 50% of the forestry portfolio of CNP Assurances and 77% of that of Caisse des Dépôts was the subject of a plan integrating the effects of climate change, in particular via the selection of species that can stand up to higher temperatures. The intention is to increase these figures progressively to 100% each as the plans are renewed and updated.

### Measuring climate impact:

In 2017, the increase in the number of trees owned by CNP Assurances enabled the sequestration of 512,258 tons of CO<sub>2</sub>. After deduction of woods sold and those used, the net balance sheet for the financial year 2017 for the CNP Assurances forestry portfolio of 51,700 hectares amounted to 218,692 tons of CO<sub>2</sub> to be added to the existing stock.

This figure amounted to 364,930 tCO<sub>2</sub>eq net sequestered for a portfolio of 55,000 hectares for Caisse des Dépôts.

### Sustainable management and preservation of biodiversity:

In 2017, Société Forestière continued with the actions undertaken in support of biodiversity. These actions are bearing fruit, as witnessed by the fact that this year, adult rural elm trees, a species that was practically wiped out in the 20th century by a microscopic fungus, were identified in the forest of Lancosme and will be protected against exploitation.



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# SEMI-PUBLIC COMPANIES (SEMs)

Caisse des Dépôts, along with French local authorities, owns shares in semi-public companies (SEMs) that operate in sectors such as local area development, economic development, social or industrial real estate, management of public facilities, etc.

## Responsible Investor Approach

The 2017-2022 Medium-Term Investment Plan integrates ESG objectives in this segment of activity, such as the social and territorial impact (job creation, mobilising companies in the territories, etc.). The policy of investing in SEMs integrates environmental indicators depending on the objective of each SEM, such as the forecast of the number of MW produced by the SEMs in the area of renewable energies.

## ESG risks management

The good governance of the SEMs and their environmental impact are included in the investment criteria. In the case of new investments, Caisse des Dépôts assesses the environmental impact of its investments in starting local public enterprises (EPLs), and encourages its co-investment partners to prioritise those with the lowest environmental impact possible. A sustainable development charter is currently being considered, which could be requested for all new investments.

## Shareholder dialogue

Caisse des Dépôts is particularly attentive to good shareholder practices. Its representatives on governing bodies are trained in this area and aware of ESG issues. Company directors are also encouraged to undertake ESG actions (signature of pacts, highlighting ESG indicators via the introduction of sustainable development charters).

## Exclusions

Caisse des Dépôts applies the same exclusion criteria as the Group to SEMs.

## Implementation in 2017: actions and results

### Management of risks:

- An ESG rating tool is currently being developed. This will clarify the entry decision into the capital and establish regular monitoring of the non-financial performance of companies.
- The ESG criteria are subject to certification (CEEP-CSR label, formerly Discerno) by the European Centre of Employers and Enterprises (CEEP) with the support of the Federation of EPLs, in which Caisse des Dépôts is an active partner; this body rewards best practices in the area of CSR for local public enterprises, including semi-public companies. Since 2008, more than 100 European companies - including 36 French companies - have been certified.

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# SOCIAL AND SOLIDARITY ECONOMY (SSE)

## Key figures

### Jobs created

116,450 jobs created in 2017

Caisse des Dépôts contributes to the structuring and development of the social and solidarity economy, which represents 10% of French GDP and nearly 12.7% of jobs in the private sector in France.

Its actions include structuring the ecosystem of the social and solidarity economy, financing the creation, acceleration and scaling up of social businesses, and promoting innovation, in particular via social impact contracts (CISs) or the HubESS (digital platform and change management solution for projects). In addition, Caisse des Dépôts created a new tool in 2016 to add to its range of solutions: the NovESS fund (with an objective of €100m), which invests in fast-growing SSE companies.

## Responsible Investor Approach

The investments made in the social and solidarity economy contribute to the creation of jobs and the promotion of innovative social and community practices. As well as these direct and indirect investments, Caisse des Dépôts provides engineering and financing for experimental projects that enable the sector to grow and further innovate.

### Selection of investments


An ESG analysis is realised as part of the due diligence process before investment. The projects are then examined in the light of their industry sector to identify their social and environmental impacts.

### During the investment period

Caisse des Dépôts carefully monitors the shareholders' best practices and compliance with the companies CSR objectives, particularly by playing an active role in the companies' governing bodies.

### Measuring impact:

The current analysis of Caisse des Dépôts is focused on the measurement of creation and maintenance of jobs and the number of businesses supported.

A tool used to evaluate and measure social and environmental performance -  - has been created in collaboration with BNP Paribas and INCO. It is used in connection with the management of the NovESS fund and is backed by a constructive set of standards for the impact investing sector. It includes a range of non-financial indicators ranked by area of social action and a rating system that sets and tracks objectives throughout the term of the investment.

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## Implementation in 2017: actions and results

### Measuring impact:

#### Number of jobs created, companies set up and supported

Indicators	2016	2017
VSB companies	53,331	49,562
SSE companies	1,297	1,322
<b>Total companies</b>	<b>54,628</b>	<b>50,884</b>
VSB jobs	98,883	93,374
SSE jobs	26,109	23,076
<b>Total jobs</b>	<b>124,992</b>	<b>116,450</b>

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# APPENDIX

## A.1: The Principles for Responsible Investment

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles
- Principle 6: We will each report on our activities and progress towards implementing the Principles

## A.2: Charter of French public investors for the climate

- Principle 1 - Integration of climate issues in investment decisions: French public investors will implement internal procedures for the assessment and management of risks linked to climate change specific to each operator, fully integrated in their investment policy and their lending decisions.
- Principle 2 - Participate in financing the transition towards a low-carbon economy: French public investors will participate actively in financing the transition to a resilient, low-carbon economy to combat climate change, in accordance with their mandate, their specific restrictions, and subsidiarity with respect to other financiers.
- Principle 3 - Structured dialogue with stakeholders: French public investors will maintain an in-depth and structured dialogue with the companies in which they hold shares, the financial institutions to which they assign mandates or provide refinancing, and the stakeholders to which they grant credit, in order to encourage these companies, financial institutions and stakeholders to increase their initiatives in favour of the fight against global warming and its effects.
- Principle 4 - Dissemination of best practices: French public investors will disseminate their best practices relating to the issues affecting the reduction in climate risks and adaptation to climate change to their peers, the companies and stakeholders to which they provide financing, and other stakeholders that they consider relevant.
- Principle 5 - Issue of dedicated financial instruments: French public investors will capitalise on their assets or activities as much as possible in support of the low-carbon transition in conjunction with their financing or refinancing policy and especially, if this method of financing is applicable, by issuing green bonds that comply with the exacting standards set by the market.
- Principle 6 - Transparency and accountability: French public investors will undertake to report on the actions undertaken in support of the climate and on the implementation of these principles, as well as the results obtained, by issuing an appropriate document in the public domain.

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## A.3: Recommendations by the TCFD

### Governance:

- 1.1 Describe the board's oversight of climate-related risks and opportunities
- 1.2 Describe management's role in assessing and managing risks and opportunities.

### Strategy:

- 2.1 Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term
- 2.2 Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
- 2.3 Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

### Risk Management:

- 3.1 Describe the organization's processes for identifying and assessing climate-related risks
- 3.2 Describe the organization's processes for managing climate-related risks
- 3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

### Metrics and Targets:

- 4.1 Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
- 4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
- 4.3 Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

## A.4: Table of correspondence

### Article 173 - VI of the French Law on Energy Transition for Green Growth

*This table of correspondence shows the link between the content of the 2017 "Responsible Investment" Report and the 2017 Business Review and Sustainable Development Report, and the criteria in **article 173 - VI** of the French Law on Energy Transition for Green Growth (TECV). The Principles for Responsible Investment (Annex 1), the principles of the Charter of French public investors for the climate (Annex 2), and the recommendations by the Task Force on Climate-Related Financial Disclosure (TCFD) (Annex 3), are also integrated in this table of correspondence.*

Category	Indicator (Art. 173)	Section(s) of the 2017 "Responsible investment" Report	Section(s) of the 2017 Business Review and Sustainable Development Report (Promoting Responsible Investment)	The Principles for Responsible Investment	Charter of French public investors for the climate
Presentation of the general approach	General approach to integration of ESG criteria in the investment policy and/or risk management policy	<ul style="list-style-type: none"> <li>- Principles founded on long-term value creation (pp. 3-5)</li> <li>- Internal organisation of responsible investment approaches (TCFD - 1.1; 1.2) (p. 5, 6)</li> <li>- Focus on climate change (TCFD - 2.2; 2.3; 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 16-19)</li> </ul>	<ul style="list-style-type: none"> <li>- Common principles (TCFD - 1.1; 1.2) (p. 44,45)</li> </ul>	Principles 1, 2, 3, 4, 5, 6	Principles 1, 2, 3, 4, 5
	Content, frequency and resources put in place to inform subscribers, members, contributors, beneficiaries or clients of the existence of these criteria	<ul style="list-style-type: none"> <li>- Shareholder engagement (TCFD - 3.1) (p. 3)</li> <li>- Initiatives in support of sustainable finance (pp. 9-14)</li> <li>- Shareholder dialogue on climate (TCFD - 3.1) (p. 17)</li> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	<ul style="list-style-type: none"> <li>- Shareholder dialogue on climate (TCFD - 3.1) (p. 48)</li> <li>- Two business principles (p. 46,47)</li> </ul>	Principles 1, 2, 3	Principles 3, 4, 6
	Adhesion to a charter, a code, or an initiative, or gaining an ESG certification	<ul style="list-style-type: none"> <li>- Transparency and contribution to the dissemination of best practices (pp. 8-15)</li> </ul>	-	Principles 1, 3, 4, 5, 6	Principles 1, 3, 4, 6
	Internal procedures for identifying ESG risks and the exposure of the activities to these risks	<ul style="list-style-type: none"> <li>- Exclusion policy (p. 3)</li> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	<ul style="list-style-type: none"> <li>- Common principles (TCFD - 1.1; 1.2) (p. 44, 45)</li> </ul>	Principles 1, 2	Principles 1, 2, 3, 4, 5, 6
Analysis of implementation	ESG criteria: nature; reasons for choosing these criteria; risks associated with climate change; how these criteria contribute to achieving the objectives of the ecology and energy transition	<ul style="list-style-type: none"> <li>- Exclusion policy (p. 3)</li> <li>- Focus on climate change (TCFD - 2.2; 2.3; 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 16-19)</li> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter on promoting responsible investment (TCFD - 1.1; 1.2; 2.3; 3.1) (pp. 44-49)</li> </ul>	Principles 1, 2	Principles 1, 2, 3, 4, 5, 6
	Information used in the analysis: financial and non-financial data, internal and external analyses, ratings, other information	<ul style="list-style-type: none"> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	-	Principles 1, 2	Principles 1, 2, 3, 4, 5, 6
	Methodology and results of the analysis	<ul style="list-style-type: none"> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on climate change (TCFD - 2.3; 3.2; 4.1; 4.2) (p.48,49)</li> </ul>	Principles 1, 2	Principles 1, 2, 3, 4, 5, 6

Reactions/changes made as a result of the analysis	Integration in the investment policy; consistency with the international objective for the limitation of global warming; indicative targets; consequences of investment or commitment decisions	<ul style="list-style-type: none"> <li>- Further deployment in 2017 (p. 6, 7)</li> <li>- Focus on climate change (TCFD - 2.2; 2.3; 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 16-19)</li> </ul>	<ul style="list-style-type: none"> <li>- Further deployment in 2017 (p.46)</li> <li>- Focus on climate change (TCFD - 2.3; 3.2; 4.1; 4.2) (p.48,49)</li> </ul>	Principles 1, 4, 6	Principles 1, 2, 3, 4, 5
	Engagement strategy: engagement policies with respect to issuers and management companies if applicable, and review of these policies	<ul style="list-style-type: none"> <li>- Every asset class (TCFD - 3.1; 3.2; 3.3; 4.1; 4.2; 4.3) (pp. 20-58)</li> </ul>	<ul style="list-style-type: none"> <li>- Common principles (TCFD - 1.1; 1.2) (p. 44, 45)</li> <li>- Focus on climate change (TCFD - 2.3; 3.2; 4.1; 4.2) (p.48, 49)</li> </ul>	Principles 1, 2	Principles 1, 2, 3, 4, 5, 6