

DESIGNING THE FUTURE





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Note to the reader: This business review and sustainable development report is not intended to replace the Statutory Report presented each year to the French Parliament by the Chairman of the Supervisory Committee of Caisse des Dépôts. The 2011 financial statements presented in this report are extracts from the audited financial statements. The French version of the 2011 financial report includes the audited consolidated financial statements of Caisse des Dépôts Group, the audited financial statements of Caisse des Dépôts Central Sector, and the audited financial statements of the Savings Funds centralised by Caisse des Dépôts. The English version of the report includes solely the audited consolidated financial statements of Caisse des Dépôts Group.

2011, A CONTRASTING YEAR

A message from Michel Bouvard, Member of the Chamber of Deputies,
Chairman of the Supervisory Committee.

Despite the tough business environment, Caisse des Dépôts Group harnessed all of its actions and adaptation capabilities in the service of key national development priorities and the French Parliament, which is represented by the Supervisory Committee, fully recognises this.

Aside from the Group's financial results, which are testimony to the strength of its business model in the midst of the current economic turmoil, three key developments bear out the achievements of the past year.

Adjusted centralisation of savings funds

Thanks to the expertise of Caisse des Dépôts, which has been tasked with administering savings funds since their inception, the tenacity of the Supervisory Committee and the constructive dialogue of mutual trust established with the National Assembly and Senate Finance Committees, the minimum percentage of 125% applicable to funds from *Livret A* and *Livret de développement durable* (LDD) passbook savings accounts centralised

with CDC has not become a maximum ceiling.

The percentage of 65% which was ultimately agreed upon has made it possible to boost resources considerably and the usefulness of this strategy was apparent in a €5 billion investment budget set aside by the government to finance regional and local development.

Harnessing the liquidity of regulated savings accounts represents a key economic driver: at the height of the financial crisis this funding played a major role in meeting urgent national priorities and in helping to deploy a state-sponsored contra-cyclical economic policy. It is indispensable to maintaining funding for major national infrastructure projects.

Channelling savings into long-term investment projects

All long-term investment initiatives designed to serve the public interest must be encouraged.

In 2011, the Long-Term Investors Club – an initiative that had been sponsored by Augustin de Romanet since 2008 – began to hit its stride. Its aim of match-



MICHEL BOUVARD

Member of the Chamber of Deputies, Vice-Chairman of the National Assembly Finance Committee, Chairman of the Supervisory Committee of Caisse des Dépôts.

ing up projects that lack funding to investors that not only have money to invest, but wish to anticipate future requirements, is now shared by an increasing number of key actors. Club meetings in Berlin and Paris, the first meeting of the *Caisses de Dépôt* forum (*Forum des Caisses de Dépôt*), and the Marguerite and InfraMed infrastructure funds highlighted the benefits of bringing together financial actors to consider new ways of managing and preventing risk that are more suited to a long-term perspective and getting the economy back on track.

Designing capital adequacy ratios

2011 was both the best and the worst of times for the Supervisory Committee to frame Caisse des Dépôts' capital adequacy ratios, as required under the Law on Modernisation of the Economy. The worst of times because – like in 2008 – the sovereign debt crisis re-emerged to sabotage our plans and trigger fraught situations, sometimes underpinned by systemic risk, such as the ongoing problems at Dexia bank, and the best of times because the Supervisory Committee was able to draw upon its four years of governance experience to factor the Group's specific characteristics into the "general guidelines pertaining to capital adequacy ratios" which the Committee initiated and adopted on 5 October 2011. Aside from the banking and financial activities supervised by the French Prudential Supervisory Authority (*Autorité de contrôle pruden-*

tielle–ACP), the Supervisory Committee is also tasked with ensuring that the Group's financial position enables it to:

- pursue the public interest missions enshrined in law;
- take advantage of external investment opportunities and meet the needs of its subsidiaries which now contribute two-thirds of the Group's recurring profit; and
- seize opportunities for leveraging its patrimonial interests based on criteria of selectiveness, performance and transparency – three key concepts that I have constantly stressed since my appointment to Caisse des Dépôts; all on a long-term basis.

The Group's capital adequacy ratios and usable equity were adopted by the Supervisory Committee on 14 December 2011 and 11 January 2012, respectively.

In the midst of the turmoil of the financial crisis, perseverance and inventiveness were necessary to develop a sustainable framework that would both reflect the specific nature of Caisse des Dépôts and comply with the respective prerogatives of Management and the Supervisory Committee. The framework requested by French legislature is now in place and, in addition to strategic investments, the dividend paid to the State and the issuing of loans, the Supervisory Committee now has a fourth lever – the amount of Caisse des Dépôts' equity – that provides it with an overview of strategic policy and safeguards Caisse des Dépôts' long-term investor perspective.

The year just ended and the impacts of

the financial crisis were a timely reminder of our risk exposure and the degree of care required as we develop our businesses and commit to investments in order to remain an enlightened contracyclical investor.

I have been stressing this point since 2007 with the unstinting support of the Supervisory Committee which is united in its purpose, regardless of the differing profiles of its members, and this requirement forms part of Caisse des Dépôts' very DNA.

As my term of office as Chairman of the Supervisory Committee draws to a close in June 2012, two matters are of particular concern to me, namely, the reorganisation of Dexia and the completion of the Veolia Transdev merger.

Both transactions involve our responsibility as a long-term investor in partnership with local government.

I sincerely believe that the Group's good governance, expertise, values and dual profile as both an actor in the public interest and a market player are formidable growth drivers for France.

The subsidiaries that continue – through thick and thin – to contribute two-thirds of recurring consolidated profit thanks to carefully crafted development strategies, embody the market-based component of the Group's business model.

The Caisse des Dépôts regional offices, which provide the Group with a framework for delivering sustainable, value-added solutions through projects partnered by local bodies, embody the service of the public interest throughout the country.

A SOLID AND COMMITTED GROUP

A message from Antoine Gosset-Grainville, acting Chairman and Chief Executive Officer of Caisse des Dépôts.



2011 was a tough year with the eurozone crisis, plummeting share prices and upheaval at Dexia. However, Caisse des Dépôts demonstrated its continued ability to weather the storm and to mobilise its resources. The Group was particularly busy in 2011 and consolidated its position as France's leading long-term investor.

Strengthening the Group in the interests of long-term development

Business was buoyant in spite of the fraught conditions: consolidated net profit was €206 million and net profit from Savings Funds came in at €340 million. Caisse des Dépôts' recurring profit was over €1.6 billion and equity attributable to owners of the parent was €20.2 billion, proof of the Group's underlying financial solidity and ability to weather the financial storm. This reflects the ambitious development strategies deployed in the subsidiaries which completed a number of highly profitable transactions both inside and outside France during the period. Caisse des Dépôts' capital adequacy ratios, approved by the Supervisory Committee in early 2012, are adapted to the Group's long-term investor profile and provide a greater degree of security than that required under banking regulations.

Financing the French economy in response to the crisis

In 2011, Caisse des Dépôts stepped up its commitment to financing social housing and regional and local development, two sectors which are essential for social cohesion and economic development. A record number of new loans were signed totalling €22.1 billion, mainly to finance housing, infrastructure, universities and other projects partnered by local bodies, a testimony to the importance of the Savings Funds as a source of liquidity for national development. Caisse des Dépôts, in partnership with the State, went to exceptional lengths to deploy long-term solutions to the problems facing Dexia and to create a local government development bank in partnership with La Banque Postale.

Investing in the long term to create tomorrow's growth

Caisse des Dépôts has multiplied initiatives that fall within the scope of its strategic priorities. It has funded or built 131,000 new housing units, invested in 50% of equity financing transactions involving SMEs during the period, and partnered 135 projects to modernise universities and eight major university campus renovation projects.

throughout France. As the head of the Investments for the Future programme, the Group has been active in the knowledge-based economy (notably via a €4.25 billion investment in digital infrastructure). It has also thrown all of its weight behind the newly-created French patents fund (*France Brevets*), Europe's leading patent investment and development fund owned in equal proportions by Caisse des Dépôts and the French State. In the sustainable development sphere, Caisse des Dépôts has grown its renewable energy investment portfolio by 24% and it published a responsible investment charter in the spring of 2012.

Partnering companies and local and regional development

In 2012, the Group's focus will be a local one: local support for SMEs through a commitment to increase its equity financing effort by 50% in order to boost development over the 2012-2020 period as part of the Strategic Investment Fund (SIF) *France Investissement 2020* programme negotiated with the French State; and continued support for local and regional development – the motor of economic growth – through new initiatives such as social tourism and care for the elderly, an increase in funding for private-public partnership arrangements and the launch of the new local government development bank. The acquisition of a 26% stake in La Poste in April 2011 and reflections concerning joint ventures in the digital infrastructure sector, corporate financing and funding for local and regional development should pave the way for new partnering arrangements.

These local ties are forged by the men and women who work for Caisse des Dépôts based on feedback from their partners and underpinned by the visionary Élan 2020 strategic plan launched by my predecessor. A local perspective is also promoted at international level, both in dealings between Caisse des Dépôts and long-term investors from all over the world (some of whom belong to the Long-Term Investors' Club), and through the first national conference on long-term financing which was organised on 16 November 2011.



ANTOINE GOSSET-GRAINVILLE

ACTING CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Antoine Gosset-Grainville has been acting Chairman and Chief Executive Officer of Caisse des Dépôts since 8 March 2012 while continuing to exercise his functions as Deputy CEO in charge of finance, strategy, international business and monitoring subsidiaries and long-term equity interests.



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A hand in the lower-left corner points towards a globe in the background. A line graph with a red arrow pointing upwards is overlaid on the globe. The background is a blue-tinted image of a globe with a grid of latitude and longitude lines. The title 'A COMMITTED GROUP' is written in large, bold, blue capital letters across the top half of the image.

A COMMITTED GROUP

The limits of short-term financing disconnected from society's needs, environmental damage and climate change: the different facets of the ongoing crisis only serve to highlight the pertinence of the long-term investor business model.

THE GROUP'S EXCEPTIONAL COMMITMENT DURING A YEAR OF CRISIS

Ever conscious of its role of serving the public interest and national development, 2011 was a hectic year for Caisse des Dépôts.

The Group deployed all of its resources during the year to deal with the sovereign debt and eurozone crises, plummeting share prices and a general tightening of credit. It was able to leverage the underlying strength of its long-term investor business model to weather the storm while continuing to fulfil its role of contra-cyclical investor serving national development. The Group's reserves of trust and social utility emerged greatly enhanced.

RESILIENCE OF CAISSE DES DÉPÔTS

Neither the financial crisis nor the current economic slump managed to dent Caisse des Dépôts' stability in 2011. Net profit came in at €206 million for the year in spite of share portfolio write-downs and the losses sustained by Dexia and, as further testimony of its underlying financial strength, consolidated equity has increased by 4% since 2007 and stood at €20.2 billion at 31 December 2011.

Caisse des Dépôts also achieved its overriding goal of protecting the investments of French savers and net profit from Savings Funds was €340 million for the period.

**IN 2011,
NEW LOANS
OUT OF SAVINGS
FUNDS REACHED
AN ALL-TIME HIGH**

2011 VINDICATED THE GROUP'S LONG-TERM INVESTOR PROFILE

The decision taken in 2007 to forge the Group's identity around long-term investment – an identity enshrined in the Law on Modernisation of the Economy of 4 August 2008 – and to adapt its governance and operating processes, strategic priorities and investment criteria accordingly, now looks like a visionary policy. The financial turmoil that continued throughout 2011 merely highlighted the need to consolidate this model and strengthen the cohesiveness of the Group as a whole. In January 2012, the Supervisory Committee approved capital adequacy ratios setting out the Group's medium-term objectives in terms of financial solidity. In 2010 and 2011, the Group also adopted two key charters to promote shared operating practices and a common Group-wide policy on responsible investment.

A HECTIC YEAR

2011 witnessed operational deployment of the Investments for the Future programme which, by virtue of its size, now constitutes one of Caisse des Dépôts'

priorities and a number of milestones were achieved during the period:

€1.8 billion had been committed to specific projects at 31 December 2011. The divisions tasked with managing other programmes also partnered a large number of national development projects. The regional networks signed a record number of new loans totalling €22.1 billion.

Several major operations were completed during the year, notably the acquisition of a stake in La Poste alongside the French State. In the transport sector, the March 2011 merger between Veolia Transport and Transdev culminated in the creation of Veolia Transdev, a world leader in sustainable mobility. Finally, Icade's merger with Silic, the real estate arm of the French insurer Groupama, will create France's biggest office real estate developer with a major presence in the greater Paris region.

INCREASED SUPPORT FOR LOCAL AND REGIONAL DEVELOPMENT

Despite the fraught business environment, Caisse des Dépôts remained more committed than ever to local and regional development. It released emergency funding of €5 billion⁽¹⁾ due to the difficulties being experienced by local authorities in obtaining financing and a further amount of up to €5 billion has been earmarked for 2012.

With a view to a longer-lasting solution, Caisse des Dépôts and La Banque Postale are setting up a new bank that will begin offering a new range of loans to French local and regional authorities in 2012. The Group is also involved in taking over Dexia's municipal finance arm, Dexma, and a workable solution has been found that balances the interests of Caisse des Dépôts, the French State, Dexia Crédit Local and La Banque Postale. Caisse des Dépôts maintained its high level of commitment to local and regional investment and its current loan book totals €388 million. It signed over €18 billion in new loans from the Savings Funds to finance social housing, infrastructure, universities and various other local and regional development projects⁽²⁾. This figure was about 25% higher than in 2010.

(1) Of the €3.5 billion managed directly by Caisse des Dépôts, €3.3 billion had been committed by 31 March 2012.

(2) This figure includes loans to finance social housing and sustainable infrastructure projects (hospitals, universities, transport and drinking water infrastructure) in addition to sums loaned directly to regional and local authorities.



Following the break-up of Dexia, Caisse des Dépôts and La Banque Postale will set up a new bank offering loans to French local and regional authorities from 2012.

ÉLAN 2020 IN ACTION

In 2007, for the first time in 25 years Caisse des Dépôts drew up a strategic plan – known as Élan 2020 – which breaks down its mission as a long-term investor into detailed goals. Élan 2020 resulted from an analysis of the financial situation and overriding needs of the country as a whole and, given the need to structure the Group's action, four strategic focuses were identified: housing and urban planning, supporting SMEs, universities and the knowledge-based economy, and sustainable development.

The different financial crises that have occurred since the plan was published – the subprime crisis of 2008, the sovereign debt and eurozone crises of 2010-2011, and the dearth of public and private investment over the past few years – have merely confirmed the prescience of the Élan 2020 road map.

PROVEN USEFULNESS OF EACH OF THE FOUR PRIORITIES

Each of the Group's four priorities has two things in common: they correspond to sectors in which the needs of our citizens are clearly apparent and these needs are insufficiently catered for by the market at the present time.

● Supporting SMEs

Supporting SMEs is the priority that absorbs the most resources and activity continued at a very high level in 2011. The Group put money into 850 SMEs, including 444 start-ups, and is now a key player in this key economic sector. In 2010 and 2011, half of all SMEs that obtained equity financing in France did so from an equity portfolio managed by CDC Entreprises. After only three years of existence, the SIF and the funds it manages have pumped over €7 billion into 1,800 enterprises. Operational

deployment of the Investments for the Future programme, which invested €100 million in projects in the social economy and solidarity sector, and the National seed capital fund (*Fonds national d'amorçage* – FNA) which put up another €400 million, also contributed to the overall effort.

The Group intends to maintain this dynamic, as testified by the SIF *France Investissement 2020* programme which plans to increase the amounts invested in SMEs by another 50% over the next eight years, i.e., between 2012 and 2020. The decision to bolster the Regional Strategic Investment Fund – formerly Avenir Entreprises – in 2012 will help streamline public sector financing of SMEs.

Caisse des Dépôts is also involved in the new Industrial Bank, a subsidiary of Oséo specialised in providing finance to SMEs, through the 27% stake it holds in Oséo.

● Housing and urban development

According to the most recent estimates, France needs 900,000 units of housing. The volume of financing provided out of the Savings Funds has moved up a gear over the past few years with a view to meeting this shortfall. Between 2007 and 2011, new loans totalling €45 billion were signed to fund social housing and urban development projects.

In 2011, 120,700 housing units were financed, including 89,000 units within the scope of the Social Cohesion Plan. Since 2007, a total of 515,000 units have been financed out of the Savings Funds. The increase in the loan book has also been used to fund urban development projects which received €2.06 billion worth of funding in 2011. A number of projects to enhance energy efficiency were also put together in 2011, including

€3.7 BILLION WORTH OF EQUITY INVESTED SINCE 2007 IN THE FOUR STRATEGIC PRIORITIES, I.E., 40% OF THE GROUP'S ANNUAL EARNINGS

€1.2 billion worth of Social Housing Rehabilitation Eco-loans.

The Group has big plans over the next few years: it plans to finance the construction or acquisition of 500,000 new housing units and to renovate 900,000 dwellings, including energy retrofits in 250,000 units of housing between 2012 and 2016. Caisse des Dépôts also plans to step up its lending activity for eco-neighbourhoods. In 2011, it drew up an action plan covering the period through 2016 and dealing with, *inter alia*, an integrated offering involving both subsidiaries and different divisions of Caisse des Dépôts.

● Universities and the knowledge-based economy

This priority will dictate the future competitiveness of France and since 2008 it has received €300 million worth of loans out of the Savings Funds and approximately €100 million in equity financing from the Central Sector. The overriding objective is to boost the attractiveness of French universities. In 2011, the Group helped some 134 higher education and research institutes to prepare property development plans and studies.

The second component of this priority covers the intellectual property market and 2011 witnessed a major milestone with the creation of the *France Brevets* fund, a €100 million fund dedicated to investment in patents owned in equal proportions by Caisse des Dépôts and the French State as part of the Investments for the Future programme.

The third component – developing digital infrastructure – continued apace in 2011 with the launch of the National fund for the digital society (*Fonds pour la société numérique* – FSN). The FSN is part of the Investments for the Future programme. The different funds will step up their activities in 2012.

● Sustainable development

The transition to the green economy requires long-term investments that add

value. It is estimated that an annual investment of 2% of global gross domestic product in “greening” initiatives (enhancing energy efficiency, renewable energy, etc.) would generate 15% additional growth per annum⁽¹⁾.

This priority structures the Group’s lending activity in a cross-disciplinary manner and guides its choice of investments. Caisse des Dépôts’ Responsible Investment Charter, prepared in 2011 and published in early 2012, standardises processes for incorporating environmental, social and governance criteria into investment decisions taken throughout the Group. Work is pending on categorising each class of asset: bonds, infrastructure, private equity, etc.

The Group stepped up its focus on enhancing energy efficiency and promoting renewable energy during the period. Projects representing a total of 677 MW of renewable energy capacity have been financed since 2007. CDC Biodiversité greatly expanded its portfolio of biodiversity assets in 2011 to 1,424 hectares in total. Caisse des Dépôts continued to restructure its energy efficiency offering. At the end of 2011, at the request of the Ile-de-France (greater Paris) region, it acquired a stake in SEM Energies Positif which will finance energy efficiency initiatives in jointly-managed buildings. In 2012, the Group initiated a broad consultation process focusing on a low-carbon strategy to cover all of its different offerings.

STRENGTHENING THE GROUP IN 2012 AND BEYOND

In light of France’s current difficulties, Caisse des Dépôts needs to step up its efforts and continue to deploy its current strategy: its social utility can only be measured by adopting a long-term perspective.

The Group needs to be streamlined to boost efficiency and the preference is for a strong central group over a holding-type structure in order to partner subsidiaries’ development projects across all busi-

nesses. Weathering the current economic crisis and maintaining profitability is contingent on an effectively integrated, international Group. Synergies have been unlocked at local level as Caisse des Dépôts strives to revamp both its offering and its *modus operandi*. For example, regional one-stop shops have been set up that provide a complete range of corporate finance services and other synergies have been unlocked at international level. The “Ouverture 2020” programme now includes a consultation process focused on developing Group-wide integrated solutions. The most concerted investment drive has come in the research and innovation field where a new team has been set up to head up a Group-wide innovation network.

● Revamping the Group’s *modus operandi*

Consolidating all of the different entities requires an overhaul of the Group’s operational processes. A number of “functions” and “departments” have been set up or reorganised over the past few years: the Group Human Resources department; strengthening of the internal control function throughout the Group; creation of the Finance, Strategy, Subsidiaries and International Division headed up by the Deputy CEO, etc. Caisse des Dépôts’ Corporate Communication department has also sought to showcase various Group initiatives and create forums for exchanging views (the Trophées Élan awards, Web TV, etc.). The adoption of a Group charter has helped to streamline and reorganise internal relations.

This work of upgrading management processes will continue over the coming years and initiatives are planned for the IT and HR networks.

(1) Source: United Nations Environment Program – Towards a Green Economy: Pathways to sustainable development and poverty eradication (Nov. 2011).

PROGRESS INDICATORS FOR THE FOUR PRIORITIES UNDER THE ÉLAN 2020 STRATEGIC PLAN

Priority	Imperatives	Élan 2020 objectives
Housing and urban development	Ensure that housing and urban development enhances both quality of life and the environment by meeting the following needs:	<p>Increase social housing funding from 54,000 units in 2007 to 90,000 in 2010, with an emphasis on energy efficiency</p> <ul style="list-style-type: none"> – Total number of housing units financed – > including new social housing units financed under the Social Cohesion Plan – New social housing financed by subsidised loans granted on the basis of high energy performance standards (e.g., THPE, BBC) – CO₂ emissions savings over 30 years (in thousands of metric tons of CO₂)
	– housing: France's housing shortage currently stands at between 300,000 and 900,000 units	<p>Renovate the least energy-efficient social housing units (consumption > 230 kWhpe/sq.m/year)</p> <ul style="list-style-type: none"> – Number of units (annual commitments) – CO₂ emissions savings over 30 years (in thousands of metric tons of CO₂)
	– renovation of existing buildings to improve housing sanitation standards and energy efficiency and to combat global warming.	<p>Rehabilitate part of Caisse des Dépôts Group's housing portfolio based on environmental performance objectives</p> <ul style="list-style-type: none"> – Cumulative number of approved Energy Saving Certificates on work begun since 2006 (GWhcumac) – Average energy consumption of housing units managed directly by SNI group
Universities and the knowledge-based economy	Support the university reform process by renovating facilities	<p>Carry out strategic real estate audits incorporating environmental objectives for all universities requesting such assistance</p> <ul style="list-style-type: none"> – Cumulative number of higher education and research establishments assisted with their development plans at 31 December 2011 <p>Assist with renovation projects by carrying out engineering surveys and providing funding and investment</p> <ul style="list-style-type: none"> – Total number of projects funded/amount committed for engineering surveys in 2011 – Support funding for 20 major university campus renovation projects by 2013 – Number of projects financed out of Savings Funds/cumulative amount of funding provided since 2009 (in millions of euros)
	Foster an environment conducive to the development of the knowledge-based economy	<p>Help to introduce very high-speed Internet access technology in large French cities over the next five years</p> <ul style="list-style-type: none"> – Amounts committed/number of local and regional high-speed Internet access projects supported
SMEs	Encourage the emergence of innovative businesses and particularly SMEs with the capacity to penetrate foreign markets and contribute to French economic growth	<p>Provide equity financing for SMEs, with an emphasis on innovation and export-oriented industries</p> <ul style="list-style-type: none"> – Number of SMEs receiving priority enterprise funding during the year (2011 figure is an estimate) – Commitments made by the Group under the <i>France Investissement</i> programme
	Reinforce pro-SME initiatives to tackle the economic crisis	<p>Assist micro-businesses throughout their life cycle and particularly at the start-up phase</p> <ul style="list-style-type: none"> – <i>Nacre</i> incentives for unemployed persons wishing to set up a company (loans disbursed) – Number of start-ups financed by "loans-on-trust"/number of jobs created
Sustainable development and the environment	Boost French renewable energy output	<p>Assemble a portfolio representing 1,000 MW of renewable energy capacity by 2013 and generate 10% of French renewable energy output by 2020</p> <ul style="list-style-type: none"> – Cumulative portfolio of renewable energy/amount invested during the year
	Combat climate change	<p>Boost the development of carbon finance through research, investment and market mechanisms</p> <p>Total impact of funds raised through CDC Climat and mandates entrusted to CDC Climat AM (in millions of tonnes of CO₂ equivalent)</p>
	Preserve biodiversity	<p>Promote the development of biodiversity clearing house mechanisms</p> <ul style="list-style-type: none"> – Biodiversity assets held (in ha)
	Promote sustainable development objectives across all Group business lines	<p>Set sustainable development objectives (investment guidelines, operational targets) for all Caisse des Dépôts business lines and subsidiaries</p>

2011 indicators	2010 indicators	2009 indicators	2008 indicators	2007 indicators
120,761 89,113 20,858 250	133,064 99,771 15,796 103	106,056 72,248 11,537 53	84,565 61,946 NR NR	70,021 54,582 NR NR
31,857 1,554	25,182 1,144	2,205 122	NR NR	NR NR
4,105 NA	1,829 207 kWhpe/sq.m/year	1,402 NA	853 229 kWhpe/sq.m/year	545 NA
134	132	129	101	NR
135/€3 million 8	104/€5.8 million 3	62/€10 million 3	27/€12.8 million Launched in 2009	NR NR
14/€299 million	8/€129 million	4/€64 million	NR	NR
€3.4 million/1 project	€22.3 million/4 projects	€46.8 million/13 projects	€53.2 million/15 projects	€38.7 million/11 projects
444 €512 million	431 €531 million	384 €375 million	360 €400 million	370 €445.7 million
11,097 26,605/54,200	13,840 27,700/56,270	4,426 26,700/66,021	NR 23,000/45,000	NR 22,000/43,000
677 MW/€38.2 million	545 MW/€37.3 million	433 MW/€36.9 million	287 MW/€46.3 million	84 MW/€31.7 million
6	8	7	7.24	
1,424	357	357	357	NR
Integration of sustainable development objectives is currently in progress – Publication of Responsible Investment Charter				

NR: Not relevant – NA: Not available

DEPLOYMENT OF THE INVESTMENTS FOR THE FUTURE PROGRAMME

In 2010, Caisse des Dépôts was entrusted with managing eight full programmes and ten actions within the scope of the Investments for the Future programme, representing a total amount of €7.4 billion. The Group manages €3.1 billion out of the total of €3.5 billion in equity financing, making it the main manager for the capital investment part of the programme.

2011: LAUNCH OF THE OPERATIONAL PHASE

While 2010 was mainly taken up with preparing the framework agreements, in 2011 permanent offices were set up to handle projects related to the social economy and solidarity sectors, professional work-study programmes, SME seed capital financing, local and regional high-speed Internet access projects, innovative digital infrastructure projects as well as the initial consultation processes. Things moved up a gear in the second half of the year with the launch of the funds managed by CDC Entreprises: FSN-PME (fund to sponsor digital projects in SMEs), the FNA and the *France Brevets* fund. All of the eight programmes entrusted to Caisse des Dépôts are now up and running. Nearly 800 responses have been received in response to calls for tenders and expressions of interest. Several hundred applications have been processed by Caisse des Dépôts services and 250 projects have been selected and

800
projects submitted

300
employees mobilised

€1.8
billion invested

250
projects selected

submitted for approval to the Prime Minister's Office. This important vetting work resulted in investment commitments of some €1.8 billion in 2011, which is 50% more than the initial forecasts of €1.2 billion.

OVER 300 EMPLOYEES MOBILISED THROUGHOUT THE GROUP

In addition to a steering committee, some 280 Group employees have been seconded to work on the Investments for the Future programme and the Group has also harnessed the expertise of CDC Entreprises and the *France Brevets* fund. The Local and Regional Development Division and Network and Caisse des Dépôts' regional offices are used in the operational phase to roll out the programme throughout France as effectively as possible. The regional offices are responsible for promoting the programme locally and submitting projects for consideration.

INVESTMENT SELECTION CRITERIA AND PERFORMANCE INDICATORS

In the interests of transparency, Caisse des Dépôts has drafted its investment selection criteria and is working on a Code of Ethics that will apply to the whole Group. The programme's steering committee has also submitted proposed indicators to the Investment Commissioner that will be applicable to all actions for the purpose of evaluating the committee's own performance.

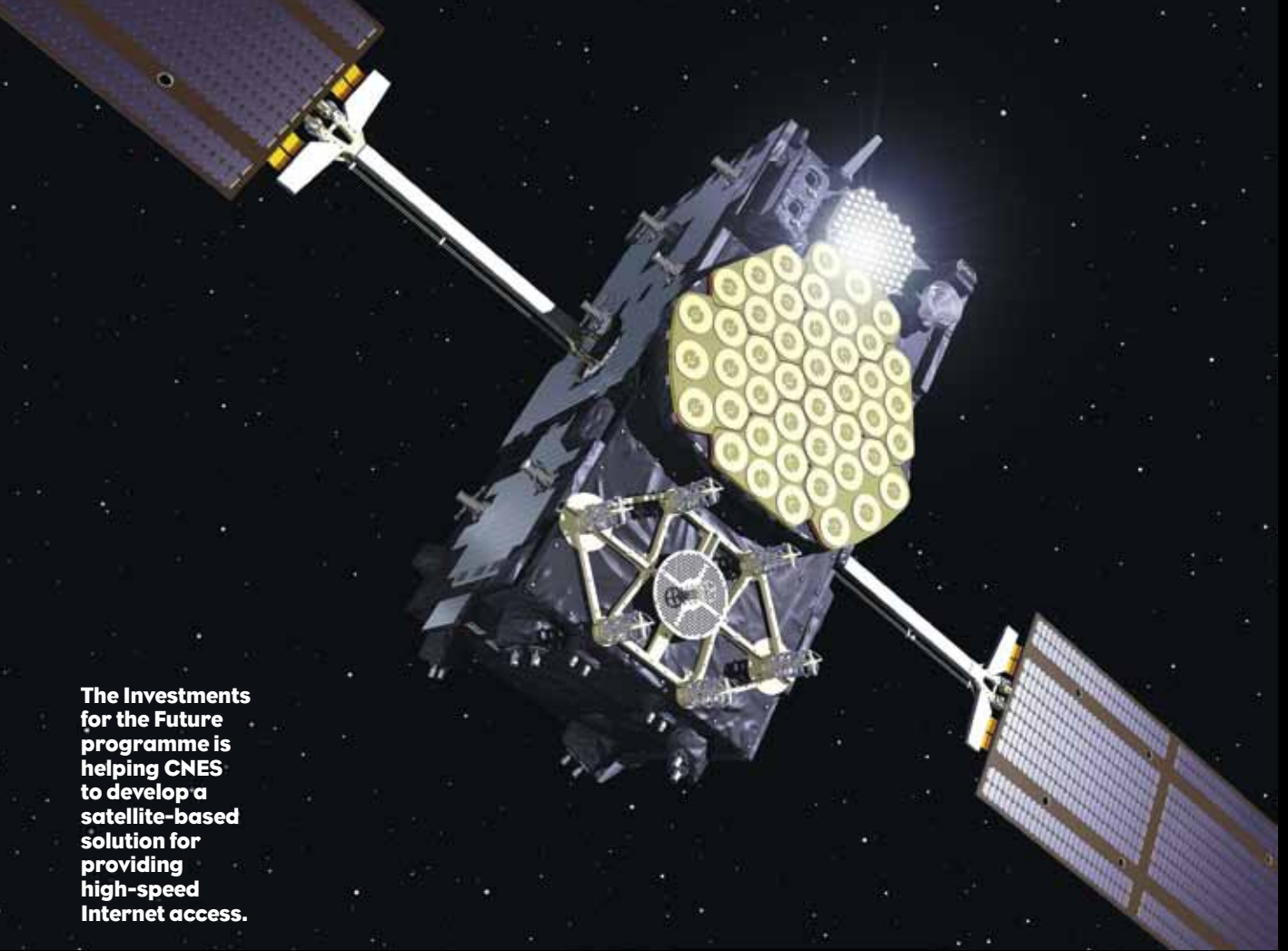
Programme	Objectives and resources	Key amounts in 2011	Example of project selected
Social economy and solidarity	Create approximately 60,000 jobs in the social economy through co-investment projects with existing financial backers and initiatives to attract new investors. Initial budget: €100 million	49 projects selected €18 million invested	Financial support for Scop Macoretz (workers' cooperative located in Saint-Père-en-Retz, Loire-Atlantique) specialised in designing and building standalone brick or wooden houses which will boost the firm's revenues to over €20 million and allow the company to employ another 50 people, taking its workforce to 200.
Professional work-study programmes	€250 million will be put into upgrading professional work-study programmes and another €250 million into providing accommodation for roughly 100,000 of the young people involved in these programmes. Initial budget: €500 million	17 projects selected €89 million invested	Financial support for the "factory-school" project backed by the Alsace Biovalley cluster specialised in therapeutic innovations, and by the University of Strasbourg (Unistra). The project aims to reproduce a sterile environment as in the pharmaceutical industry. Training of 3,500 people a year, o/w 15% in professional work-study programmes. Construction of accommodation with room for 200 people by CROUS, a student services provider.
Accelerated technology transfer companies	Creation of a dozen accelerated technology transfer companies (SATTs) involving all development teams working for research units. Initial budget: €900 million	5 projects selected €310 million invested	Creation of SATT PACA-Corse to accelerate technology transfer in Corsica and Provence, and bringing together over 6,000 researchers from ten research entities, the Public Hospitals of Marseille and Nice University Hospital.
Pooled innovation platforms	Provide firms with a shared application for carrying out tests, prototypes, and limited series. Initial budget: €200 million ⁽¹⁾	4 projects selected €280,000 invested	Greenubat Project – a platform for providing training and testing building energy performance. It comprises climatic exposure test laboratories and halls where companies may test the performance of buildings or fragments of buildings under simulated climate conditions.
National seed capital fund (FNA)	Encouraging the most innovative SMEs by providing additional seed capital financing. Initial budget: €400 million	€400 million out of the fund has been invested in the 12 projects selected	Acquisition of a stake in the equity of Inserm Transfert Initiative, France's leading specialist in seed capital financing in the life sciences and part of the public research body INSERM ⁽²⁾ . Investment of an average amount of €2 million in 15 to 20 new firms over five years.
France Brevets fund	Helping both private and public research bodies to showcase their patent portfolios more effectively. Initial budget: €100 million (50% from the French State, 50% from Caisse des Dépôts)		Helping INRIA, a public research agency specialised in digital infrastructure, to develop its patents and supporting its technology transfer projects.
Development of digital infrastructure	Phase 1: Deploying new high-speed Internet access throughout the country (€2 billion). Phase 2: Developing new innovative digital uses, services and content (€2.25 billion). Initial budget: €4.25 billion ⁽³⁾	Phase 1: 8 projects selected; €103 million invested Phase 2: 37 projects selected; €648 million invested	Helping the French space agency CNES to develop a satellite-based solution for providing high-speed Internet access throughout the country.
Tomorrow's cities	Financing a new urban development model (promoting resource-efficient, adaptable, robust, manageable and attractive cities). Initial budget: €1 billion ⁽⁴⁾	105 projects selected (13 eco-friendly neighbourhoods) €244 million invested	Supporting Clermont-Ferrand's project to add 1.7 km to the city's tramway Line A which will serve 7,500 people and create 2,100 jobs. Financing arrangements for the city's eco-friendly neighbourhood are currently being approved.

(1) Reduced to €50 million in early 2012.

(2) The selection of the Inserm Transfert Initiative was announced on 12 January 2012.

(3) Reduced to €3.8 billion in early 2012.

(4) Reduced to €850 million in early 2012.



The Investments for the Future programme is helping CNES to develop a satellite-based solution for providing high-speed Internet access.



Financing arrangements for Clermont-Ferrand's eco-friendly neighbourhood are currently being discussed.



As part of the "Tomorrow's cities" programme, the Investments for the Future programme is helping to renovate the old karting track on the Ile de Nantes which will accommodate about 40 creative firms in modular-type buildings.



STEPPING UP INVESTMENT IN LOCAL AND REGIONAL DEVELOPMENT

Part of Caisse des Dépôts' very DNA is programmed to provide activities in "the service of the public interest and the country's economic development [...] in support of the policies pursued by the State and local authorities [...] particularly in the areas of employment, urban development, [...] business start-ups and sustainable development". In 2011, the Group stepped up its commitment to local and regional development in a number of different ways. The period was marked by the increasing difficulties encountered by local and regional authorities in raising finance and by the impact of the current international crisis at local level. This situation emboldens the Group in its efforts to support local and regional development by optimising its regional coverage and tailoring its investments to the specific circumstances of each region.

INVESTING IN LOCAL AND REGIONAL DEVELOPMENT

Given the diminishing range of financing solutions available to local and regional authorities, Caisse des Dépôts has maintained its high level of investment in local projects, particularly in those sectors that find it difficult to attract private sector funding. In total, it plans to invest €1.2 billion over three years (2011-2013). In 2011,

€388 million was earmarked, including equity investment of €318 million. To facilitate the equity financing of local projects, Caisse des Dépôts deploys dedicated financing solutions, notably *CDC Générations*, an investment fund specialised in land development projects to build accommodation for seniors and disabled people, and the *Tourisme social investissement* fund that finances the construction of facilities in the community and family tourism sector.

MEETING THE INVESTMENT NEEDS OF LOCAL AND REGIONAL AUTHORITIES

Half-way through 2011, local and regional authorities were confronted with a new situation: a diminishing range of financing solutions and even the decision of certain banks to stop operating in the sector. This culminated in a massive drop in available loans and a significant rise in interest rates, as well as shorter terms for any loans that were on offer. In the face of the failure of the market to provide enough credit, Caisse des Dépôts and La Banque Postale intend to set up a new publicly-owned bank catering to French local and regional authorities from 2012. The new bank will offer simple, transparent, unstructured loans. Interest rates will be calculated based on refinancing costs and management fees will be reasonable.

Historically, Caisse des Dépôts has been involved in financing local and regional development via CAECL and it noted major funding insufficiencies at two key moments: at the height of the subprime crisis in late 2008/early 2009, and more recently in 2011. In both instances, acting at the request of the French State, it provided financing out of the Savings Funds to enable local and regional authorities to raise the money needed for their projects. Caisse des Dépôts also invested in specific sectors as part of the government's stimulus package (€7 billion has been earmarked for infrastructure projects, of which 70% had been disbursed at 31 January 2012).



Pending transition to the new bank, at the government's request, Caisse des Dépôts released €5 billion in November 2011 to provide loans out of the Savings Funds and a further amount of up to €5 billion will be released in 2012. Caisse des Dépôts is also involved in taking over Dexia's municipal finance arm, Dexma, alongside the French State and La Banque Postale, and the resulting structure will be part of the new local and regional development bank.

NEW SOLUTIONS FOR LOCAL AND REGIONAL DEVELOPMENT

Aside from help with financing, Caisse des Dépôts also provides local and regional authorities with expertise and consulting services. In addition to Mairie-Conseils and Localtis, the Group has revamped some of its other consulting services including SCET and Exterimmo. SCET is now fully owned by Caisse des Dépôts and it will use its position as head of a network of local public entities and semi-public companies as well as its own expertise to develop the consulting services it provides to local and regional authorities. At the same time, Caisse des Dépôts is developing tailored energy retrofit solutions based on a number of success-

ful projects (renovation of schools in Alsace, etc.).

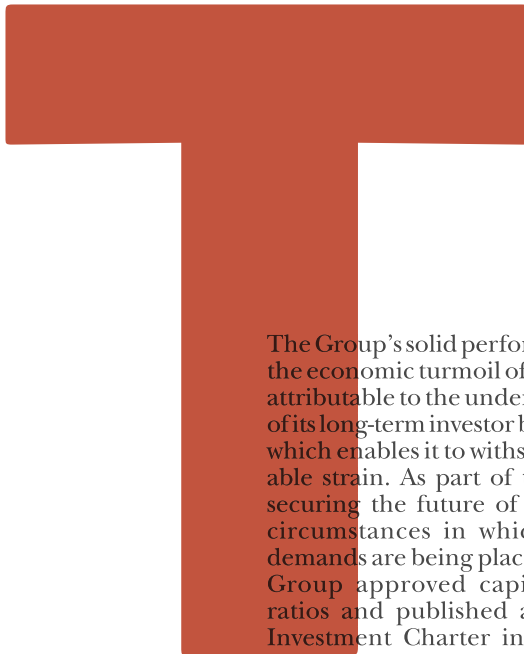
DEVELOPING PARTNERSHIPS WITH LA POSTE

On 7 April 2011, Caisse des Dépôts acquired a stake in La Poste and, once the transaction has been completed, it will own 26% of its share capital and voting rights. Of the total share capital increase of €2.7 billion, €1.5 billion is being taken up by Caisse de Dépôts and €1.2 billion by the French State. The amounts will be paid up in three instalments between 2011 and 2013. Caisse des Dépôts intends to leverage this partnership to become a key player in developing the regions and boosting their appeal. Working groups have identified roughly 60 corporate financing, banking, property investment, digital infrastructure or local and regional development projects that could be run jointly by the two groups. The new local and regional development bank will also help to boost this new partnership.

FORGING A LOCAL AND REGIONAL DEVELOPMENT STRATEGY

In 2011, a delegation to the regional offices was set up within the Local and Regional Development Division and Network comprising two units: one tasked with local and regional development strategy and the other with streamlining the Group's offering. The key focuses are on tailoring the offering to local requirements and, in particular, coming up with clearly defined solutions for local development.

PROMOTING THE LONG-TERM INVESTOR MODEL



The Group's solid performance amidst the economic turmoil of 2011 is mainly attributable to the underlying strength of its long-term investor business model which enables it to withstand considerable strain. As part of the process of securing the future of this model in circumstances in which increasing demands are being placed upon it, the Group approved capital adequacy ratios and published a Responsible Investment Charter in 2011. It also worked on promoting a long-term investment perspective in France and Europe and on the international scene.

A CAPITAL ADEQUACY FRAMEWORK ADAPTED TO THE SPECIFIC NATURE OF CAISSE DES DÉPÔTS

Unlike other international investors, Caisse des Dépôts does not have to comply with externally-supervised financial covenants or trigger clauses. It has developed its own specific risk management model which is submitted to the ACP which issues a recommendation. The Supervisory Committee then makes a decision based on this recommendation. The capital adequacy ratios adopted by the Supervisory Committee on 11 January 2012, based on the recommendation of the Chairman and Chief Executive Officer, set out the

Group's medium-term objectives in terms of financial solidity. They reflect the specific nature of Caisse des Dépôts and take account of its historical role of trusted manager of legally protected funds. This concerns *Livret A* passbook savings accounts in the case of the Savings Funds, and funds entrusted by the legal profession in the case of the Central Sector. In order to provide the highest possible safeguards, the Group's capital adequacy ratios are even more stringent than those applicable to the banking sector.

The other purpose of the framework was to reflect Caisse des Dépôts' long-term investor function. Its public interest missions and enlightened investor profile require a long-term perspective that is detached from market volatility and economic cycles. Moreover, the Group's chosen business model measures capital adequacy (available equity) and capital requirements (risk) over a period of a number of years. This framework will be used in all of Caisse des Dépôts' investment decisions, with the exception of the Savings Funds which have their own capital adequacy ratios adopted by the Supervisory Committee on the same day. It will be incorporated into all decision-making processes and

a capital adequacy management committee has been set up to track compliance throughout the Group.

A RESPONSIBLE INVESTMENT CHARTER WHICH APPLIES TO ALL GROUP BUSINESSES

The Responsible Investment Charter and general corporate governance guidelines published by Caisse des Dépôts in early 2012 provide another means of bolstering the long-term investor business model. The underlying principle is very straightforward: whosoever wishes to invest responsibly in the long term must incorporate both social and environmental criteria into its investment selection processes from the outset.

These basic guidelines require the Group to systematically address environmental, social and governance (ESG) issues and to factor these into decision-making criteria throughout the asset holding period. They also encourage a long-term perspective with regard to all of the companies in its portfolio.

PROMOTING THE LONG-TERM INVESTOR MODEL IN FRANCE AND ON THE INTERNATIONAL STAGE

Caisse des Dépôts invests a lot of time and effort in lobbying both French and European decision-makers on the benefits of long-term investment. A national conference on long-term financing was organised in November 2011 and produced a series of specific – notably regulatory – recommendations in addition to a “Manifesto for long-term investment within the European Union”. A task force was also set up to lobby the European Commission to adopt these recommendations.

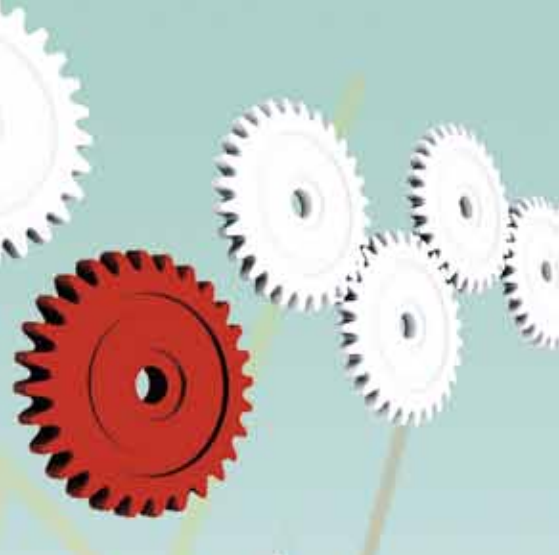
The Group also promotes this model through international partnerships and continued to be the driving force behind the Long-Term Investors Club which now has 14 members with combined assets of \$3,200 billion. Such cooperation has culminated in concrete projects financed out of the Marguerite and InfraMed infrastructure funds and horizons are expanding with the Franco-Chinese corporate investment fund to be launched in 2012.



INTRODUCTION TO THE CAISSE DES DÉPÔTS' RESPONSIBLE INVESTMENT CHARTER

“Caisse des Dépôts, in line with its long-term investor profile, believes that factoring environmental, economic, social, societal, governance and management criteria into its investment policies contributes to the balanced and sustainable development of the economy and society. It is committed to promoting responsible investment practices both within its own and its partners’ businesses to reconcile the long-term interests of investors with those of all aspects of society.”





PROMOTING BUSINESS DEVELOPMENT



Partnering businesses is one of the Group's priorities and 2011 was a particularly busy year in this regard.

INVESTING TO GET BUSINESSES BACK ON TRACK

The investment needs of businesses are vast and they require a diversified offering.

In your report on the National Conference on Long-Term Financing, you noted the increasingly tight credit situation faced by businesses?

Yes, credit has become tighter for three reasons.

1. Banks and insurance companies, the traditional financial backers, have had to contend with the impact of the new Basel II and Solvency II capital adequacy frameworks which have forced them to withdraw from equity markets. One statistic says it all: over the past four years, European insurers have offloaded over €400 billion worth of shares.

This trend has vastly reduced the amount of equity financing available and with it businesses' investment possibilities. Obviously, sustainable growth cannot take place without investment.

2. French firms and especially SMEs, which have traditionally obtained three-quarters of their funds through bank loans, have been confronted with tight bank credit and major difficulties

in obtaining medium-term loans. Not all businesses are able to resort to the capital markets.

3. The fraught budgetary situation has forced European countries into austerity policies and debt reduction, which are incompatible with the public investment that is crucial for ensuring the competitiveness of the continent in general and that of France in particular, especially in terms of infrastructure financing.

What role can Caisse des Dépôts play in this context?

Caisse des Dépôts has a policy of investing in businesses and this is essential for bolstering their equity, promoting innovation, sustaining venture capital markets and keeping the supply of loans open. The Investments for the Future programme provides crucial financing for sectors that are vital for future French economic growth.

But Caisse des Dépôts cannot meet all of France's corporate financing requirements on its own.

A diversified offering is needed to meet these vast requirements which include export markets and major projects, plant and equipment, research and development, upgrading production systems and buildings in line with the demands of sustainable development and venture capital (where amounts invested declined by 15 percentage points in 2011!).

What is the way forward?

The National Conference on Long-Term Financing came up with four concrete proposals to bring the taxation environment into line with the pressing needs of business development.

For SMEs in particular, it is imperative to:

- develop incentives that cut wealth and income tax on investments in SMEs by expanding the scope of financial intermediation; and
- devise a fiscal transparency regime for the shareholders of recently-created companies to absorb start-up costs.

For companies in general, we need to:

- generalise tax relief on dividends paid outside the parent-subsidiary regime; and
- allow deductibility of claims equalisation reserves as calculated for capital adequacy purposes and in accordance with the accounting standards applicable to companies in the financial sector.

Companies and investors alike need a more stable tax and employment environment that gives them the visibility necessary to plan their business and investments.

Moreover, with bank loans harder to come by, companies are going to become increasingly dependent on the financial markets. We need to explore ways of facilitating access to these markets while bearing in mind that the structure of European bond markets means that it will be a number of years before they generate as much funds as their transatlantic counterparts.

I am convinced that the best way of giving a boost to French companies is through investment but this cannot happen without harnessing household savings to long-term investment projects.

The high level of household savings – €90 billion in 2010 – is one of the major strengths of the French economy. However, this resource is not exploited to the full because it is channelled into products that are insufficiently related to business investment needs and under-

mined by fears over businesses' underlying financial strength. Savings need to be channelled into productive investments and new products need to be marketed such as funds that invest in innovative companies.

From an international perspective, capital adequacy regulations and

accounting standards must incorporate a longer-term perspective and take account of the long-term investor business model that is essential for nurturing future growth.

This is the mission entrusted to the task force that I am coordinating within the scope of the National Conference on



GÉRARD DE LA MARTINIÈRE
Honorary Inspector General of Finance and former Chairman of the French Federation of Insurance Companies. He was commissioned by Caisse des Dépôts to organise the National Conference on Long-Term Financing which took place on 17 November 2011 and was tasked with assessing and identifying obstacles to long-term investment in France. A sector-based task force was subsequently created, headed up by Gérard de la Martinière, for the purpose of analysing the same issues at European level.

Long-Term Financing and at the request of Caisse des Dépôts and Paris-based business associations who wish to lobby European decision- and policy-makers on the importance of long-term investment.



OTHER EXPERT VIEWS: www.solutionsdurables.tv

>What is the best way forward for French SMEs? >Wooden buildings: an opportunity for the sector? >Discovering micro-credit solutions for small businesses.

A LARGE RANGE OF FINANCING SOLUTIONS

Caisse des Dépôts is an enlightened investor providing sustained support for French competitiveness through financing solutions for businesses of all sizes, adapted to each phase of their development.

SUPPORTING ENTREPRENEURIAL INITIATIVES

Business start-ups or buyouts frequently encounter financing difficulties and the traditional financial backers are often reluctant to get involved in what they consider to be risky projects. Caisse des Dépôts has devised a number of solutions to boost equity funding in what is an extremely dynamic sector (approximately 200,000 associations, cooperatives, mutual insurers and foundations employing roughly 2.5 million full-time employees).

■ It helps finance start-ups or buyouts of SMEs as well as local job creation schemes:

- by providing the major national networks specialised in the social economy and solidarity sector with the resources they need;
- by encouraging the professionalisation and development of these networks, particularly in regions experiencing economic difficulties.

■ It partners start-ups or buyouts of existing businesses by people who are unemployed or receiving minimum social benefits through “loans on trust” – 26,600 businesses benefited from this scheme in 2011 – or *Nacre* incentives aimed at unemployed persons wishing to set up a company, which are financed out of the Savings Funds.

■ It offers specific incentives for female entrepreneurs, who only account for 30% of all jobs created, and provides

support for the *jeun'ESS* programme which partners young social entrepreneurs and helps showcase their initiatives. Of the 200 projects submitted for consideration in 2011, the nine winners will benefit from free expertise and a start-up loan.

Caisse des Dépôts also strives to promote its own responsible investment policies in all of its equity financing initiatives.

BOOSTING EQUITY FINANCING FOR SMEs

SMEs wishing to innovate and grow often struggle to raise the necessary equity. To remedy this situation, Caisse des Dépôts launched a specific equity fund known as PME Innovation in the late 1990s backed by resources of €1.1 billion. It is managed by CDC Entreprises and the funding earmarked for this priority was increased to €2.4 billion in 2006 under the first *France Investissement* programme.

Caisse des Dépôts stepped up its equity financing of SMEs in 2011. The SIF *France Investissement 2020* programme will be allocated €5 billion out of public funds between 2012 and 2020: the SIF will contribute €4 billion, the French State will put up €0.8 billion as part of the Investments for the Future programme and Caisse des Dépôts will contribute €0.2 billion. Five private partners have also staked an amount of €720 million between now and 2015. The programme is headed up by



In 2011 the Group partnered two initiatives involving Collectis, a firm specialised in genome engineering. A €25 million investment by the SIF enabled it to grow from an SME into a fully-fledged industrial firm and Caisse des Dépôts also invested €6 million in its subsidiary, Ectycell.

PARTNERING SMEs THROUGHOUT THEIR LIFE CYCLE

CDC Entreprises which acquires minority stakes in SMEs of up to €10 million alongside private financial backers. These investments may be made directly or through national, regional, general or sector-based equity or venture capital funds. The SIF *France Investissement 2020* programme has a wider scope than its predecessor, particularly in relation to seed capital financing (the new FNA fund has total resources of €400 million) and digital technology (€400 million has also been earmarked for the FSN-PME fund to finance digital projects in SMEs).

Qualium Investissement has €1.5 billion in assets under management funded by Caisse des Dépôts and approximately 40 French and foreign backers. It invests in the transmission or external growth phases of unlisted SMEs. It helps companies to grow both in French and foreign markets. Qualium Investissement uses venture capital funds to invest amounts ranging from €20 million to €75 million in companies valued at between €40 million and €250 million. The €507 million raised through the Qualium Fund in 2011 will allow it to finance two or three transactions a year over the coming period.

THE SIF HAS STEPPED UP ITS SUPPORT FOR SECTORS EXPERIENCING MAJOR CHANGES AND FIRMS IN THE TRANSITION PHASE

The SIF celebrated its third anniversary in 2011. Backed by €20 billion in assets from Caisse des Dépôts and the French State, the SIF is now one of the major players financing companies of all shapes and sizes. Business was brisk in 2011 and CDC Entreprises and its subsidiaries continued to manage the investment funds financed out of the SIF (Innobio, FCDE, etc.). The SIF invested €1.3 billion in 2011 alone in the form of equity stakes ranging from €8 million to €800 million. If we include the funds partnered by the SIF *France Investissement* programme, approximately 850 businesses received €2.5 billion in SIF funding in 2011. In total, the SIF and its associated programmes have pumped over €7 billion into the French economy by partnering over 1,800 companies.

Because industrial competitiveness feeds off the surrounding “business ecosystem”, in 2010 and 2011 the SIF commissioned 18 exhaustive sector-based studies with three objectives: assessing each sector in terms of flows of value added and business relationships; identifying firms that the SIF could partner in the long term; and facilitating rationalisation. The key benefit of the specialised funds sponsored by the SIF, such as



The SIF *France Investissement* programme was set up in 2006 and is managed by CDC Entreprises.

It aims to expand the equity financing offering for high potential SMEs. By the end of 2011, €3.3 billion had been invested in more than 1,130 companies employing over 150,000 people with annual revenues of over €17 billion. The programme has helped to compensate for the lack of private sector equity financing for the most fragile types of investments, namely venture capital and small private equity transactions. It has also been contra-cyclical and in keeping with the Group's responsible investment philosophy: investment has continued at a sustained level during the crisis and helped keep private sector investment flowing. *France Investissement 2020* was launched on 21 February 2012 and will lend a new dimension to the programme.

The new agreement signed between the French State (as part of the Investments for the Future programme) and Caisse des Dépôts will increase resources (€5 billion, including €4 billion from the SIF – almost double the previous amount), provide extra funding (the agreement covers eight years instead of six) and mobilise public equity financing in favour of SMEs, particularly via the Regional Strategic Investment Fund.

the Auto supplier venture capital fund (FMEA), is that they create shareholding links between the major players of a given sector and they help to structure that sector. The SIF will step up its sector-based initiatives in 2012 with the launch of a number of new funds in sectors such as the nuclear industry, medical instrumentation, rail and aeronautics.

Already, in 2011, the SIF had put considerable effort into promoting responsible investing practices and deploying its own Responsible Investment Charter.

AS THE LEADING EQUITY FINANCING GROUP, CAISSE DES DÉPÔTS HAS EXPANDED ITS OFFERING TO INCLUDE LISTED SMEs

In early 2012, Caisse des Dépôts and 11 major insurers came together to create two investment funds with total assets of €162 million, of which €40 million were put up by the Group to finance solutions adapted to SMEs. These twin funds will invest exclusively in French SMEs in the industrial and services sectors listed on regulated markets and the Alternext market. 40% of funding is earmarked for stock market floatations and 30% for capital increases.

Finally, Caisse des Dépôts will use the 27% stake it acquired in Oséo's capital increase to participate in the launch of Oséo Industrie, a financing solution tailored to industry.

AT THE VERY HEART OF LOCAL AND REGIONAL DEVELOPMENT

The economic fabric is not of a uniform cut and business needs vary from one region to another. Consequently, the Group structures its activities from a local perspective in liaison with local actors.

The Group has a footprint all over mainland France and the overseas territories and operates in a number of different ways.

AN EFFECTIVE REGIONAL NETWORK

Caisse des Dépôts' regional offices are the gateway into the Group and the starting point for all SME projects submitted for SIF and SIF *France Investissement* funding. Applications for funding are processed in several different ways.

As the regional representative of the SIF, the regional director working with his or her teams liaises with all local and regional decision makers and actors on behalf of Caisse des Dépôts and passes on operational information to key regional players and businesses. The regional offices head up the network of actors involved in equity financing and coordinate the SME support network (*Appui PME*). They provide advice and guidance to businesses in need of equity financing and compile the first short list of applications for funding. They subsequently advise the business or regional player on the most suitable form of funding and add in background information on the business in question and its local environment.

In January 2011, a new regional sourcing application was rolled out to all regions which enables the regional offices to identify businesses that meet

SIF investment criteria. 169 such suitable businesses have since been identified, one-third of whom have already been contacted.

Caisse des Dépôts leverages its familiarity with the local business environment to the full by informing local partners about equity financing products and guiding and processing funding applications received.

THE WORK OF THE REGIONAL OFFICES IS ROUNDED OUT BY THE REGIONAL STRATEGIC INVESTMENT FUND

The Group uses the Regional Strategic Investment Fund – formerly Avenir Entreprises – to support its work on the ground with SMEs. The fund is 80%-owned by CDC Entreprises and 20%-owned by Oséo which now has more resources, a wider brief and more local and regional offices. The Regional Strategic Investment Fund has assets of €800 million, including an extra €350 million from the SIF. It will be able to invest in equity or quasi-equity via the OC+ mezzanine programme by acquiring equity stakes of up to €4 million (versus €2 million previously). In addition to its investor role, the Regional Strategic Investment Fund will have a “market maker” role in channelling entrepreneurs towards funding provided by the SIF or one of its partners and making the whole process easier. Cooperation will be stepped up with Oséo, which also helps to drum up business and hosts

IN 2011, THE REGIONAL OFFICES PARTNERED OVER 800 BUSINESSES

teams from the Regional Strategic Investment Fund in its offices. The Fund's network will be expanded to cover practically all regions and six regional offices will be added to the eight currently existing ones.

CDC ENTREPRISES REGIONAL PRIVATE EQUITY FUNDS

CDC Entreprises is able to draw upon more than 80 regional investment funds throughout the country, specialising in venture capital and small private equity transactions. These funds are created by regional councils and help leverage massive amounts of private sector investment.

PROGRAMME FOR SENSITIVE AREAS

Local and regional development and support for business helps to regenerate

depressed urban areas. Caisse des Dépôts provides local and regional authorities with technical and financial assistance as well as with tailored processes and applications for preparing local business development strategies for depressed neighbourhoods. In 2011, over 5,600 projects were partnered by 60 project managers working for Cités Lab which is present in 350 neighbourhoods.

This programme is rounded out by the National Fund for Local and Regional Development (*Fonds national de revitalisation des territoires* – FNRT) which partners areas badly affected by restructuring but ineligible for other development programmes. 71 unemployment black spots have been designated and they have received loans worth

€125.45 million. By the end of 2011, €90 million had been disbursed to different businesses via 350 projects. The average amount per loan was approximately €250,000.

For more information:

CAISSE DES DÉPÔTS, PAGE 130

SIF, PAGE 140

CDC ENTREPRISES, PAGE 135

QUALIUM INVESTISSEMENT, PAGE 138

FOCUS

The Regional Strategic Investment Fund is a public fund serving national development with a twofold mission:

- investing in the capital of dynamic SMEs and helping them fund the sustainable growth needed to drive local and regional development; and
- partnering entrepreneurs looking for financing solutions in liaison with Oséo and Caisse des Dépôts' regional offices.

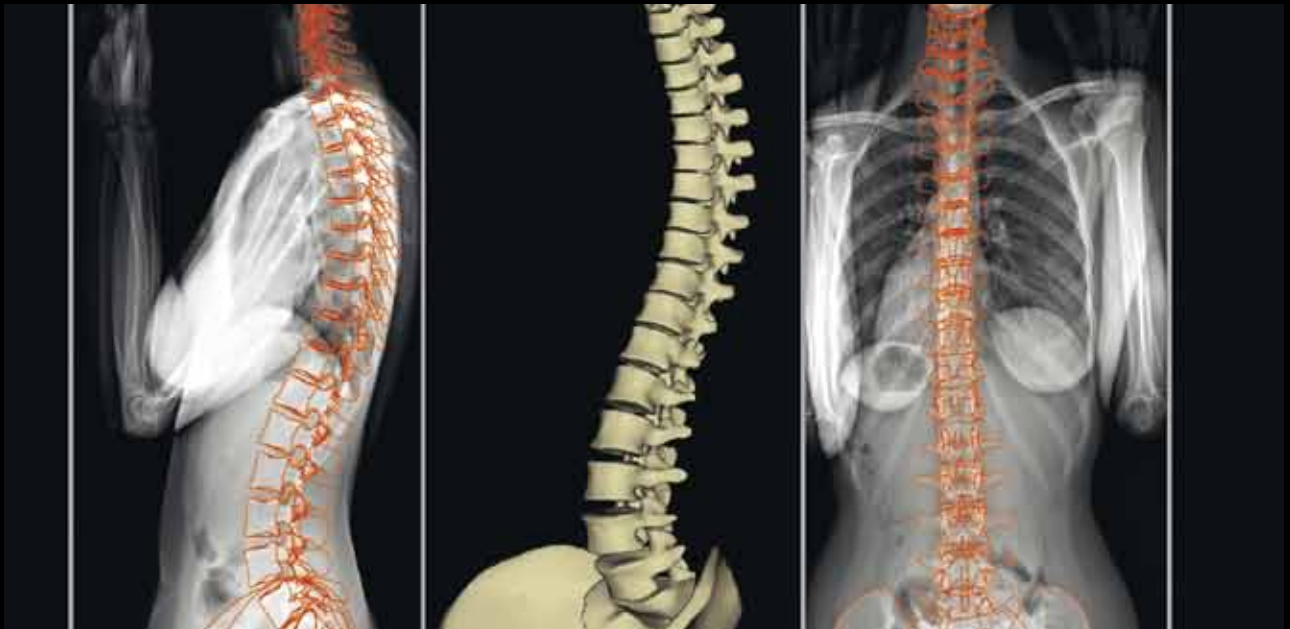
The Regional Strategic Investment Fund itself manages a number a number of different funds:

- the *Avenir Entreprises Mezzanine* (AEM) fund, which targets high-potential SMEs encountering problems raising equity financing. AEM has bolstered the equity of 70 dynamic firms since it was launched in 2007 by acquiring stakes of between €50,000 and €500,000.
 - The OC+ programme was set up in 2009 by the SIF and targets SMEs that wish to grow or redeploy into other sectors. It has assets of €360 million, of which €140 million was put up by the Regional Strategic Investment Fund and it has partnered 40 firms over the past two years.
- A new fund, *FSI Régions Mezzanine*, is currently being set up to support high potential SMEs that wish to raise between €500,000 and €4 million.





In 2011, Trixaim, a holding company specialised in the agri-food sector, acquired Cacolac thanks to the support of the Regional Strategic Investment Fund.



EOS Imaging designs, develops and markets an imaging system that draws upon the work of Georges Charpak, winner of the Nobel Prize for Physics. CDC Entreprises acquired a stake in its equity in 2010 via the SIF *France Investissement* programme and partnered its listing on NYSE Euronext Paris in 2011.



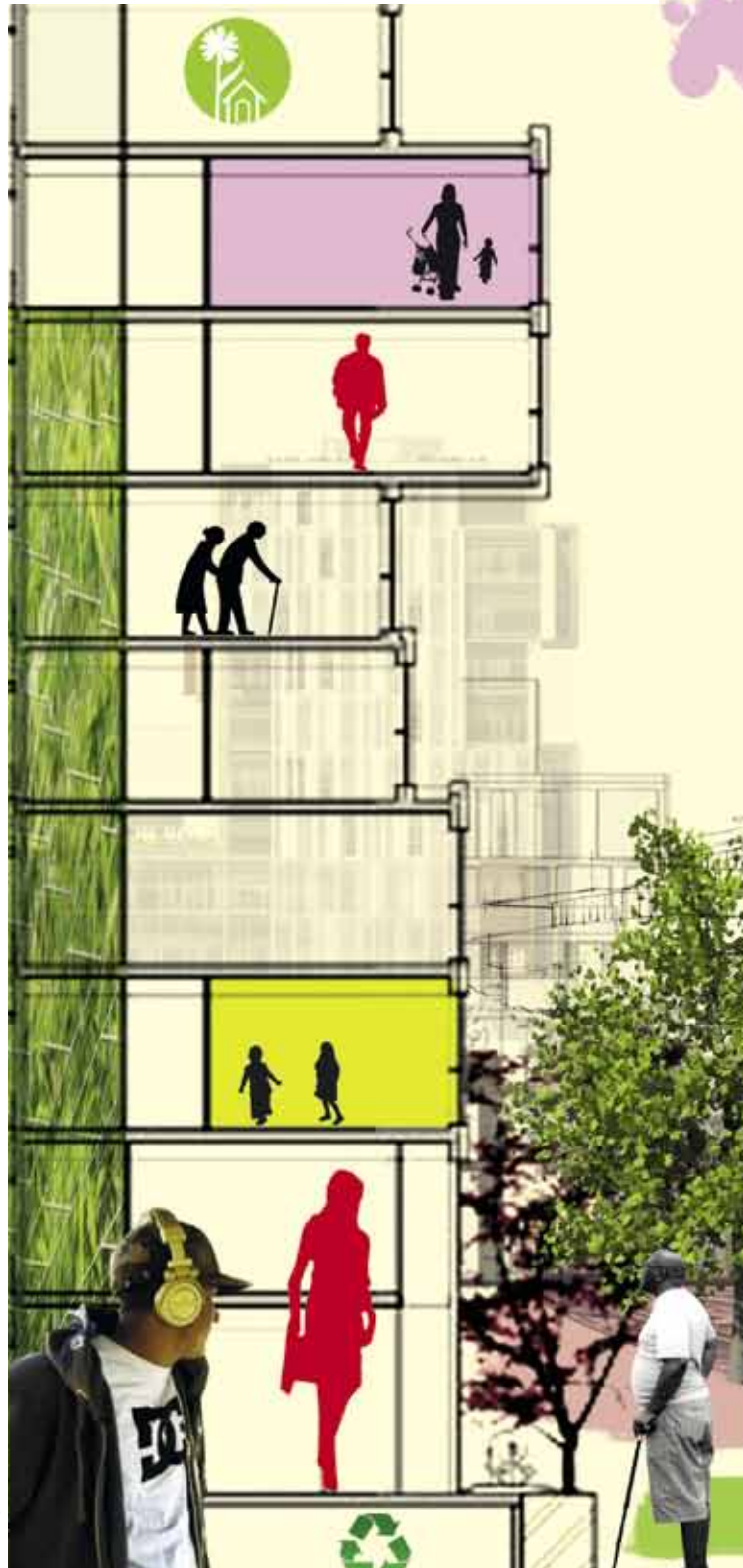


As part of the Investments for the Future programme, Caisse des Dépôts helped France Active to partner Juratri, a workers' cooperative based in Franche Comté employing 125 people, specialised in sorting and recycling household and industrial waste.



RETHINKING HOUSING AND LIVING CONDITIONS

Caisse des Dépôts Group is developing new ways of designing, financing and building tomorrow's cities. Its aim is to create accessible, energy-efficient cities able to attract businesses while respecting and protecting natural resources.





CITIES CONSTANTLY REINVENTING THEMSELVES

Making cities more human is key to building a better future. We need to fight for inclusive urban development policies that embrace cities in all their complexity.

The city, as an eminently complex system, seems to provide a fertile terrain for developing your thought. What's your own vision of the city?

Cities are chaotic places combining order and disorder. Their organisational make-up changes on a daily basis due to mass mobility and the individual behaviour of inhabitants and users. This exceptional diversity-in-unity, nexus of relationships and exchanges, represents a kind of organising/disorganising chaos. As constantly changing eco-systems, cities must be thought of as a complex fabric, *complexus* signifying that which is woven together. However, there are two sides to this extraordinary vitality: on the one hand, there is the enlightened city, offering the freedom to innovate and transform; on the other, we have the sprawling city, harbouring a systemic risk of segmentation and fracture of the urban fabric. Thinking about cities gives me an opportunity to think about places that offer a genuine insight into the ambivalence that characterises our modern social-economic reasoning. The generic term “urban development” is instructive but is often used without much thought. Seen as a driving force for man’s well-

being, its ambivalence is not appreciated. Although urban development can bring individual freedom and improved material living conditions, it can also heighten poverty, distort our understanding of our own needs and destroy traditional community feeling. To tackle these issues I have barely touched upon, I suggest replacing the idea of “development” with the idea of a “politics of civilisation” which sets out to eradicate exclusion and the perverse effects of a globalised world made up of isolated individuals. Due to seemingly intractable trends (a linear and mechanical view of society, spatial segmentation and social differentiation, the disappearance of places bringing together people from across the social spectrum and the loss of local shops and neighbourly relations), cities have become increasingly dehumanised and have lost the strong sense of community that constitutes quality of life.

What do you think are the main challenges in creating cities for the 21st century?

Creating cities for the 21st century means reintroducing human and ecological factors in decision-making

processes in order to meet society's real needs. Cities cannot be left in the hands of property developers, builders, technocrats, or culturally deficient politicians, operating in a profit-driven market. Their vibrant complexity needs to be thought about and rethought, and this process must be informed by historical, economic, ecological and sociological concerns. It must take into account geography and climate, and embrace but also go beyond urban considerations. Only when cities are conceived in this way can we create a "thoughtful" urban policy – informed by knowledge from a wide variety of fields – in which present and future cities are seen in terms of connectivity. Thinking about cities means thinking about their inhabitants, or rather, about their diversity. It means refusing to standardise needs and endeavouring to offer affordable housing adapted to people of all ages in lively neighbourhoods. It means anticipating urban growth and giving cities an extensive "connective" capacity. Adopting a politics of civilisation means focusing not just on economic and urban development considerations but on helping cities to refocus and reorganise in a way that involves all sectors of society and every citizen. We must make this two-sided "contraction/expansion" model more human. Obviously, such reforms would be costly. But they would stimulate economic growth at a time of stagnation and unemployment, and would ultimately lead to huge cost savings, particularly in terms of healthcare, while reducing cities' environmental footprint.

You call for more inclusive, sustainable cities to be reappropriated by their inhabitants and users. How can cities be made more human?

New economic models that allow us to think about urban projects in a different way can never emerge and take hold without a new urban leadership. The multitude of players and interests at stake must not act as a deterrent to society at large. On the contrary, architects, energy technicians, politicians, sociologists, psychologists, doctors and citizens should take the destiny of cities into their own hands and be a part of the decision-making process. While the aim of urban development is to provide solutions, societies have to be able to make their needs

heard. There is a kind of pervasive urban illiteracy, often because people lack any experience of living as a community. We have to create a learning process teaching people how to live in cities from a very young age. For these common spaces to be reappropriated, local citizens need to reassert their role, showing that citizenship can sometimes prevail over individual interests. I believe that today, an improved quality of life for the inhab-

itants and users of cities depends on an urban policy that fosters social bonds, tackles stress and pollution, and thinks about the city in relation to its surrounding region, the urban fabric in which it is placed and beyond that, the nexus of cities in which it can play a role. We need a thoughtful urban policy that will stand the test of time.



EDGAR MORIN

An emeritus director of research at CNRS and multi-disciplinary thinker, Edgar Morin is best known for his concept of "complex thought" which he developed in his major work, *La Méthode*. He is a doctor *honoris causa* of 24 universities across the globe.



OTHER EXPERT VIEWS: www.solutionsdurables.tv

- Tomorrow's cities: a place for the elderly?
- Mobility in city centres
- Optimising the cost of energy efficiency

MAKING CITIES SUSTAINABLE

Owing to the wide variety of its activities, Caisse des Dépôts is involved in all aspects of urban projects. Its products and services take into account the new economic and budgetary constraints of local stakeholders, as well as social and environmental changes.

One of the priorities of Caisse des Dépôts as enshrined in its Elan 2020 strategic plan is to reduce the housing shortage in a financial and budgetary climate increasingly under pressure.

Through Savings Funds loans, Caisse des Dépôts financed the construction or acquisition of some 121,000 social housing units in 2011. And between 2012 and 2016, it plans to build around 500,000 housing units which will provide homes for more than one million people. As France's leading social landlord, SNI covers the entire rental market (social housing and intermediate social housing, accommodation for youth and the elderly) and delivered more than 10,000 housing units in 2011.

Icade, a major player in collective housing developments, also takes an active role in planning and developing the residential fabric of cities and regions. But numbers do not tell the whole story, and Caisse des Dépôts also endeavours to think about housing from a qualitative standpoint. Its two main challenges are to adapt the supply of housing and adapt its action in this field to the specific characteristics of each city and region.

MEETING TOMORROW'S NEEDS TODAY

Urban housing in the 21st century needs to take into account demographic trends in France and evolving lifestyles.

Caisse des Dépôts is present at each stage of the housing market.

It seeks to respond to ageing population demographics and meet the challenges posed by the dependent elderly. Eight new EHPAD housing projects for dependent elderly people were launched in 2011. The aim is to create around 700 new beds for the elderly by 2012. Group subsidiary CDC Générations was set up in 2011 to drive this momentum forward.

In 2011, Icade's fast-paced development in the medico-social sector continued apace, with the signature of new EHPAD development contracts worth €80 million. SNI runs "intergenerational" new housing programmes. More than 9,000 new units of accommodation were created for dependent elderly people and the renovation of 5,000 further units were financed by Savings Funds loans in 2011. CNP Assurances is also involved in the

housing effort and offers a mortgage loan to people over 60. Among other things, this loan is used to finance refurbishments needed for the elderly to be able to continue living in their own homes.

Student accommodation is another key focus for Caisse des Dépôts. In 2011, it launched the *Passeport logement* student housing programme and made capital investments in pioneering projects such as the one in Grenoble's Mistral district, which provided 18 energy-efficient shared accommodation units for 80 students.

Through its Investments for the Future programme, Caisse des Dépôts also supplies housing for students of professional work-study programmes (1,300 accommodation units have been financed since 2010).

PROMOTING A REGIONAL APPROACH

In a heterogeneous housing market defined by stark local disparities, Caisse des Dépôts takes care to adapt its actions to the specific needs of each region.

Caisse des Dépôts is a major funding partner of the urban regeneration programme aimed at improving quality of life. In 2011, it channelled €2 billion into urban policy. By renewing its partnership with the National Urban Regeneration Agency (*Agence Nationale pour la Renovation Urbaine* – ANRU), the Group is to continue its involvement and plans to extend its initiatives to other sectors such as jointly-owned apartment buildings experiencing difficulties and residential neighbourhoods. Caisse des Dépôts is also intent on tackling the main obstacle to the creation of sustainable cities, namely the availability of land. The spiralling cost of prime land and expensive decontamination of brown-field sites make it difficult to offer affordable housing in city centres, leading to urban sprawl.

CAISSE DES DÉPÔTS PLANS TO FINANCE THE
CONSTRUCTION OF SOME 500,000 HOUSING
UNITS THAT WILL HOUSE OVER ONE MILLION
PEOPLE BY 2016



The Ile de Nantes sustainable city project

Caisse des Dépôts is using the “Gaïa foncier” Savings Funds loan to invest in the railway stations of the future *Grand Paris* network in order to maintain a supply of affordable housing close to the main transport hubs in the Paris area. It has also invested in the Ginkgo fund, a key player in the sustainable regeneration of depreciated land.

STRENGTHENING THE URBAN FABRIC TO CREATE ATTRACTIVE CITIES

Caisse des Dépôts works to contain and reinvigorate urban growth and has launched think tanks covering all aspects of urban planning, including housing, mobility, services and local business, drawing on its broad expertise as a property developer, operator and provider of funds. Making cities attrac-

tive is one of its key aims. SNI group focuses especially on supplying housing adapted to the surrounding environment and endeavours to reconcile urban density with quality of use.

Managing urban development and designing alternative transport solutions are among the most important challenges facing tomorrow’s cities. Veolia Transdev and Egis work to promote sustainable mobility, public transport and clean transport solutions.

For example, the Montpellier and Reims tramways were designed with the aim of achieving better coverage in each region. The Reims tram has a new contactless smart card ticketing system facilitating access to the tramcars.

Continued on page 40

3 questions for...

Jean-Marc Bouillon
Managing director of Atelier
Villes & Paysages (Egis group)



Is Ile de Nantes a sustainable project?

The Ile de Nantes project uses the identity of place and the area’s existing assets to create an intensely-lived city.

What products and services are developed by Egis to promote a systemic view of cities?

Egis group is extensively involved in efforts to transform city outskirts into eco-neighbourhoods and its initiatives concern both new and existing cities. We use our broad-ranging vision to develop projects and thought-processes that aim to make our cities more liveable (eco-rehabilitation of residential or commercial areas), fluid (multi-modal transport solutions, urban logistics, etc.) and attractive. To ensure we adopt a fresh approach, we think about the specific characteristics of each context.

How does Egis fit into the view of an integrated city expounded by Caisse des Dépôts?

Egis and its subsidiaries have built up broad-ranging expertise over many years, allowing them to tackle urban issues by pooling the knowledge needed at every stage of a project.

In Bordeaux, Caisse des Dépôts and Icade Promotion have put forward a plan to convert



the Citram des Bassins islet into a vast space combining housing, offices and a centre of excellence in urban policy. Citram des Bassins, which has a surface area of 10,000 sq.m. and is owned by the city of Bordeaux, is located on former industrial land near the port. The multi-faceted project concerns a net floor area of around 27,000 sq.m. and 185 housing units (of which 25% will be social housing), as well as local businesses, services and offices. A centre of excellence in urban policy will be set

up to serve the public interest, an initiative strongly endorsed by the city council. Caisse des Dépôts, which has brought Icade on board as developer for all of the 27,000 sq.m., is only responsible for setting up the centre of excellence, which will occupy 6,500 sq.m. of the total 27,000 sq.m. The centre will offer a welcoming environment for all stakeholders in the local economy, with business incubators, a business park and a business centre, offices and local shops and services. Caisse des Dépôts has contributed €1.2 million in capital to the project's total cost of €12 million (excluding VAT). The new neighbourhood will create jobs and a host of new services will be available to its inhabitants.

THE GROUP OFFERS A BROAD ARRAY OF SERVICES AND TOOLS FOR HIGH-QUALITY URBAN PROJECTS

Caisse des Dépôts granted €1 billion in Savings Funds loans to fund reserved lanes for public transport projects (TCSP) such as the first tram line in Tours.

Quality of life also depends on the diversity goals within a given urban project. The aim is to create lively neighbourhoods with good local infrastructure (see Focus). Urban diversification is at the heart of Caisse des Dépôts' action in historically mono-functional disenfranchised ANRU neighbourhoods earmarked for urban regeneration. Savings Funds loans finance an increasing share of urban planning and infrastructure initiatives, while Caisse des Dépôts makes capital investments in infrastructure projects concerning shopping centres and office blocks, for example.

DESIGNING PROJECTS FOR OUR CITIES

To help create a sustainable, diverse and affordable city, Caisse des Dépôts ensures that its involvement begins well before the project starts. Giving due consideration to environmental, social and economic factors takes time and the process will only be complete once the views of inhabitants and users as well as private stakeholders have also been taken into account. SNI and Egis assist projects to diversify social housing neighbourhoods by listening to the needs of the local residents.

The Group offers a broad array of services and tools so that local authorities can develop high-quality urban initiatives. It has launched a mechanism supporting "eco-neighbourhood"

projects in conjunction with the French Ministry of Ecology, Sustainable Development, Transport and Housing. Egis has designed its engineering and advisory services especially for urban development projects.

SCET is a leading Caisse des Dépôts subsidiary and a vital part of the Group's action in this area. SCET draws on its network of semi-public companies to provide operational project management assistance for sustainable development initiatives run by local authorities. As a trusted partner of both public and private players involved in urban planning and the regional economy, it also helps local stakeholders analyse their needs and structure their operations.

For more information:

CAISSE DES DÉPÔTS, PAGE 130

CNP ASSURANCES, PAGE 140

SNI GROUP, PAGE 134

ICADE, PAGE 141

VEOLIA TRANSDEV, PAGE 141


EGIS, PAGE 142

NOVETHIC, PAGE 139

SCET, PAGE 134

A LONG-TERM COMMITMENT

With modes of financing changing and energy efficiency issues ever more pressing, the Group is developing new, more effective types of action.



Caisse des Dépôts has developed new economic models and devised innovative long-term financing solutions in response to the growing complexity of urban projects, the goals set by the French government's Grenelle environmental conference and the social implications of rising housing and energy prices.

NEW FINANCING SOLUTIONS

The Group has helped new project financing solutions to emerge. Faced with a fall in subsidies and the resources available to local authorities, an increasing number of these solutions combine the public and private sectors.

As part of its Investments for the Future programme, Caisse des Dépôts launched a €1 billion⁽¹⁾ "Tomorrow's cities" fund, which aims to promote new ways of designing and building cities and helping them evolve. The fund grants engineering loans and investment subsidies and acquires stakes in selective companies in the field. Along the same lines, Caisse des Dépôts is involved in European Commission debates on the deployment of innovative financing arrangements outside the scope of the single subsidy model of EU regional funds.

THE GROUP DEVELOPS INNOVATIVE FINANCING SOLUTIONS AND DEVISES NEW ECONOMIC MODELS PROMOTING SUSTAINABLE CITIES

MANAGING ENERGY IMPERATIVES AND REDUCING CARBON EMISSIONS

Over the past few years, Caisse des Dépôts has been working to reduce fuel poverty, a situation which affects an increasing number of French citizens. The ramp-up of sustainable development loans continued in 2011. In 2010 and 2011, the Group granted social housing eco-loans worth €1.2 billion to retrofit some 100,000 housing units and prevent 5.2 million tonnes of greenhouse gas (GHG) emissions from being released into the atmosphere over 30 years. The Savings Fund is planning on 250,000 retrofits between 2012 and 2015.

A large number of energy efficiency loans were also granted in 2011 for almost 21,000 housing units. To help reduce household energy bills, SNI has cut the average consumption of its buildings from 229 kWh/sq.m./year to 207 kWh/sq.m./year, and aims to reach 150 kWh/sq.m./year by 2020. Caisse des Dépôts has devised innovative solutions to finance these retrofit programmes, joining forces with local authorities in a series of emblematic projects in 2011. Studies conducted in the Ile-de-France region on the project run by the semi-public company Énergie Posit'if with a view to renovating different types of buildings confirm the success of an investment model bringing in private investor partners. Several public-private partnership deals in the energy efficiency domain were also sealed in 2011. Caisse des Dépôts is a member of the group responsible for retrofitting 100 Parisian schools. Caisse des Dépôts has launched a wide-ranging analysis looking at value creation in urban initiatives and the notion of "green value". This analysis is under-

(1) The package was cut to €850 million in 2012 following the redeployment of the Investments for the Future fund to finance the French industry bank.

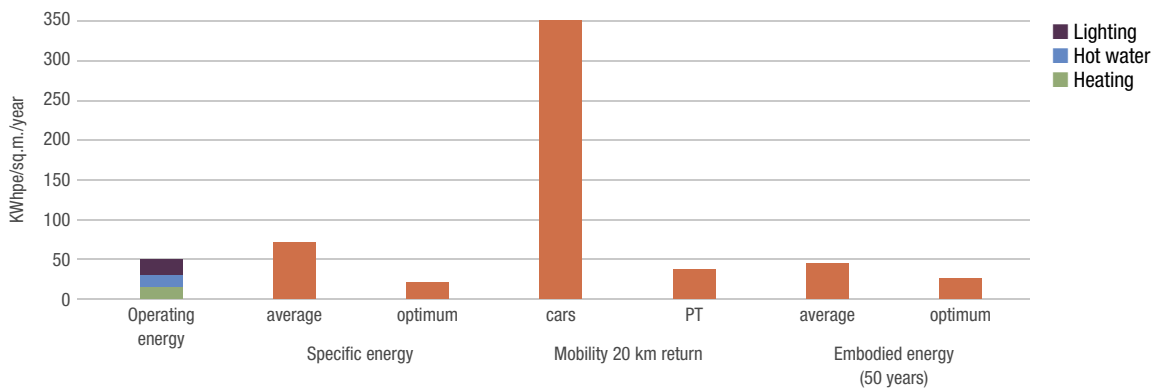
GREEN VALUE INFUSES CAISSE DES DÉPÔTS' THINKING

pinned by a long-term approach that takes into account several environmental criteria when valuing buildings. Novethic is gradually helping to establish a common language to analyse buildings' environmental performance and publishes a barometer rating eco-efficiency performance in the property sector. To help environmental approaches to evolve, Caisse des Dépôts offers decision-making tools that factor in new

criteria as from the inception of the project. As part of the *Grand Paris* building programme, Caisse des Dépôts has developed its own "Carbon barometer", a tool for measuring the carbon footprint of urban planning initiatives resulting from regional development agreements signed by the French government and local authorities. The Group's subsidiaries have also developed methods to help project managers gauge the carbon impact of their work.

Other analyses in progress involving Caisse des Dépôts concern the introduction of a label which would help identify the mobility issues associated with a given real estate project. The aim of the analyses is to influence the overall energy equation in the housing sector, taking into account transport (see chart). The CDC Research Institute finances a number of research projects looking at the management of urban initiatives. The Group's subsidiaries are also involved in research on urban issues. CDC Climat is a leading player in research on the consequences of climate change for our cities. Teams at Egis take part in cross-disciplinary research programmes embedded within their technology-focused R&D policy.

ENERGY CONSUMPTION



FOCUS

SNI is involved in a pioneering rehabilitation project concerning 100 social housing units built in 1960 in the Fourchevieilles district of Orange (Vaucluse). The complex is made up of five buildings: dilapidated and poorly insulated concrete structures with a pent roof. The project kicked off in 2010 with a comprehensive energy audit, a study for conversion into energy-efficient buildings, a technical and architectural diagnosis of the buildings and a residents' survey. SNI, the successful bidder in the call for projects launched by ADEME, FEDER and the Provence Alpes Côte d'Azur (PACA) region, is responsible for the programme and began work in early 2012. The retrofit project has been certified as energy-efficient Mediterranean buildings (*Bâtiments durables méditerranéens* – BDM). The renovated buildings will be 25% more energy-efficient than buildings certified with the French retrofit label *BBC Rénovation*. Close attention will also be paid to revitalising the district, transforming the buildings architecturally and ensuring improved resident well-being and comfort while reducing household energy bills.



The project kicked off in 2010 with a comprehensive energy audit, a study for conversion into energy-efficient buildings, a technical and architectural diagnosis of the buildings and a residents' survey. SNI, the successful bidder in the call for projects launched by ADEME, FEDER and the Provence Alpes Côte d'Azur (PACA) region, is responsible for the programme and began work in early 2012. The retrofit project has been certified as energy-efficient Mediterranean buildings (*Bâtiments durables méditerranéens* – BDM). The renovated buildings will be 25% more energy-efficient than buildings certified with the French retrofit label *BBC Rénovation*. Close attention will also be paid to revitalising the district, transforming the buildings architecturally and ensuring improved resident well-being and comfort while reducing household energy bills.

Le Beauvaisis is a building in the Pont de Flandres property complex in Paris. Its rehabilitation represents a major challenge and is the first of its kind in Paris to be awarded the *BBC Rénovation* retrofit label and High Environmental Quality (HEQ) certification.



In helping regions evolve in a sustainable, balanced manner and reduce inequalities, Caisse des Dépôts is stepping up support for local stakeholders.

SUSTAINABLE REGIONAL DEVELOPMENT





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35

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IS REGIONAL DEVELOPMENT SUSTAINABLE?

The concept of sustainable development highlights contradictions between the economic, social and environmental realms.

Growth and development are too often seen as bedfellows. From this perspective, the notion of “sustainable development” is not without ambiguity.

Growth and development

Growth and development do not necessarily go hand in hand. In a country the size of France, those regions making the biggest contribution to growth and hence to wealth creation are not necessarily those with the most “sustainable” or “fair” social and environmental development policies. France’s main cities, which make a significant contribution to GDP, are also those where we find the widest gaps between rich and poor and the starkest pockets of deprivation. On a regional level, Limousin is a perfect example of these contradictions, as it ranks almost bottom in GDP per capita but is classified top by the social health indicator, which measures the strength of community feeling. Limousin is also among the biggest emitters of greenhouse gases due to its inhabitants’ over-reliance on individual cars and on the automotive transport of goods across the region as a whole.

These examples show that the notion of sustainable development is more nuanced than it first appears and that it should not be seen merely as a series of solutions that can be applied everywhere in the same manner.

If we want to be serious about sustainable development, we have to look more closely at its intrinsic and extrinsic tensions and contradictions. We

shouldn’t be fooled by the picture of prelapsarian harmony that representations of sustainable development seem to posit: intersections are not spaces of consensus but spaces where tensions and negotiations are played out between issues, stakeholders and rationales that do not necessarily converge. Moreover, sustainable development concerns have to be appreciated in context: in France, there is a wide variety of regional development models, each of which carry their own specific tensions, contradictions and potential. Going back to the Limousin example, the overall good health of the region is largely dependent on a lifestyle based on credit, where quality of life is mainly sustained by transfers of public funds – either directly, in the form of pensions, or indirectly, in the form of public sector salaries. Conversely, a successful region like Ile-de-France struggles to reduce inequalities because the gap between the people and places that make up the region is precisely what drives it forward.

Green growth and sustainable development

The notion of green growth only adds to the ambiguity. Green growth seems to suggest that we can maintain a certain pace of economic growth while using various techniques to make human activities more environmentally-friendly. It is true that industrial processes, methods of manufacturing and managing infrastructure, housing, vehicles, and so on, are increasingly efficient in

terms of energy consumption and ultimate environmental impact; offsetting techniques are improving; and biodiversity awareness is becoming more widespread. However, the transition to a low-carbon growth path calls for more than just energy efficiency or a series of eco-initiatives – even if these initiatives can have a cumulative effect over time. For example, the objects which surround us are more efficient, but they are also more powerful and consume more energy; our homes are better insulated, but are increasingly dispersed and require more mileage to get there; our energy is cleaner, but we are consuming an ever increasing amount; a virtual economy is taking hold, but the circulation of objects is growing; our transport systems work better and offer unrivalled user comfort, but the overall cost per mile of public transport is almost the same as for a taxi. Overall, “green growth” is still largely dependent on a public economy and has not yet found its market equilibrium.

It seems clear that merely “greening” business activities and regions will not be enough to negotiate the transition to a more environmentally-friendly lifestyle under good conditions, particularly at a time when public financing is under pressure. Can the environmental performance of our regional organisation be improved and the pace of growth necessary to finance the various mechanisms for strengthening the social and regional fabric be maintained while controlling public spending? This balance is difficult to strike given the current state of affairs.

Urban planning and development

The problem is heightened because we cannot agree about the right organisational model for our regions. For example, in spatial terms, is a tightly-compact city the right way forward, allowing planners to save on both space and energy and protect agricultural land? Or do we need to think about many other ways of populating space, for example rural areas dotted with largely self-contained hamlets? Are collective transport solutions the answer to sustainable mobility? Or should we think about how best to combine individual and collective modes of transport, or even how to make individual modes more collective and collective modes more individual? Is the metabolic concept of spatial organisation the means to achieve “sustainable” regions or should we also think about the utility of having interconnecting networks

(energy, water, waste, etc.) in order to pool resources and achieve economies of scale?

In short, sustainable development poses more problems than it resolves. And yet this is precisely what makes it useful: it highlights the tensions and contradictions between the economic, social and environmental realms. It helps us to understand the diversity of regional models and why applying a one-size-fits-all approach will not work. It also encourages us to step back and acknowledge that unilateral solutions – even (and especially) if they are well intentioned – just miss their mark.

Faced with the risk of enlightened despotism (even if it is green despotism), sustainable urban development calls for new forms of regional democracy.



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(Paris PUF, 2008).



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SUSTAINABLE AND COMPETITIVE INFRASTRUCTURE

Caisse des Dépôts partners regional development by taking into account the specific characteristics of each of France's regions and the sustainable development challenges they face.

In considering economic, social and environmental issues, the Group adapts its approach to the specific characteristics of each region. The wisdom of this practice has been vindicated both by the economic crisis, whose impact has varied from one region to the next, and by the environmental crisis, which has affected lowland, mountain and coastal economies in different ways.

FINANCING THE DEVELOPMENT OF CAPITAL GOODS AND MAJOR INFRASTRUCTURE

We estimate that around €100 billion in financing will be needed between now and 2020 to develop and upgrade France's transport infrastructure⁽¹⁾. Financing the infrastructure needed for the economic development of our regions has become crucial in the current climate of austerity. Caisse des Dépôts is firmly committed to modernising and upgrading infrastructure and improving the way in which it is operated. The Group is involved on two levels. It provides financing through very long-term Savings Funds loans and capital investments made directly or via its subsidiary CDC Infrastructure. Through its subsidiaries Egis and Veolia Transdev, it is also involved in infrastructure design and operation.

In 2011, its sustainable infrastructure financing was exceptionally high. Four different sectors benefited from more than €4.3 billion in Savings Funds

loans: transport infrastructure, certified hospital programmes (*Hôpital 2012*), university housing and wastewater treatment. Caisse des Dépôts also confirmed its role as a major contributor to public-private partnership financing of large-scale infrastructure projects. These include the Sud Europe Atlantique and Bretagne-Pays de la Loire high-speed rail links. Several energy efficiency agreements also took shape in 2011, with the delivery of a first renovated energy-efficient lycée in Alsace and the signature of a new contract for the renovation of 100 schools in Paris. These efforts will be renewed over the long term. In the next five years, Caisse des Dépôts will continue to

THE BESPOKE
REGIONAL
APPROACH PROVIDES
A COMMON
FRAMEWORK FOR
THE GROUP'S ACTION

grant Savings Funds loans to finance infrastructure and capital goods⁽²⁾ as part of an estimated €15 billion infrastructure financing package.

ADAPTING INFRASTRUCTURE TO THE IMPLICATIONS OF CLIMATE CHANGE

● Designing infrastructure

To enhance our regions over the long term by giving due consideration to all sustainable development issues, it is essential to be involved at the earliest possible stage in defining infrastructure projects and devising plans to upgrade and modernise facilities. Caisse des Dépôts tries to do this by thinking upstream about the energy efficiency of infrastructure and the reduction of GHG emissions. Egis is renowned for its expertise in sustainable regional planning: each year it designs and inspects work representing some €10 billion in investments. As an eco-design specialist, Egis minimises the carbon footprint of its construction work and the operation of the facilities it builds.

● Financing carbon emissions reduction projects

In 2011, CDC Climat made its first direct investments in emissions reduction projects. These included three initiatives to manage urban waste in Colombia. The carbon credits generated by these projects will allow carbon emissions to be reduced by one million tonnes over the next decade. The Company joined forces with AFD and Orbeo as part of a carbon financing agreement for Tunisia's largest wind farm. CDC Climat also took a stake in two innovative carbon funds: Livelihoods, designed to protect eco-systems, and the World Bank's forest carbon fund.

Caisse des Dépôts assists regions who have developed a "climate strategy" to identify new sources of financing for their GHG emissions reduction projects (energy saving certificates, guarantee funds, carbon finance). It also assists them in devising new projects.

(1) Source: Impact study of the law setting up the Grenelle environmental conference.

(2) Excluding social housing and urban policy.

Continued on page 50

Estacade



The 50-year concession for the future high-speed rail link between Tours and Bordeaux was signed on 16 June 2011. The project also involves Egis, which will be responsible for infrastructure engineering and rolling stock on behalf of the concession operator LISEA.

3 questions for...

Patrick Vandevoorde

Deputy Chief Executive

Officer of CDC Infrastructure



You are involved in the concession for the Tours-Bordeaux high-speed rail link. Can you tell us more about this project?

The infrastructure project is exceptional in terms of both scale and complexity, and represents a total investment of €7.8 billion. It's the biggest public-private partnership ever in Europe's rail industry.

Where does Caisse des Dépôts come in?

LISEA, the concession operator responsible for financing, building and operating the line, is the result of an alliance between four shareholders, including CDC Infrastructure. Thanks to its capital contribution of €200 million, CDC Infrastructure will own more than one-quarter of the company. Caisse des Dépôts has also granted the project a 40-year Savings Funds loan for €757 million, the biggest loan granted to date.

What does this contract mean to you?

It shows that even in times of financial crisis, it is possible to raise several billions of euros for a sound project which brings together both the public and private sector and has the support of solid investors prepared to commit over the long term and take risks. ■

FOCUS

Over the past few years, Egis has been working actively on the impact of climate change in terms of infrastructure vulnerability

This work has allowed it to create a specific risk

management tool known as "GeRiCi".

Launched initially for a section of infrastructure, the project was extended in 2010 to networks and regions within the scope of the EU's "Risk Management for Roads in a Changing Climate" (RIMAROCC) initiative and the GeRiCi Réseau application being developed with SANEF.

The potential benefits of GeRiCi applications are significant for managers and for local and regional authorities, as GeRiCi helps them to determine infrastructure vulnerability, identify stand-by routes in the event of emergencies, optimise preventive measures and prioritise action plans. The standard approaches used to scale the construction work – previously based on historical data – should now be gradually replaced by GeRiCi methods based on risk analyses.



● Protecting biodiversity and natural habitats

As agricultural land and unspoiled countryside disappears with excessive urbanisation, eco-systems and rural areas are increasingly under threat. To protect natural resources and the diversity of flora and fauna, CDC Biodiversité has set up a number of offsetting mechanisms. When the residual impacts of infrastructure projects on natural habitats cannot be mitigated or avoided, the solutions put forward by CDC Biodiversité allow the impacts to be offset. In 2011, two project managers acquired their first biodiversity offsetting units from CDC Biodiversité in connection with Europe's first natural asset reserve created in the Crau plain (Bouches-du-Rhône). In 2012, CDC Biodiversité will be involved in the project for Nantes' Notre-Dame des Landes airport, which is to be built in a biodiversity-rich area.

€193 million
has been invested
in renewable energy
projects, including
€38.16 million
for 2011.

677 MW
in installed capacity,
including a connected
load of 258 MW.

SUPPORTING THE DEVELOPMENT OF RENEWABLE ENERGY AND SPEEDING UP THE MOVE TO ALTERNATIVE ENERGIES

To meet the 2020 targets set out in the EU's Energy/Climate Package, France is increasing its renewable energy production capacities. The new agreement signed with the Minister of Ecology, Sustainable Development, Transport and Housing in 2011 confirms Caisse des Dépôts' continuing investment commitment. In partnership with emerging players in the sector, the Group will invest in biomass and geothermal projects (100% thermal energy), as well as in offshore wind farm technology and marine energy. In all, by the end of 2011, €193 million had been invested in renewable energy production projects, including €38.2 million in 2011. Commitments made by Caisse des Dépôts since 2008 represent a cumulative output of 677 MW. The Group's aim is to generate 1 GW in new production capacity by 2014.

CDC Biodiversité launches its offsetting mechanism for the A65 motorway

On September 20, 2011, CDC Biodiversité and A'liénor⁽¹⁾ unveiled a major initiative that forms part of the environmental offsetting project for the A65 Pau-Langon motorway. The initiative was presented in conjunction with the Haut-Ossau trade union committee and a farming organisation. It will impact 15 animal or plant species and cover 1,372 hectares. Discussions with local farmers are aimed at helping to bring about changes in farming practices (farmers currently practice only intensive corn farming) in the Pont-Long plain near the A65 motorway – an area rich in flora and fauna.

An initiative to restore woods and copses, meadows, streams and wetlands has been launched across farms covering an area of 82 hectares. These new managed areas will help improve water quality and serve as biological corridors. CDC Biodiversité has committed to securing the land and managing these habitats over the 60-year term of the concession. The owners of the lands that are home to these biodiversity protection initiatives will receive financial compensation in return.

(1) A'liénor, a joint venture owned by Eiffage (65%) and Sanef (35%), holds the concession for the A65 motorway. A'liénor will be responsible for the design, funding, construction, operation and maintenance of the new 150 km motorway link over the next 60 years.

AESTHETIC APPEAL AND QUALITY OF LIFE

Through its actions, Caisse des Dépôts endeavours to reduce the inequalities between France's regions and ensure that their inhabitants enjoy a high quality of life.

The Group considers the specific needs of each region and sets out to eradicate the inequalities that exist within and between city centres, outlying areas and the countryside. Its aim is to provide inhabitants with good quality services in terms of transport and access to information technologies.

ACCESSIBILITY AND MOBILITY

The balanced development of French regions depends first and foremost on efficient, interconnected transport networks. Savings Funds loans provide long-term financing for urban transport projects (€1 billion in 2011).

● Creation of the world leader in sustainable mobility

2011 saw the completion of the merger between Veolia Transport and Transdev to create the world leader in sustainable mobility. This Caisse des Dépôts subsidiary develops tailored mobility solutions at all regional levels and is involved in all modes of transport, including both reserved-lane public transport (train, tramway, underground, tram-train, etc.) and other kinds of public transport (bus, coach, river shuttle, etc.), along with on-demand transport services (taxis, ambulances, SuperShuttle, etc.). Veolia Transdev promotes sustainable mobility in many different ways, for

example by developing reserved-lane public transport (the first line of the Reims tramway was unveiled in 2011), assisting in the transition to a cleaner mode of transport (satellite car parks are found adjacent to each railway station) and improving connections with urban, semi-urban and regional transport links. A series of pilot projects has been launched in these areas. In Nice, Veolia Transdev is conducting tests with used cooking oil esters.

● Wired-up mobility

To simplify the transition to a cleaner mode of transport for passengers, as well as optimise the use of existing networks and offer optimum service quality, Veolia Transdev was one of the first operators to unlock the potential of digital technology, which

it has used to develop remote information, electronic payment, contactless ticketing and real-time information systems. In turn, Egis is developing Easytrip electronic toll services for transport users.

DIGITAL INTEGRATION AND TELECOMMUNICATIONS INFRASTRUCTURE

Besides passenger and freight transport, regional economic development is played out in the field of data transmission, digital integration and telecommunications infrastructure.

● Launch of the National fund for the digital society

Caisse des Dépôts helps to provide regions with the critical telecommunications infrastructure they need to secure economic growth. Over the past few years, the Group has been one of the driving forces behind broadband and high-speed Internet access technology throughout France. In 2011, it set up the National fund for the digital society (*Fonds pour la société numérique* – FSN) as part of the Investments for the Future programme which it manages. The fund has begun to allocate the €2 billion⁽¹⁾ entrusted to it to roll out new high-speed Internet networks and develop innovative new digital applications, services and content. In all, 45 projects were selected in 2011, representing a total investment of €751 million.

PROVIDING
REGIONS
WITH THE
INFRASTRUCTURE
CRITICAL TO
ECONOMIC GROWTH

● **Cyber-base® programme continues**

Since 2000, Caisse des Dépôts has been setting up public digital facilities to introduce all ages to the Internet and to other multi-media tools. These initiatives are part of its cyber-base® programme. A total of 11 new digital projects were launched in schools in 2011. Today, the cyber-base® network has 752 sites across France, 1,800 instructors and 265,000 users. After having partnered the implementation of public digital facility projects across France's regions over more than a decade, Caisse des Dépôts is now conducting a qualitative analysis of the users of these facilities.

● **High-speed Internet access**

Egis boasts extensive expertise in rolling out high-speed networks, allowing it to offer new capacities and communication services and reinforce regions' competitive clout.

LEISURE AND TOURISM

● **Adapting tourist infrastructure to the needs of consumers**

In 2011, Caisse des Dépôts pressed ahead with its efforts to help overhaul the French tourist industry. The leisure and tourism sectors are among the Group's top priorities and a prime

source of revenue, with tourism alone representing 2.4% of GDP⁽²⁾. They are also crucial to the labour market (more than one million jobs, or 4% of the active population) and to professional integration, and are closely tied to urban development and regional competitiveness. However, part of France's tourist industry is now outdated and its potential is not optimised. It also fails to pay sufficient heed to sustainable development concerns or to new demands from national and international clientele. Tourists are increasingly in search of tailored packages that show better respect for the natural and social environment. Caisse des Dépôts is aware of these failings and seeks to adapt its actions in order to enhance the appeal of tourism in France.

● **Modernising tourist infrastructure**

The Group is drawing on its extensive expertise in order to keep pace with the changing expectations of consumers and address France's outdated tourist infrastructure.

● Compagnie des Alpes in partnership with Caisse des Dépôts is currently testing a project aimed at renovating holiday chalets in mountain resorts. The objective is to put newly renovated flats that meet the needs of customers back on the rental market.

● As well as its property renovation and eco-design programme, Belambra plans to upscale its range of products and services.

● Caisse des Dépôts is currently recasting its action guidelines in this sector and enriching its range of solutions, for example in order to promote ecotourism.

(1) Initially endowed with €4.25 million, the amount earmarked for the FSN (part of the Investments for the Future programme) was cut to €3.6 billion by the amending Finance Law of 14 March 2012, including €2 billion for infrastructure.

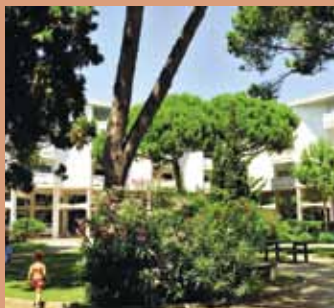
(2) Source: Report of the French National Tourist Board of 15 February 2011.

For more information:

- CAISSE DES DÉPÔTS, PAGE 130
- CDC CLIMAT, PAGE 136
- CDC INFRASTRUCTURE, PAGE 135
- VEOLIA TRANSDEV, PAGE 141
- EGIS, PAGE 142
- COMPAGNIE DES ALPES, PAGE 142
- BELAMBRA, PAGE 143
- SOCIÉTÉ FORESTIÈRE, PAGE 144
- CDC BIODIVERSITÉ, PAGE 138

FOCUS

Holidays for all: developing social tourism. To meet the renovation needs of holiday villages – estimated at more than



€500 million over 10 years, Caisse des Dépôts and the French National Agency for Holiday Cheques have teamed up to create a social tourism investment fund. The fund will make €150 million in capital investments over 10 years in dedicated property companies set up to oversee the renovation and expansion of each holiday village operated by players active in the social tourism industry.

The “Cap Vacances” holiday village in La Plagne was inaugurated in February 2011 and is a good example of the Group's efforts to promote social tourism.

The renovation work cost a total €6.1 million and was funded by public and private investors. This holiday village offers services especially designed for families, along with upscale facilities such as a private cable car and panoramic restaurant.

Thanks to the quality of the services on offer, the renovated villages are expected to attract a varied public from a broad array of socio-cultural backgrounds. In 2011, investments were also made in other holiday villages scheduled to open soon.



In 2008, the Flaine ski resort, operated by Compagnie des Alpes, decided to create an environmental observatory spanning 1,400 hectares and five municipalities.

3 questions for...

Frédéric Marion
Managing Director
of the Flaine ski resort



Why create this environmental observatory?

We wanted to show that you can operate a ski resort while respecting and preserving biodiversity.

How does the observatory work?

First, we have to document all existing biodiversity in all its forms (landscape, fauna, flora and specific biotopes) and monitor how it changes based on hard evidence.

What is the aim of the observatory?

The second phase will monitor the work carried out to improve the ski resort and measure its impact on all aspects of the environment and biodiversity. The goal is to find different solutions for preserving or restoring the affected land, for example by better integrating the works within the landscape, restoring the flora, and so on. ■

At Hossegor-Seignosse, Belambra's "Les estagnots" holiday village, which was renovated in 2011, is part of an ambitious environmentally-friendly renovation programme.



Restructuring the timber industry

With the third largest forest-covered area in Europe, there are certainly opportunities to be had in France. However, its timber industry has to restructure and evolve. In 2011, Société Forestière continued to help improve the industry's operation and supply under optimum conditions:

- > it lent its expertise to the Timber Fund (*fonds bois*) managed by CDC Entreprises;
- > it supplied the industry from areas storing distressed timber that it had built up in Aquitaine;
- > its contribution to the direct and indirect production of energy from timber represented the equivalent of a 64 MW power station.







OFFERING LIFE-LONG CARE AND PROTECTION

Caisse des Dépôts' overriding strength is the trust that it inspires. Its care for individuals and protection of the funds entrusted to it are central to the Group's strategy. Caisse des Dépôts works to ensure that all of its management activities are carried out in a responsible, informed and sustainable manner.

INTERGENERATIONAL TRANSFERS

Inequalities between generations have led to a yawning wealth gap between the elderly population and their children.

Why do we talk about the 'generation dilemma' between the young working population and the elderly?

The expression is rooted in an analysis of intergenerational inequalities and is used by several authors who interpret French post-war history in light of the conflict between the baby-boomers or “golden” generations born between 1925-30 and 1950-55, and the subsequent “burdened” generations. This discourse emphasises the golden age of pensioners in France today, which is seen as an unprecedented but temporary phenomenon in its final throes. In short, the retired population in 1950-60 was poor, as can be seen from the necessity to introduce the minimum old-age pension in 1959. The welfare state at the time played a healthy role. But today, it primarily protects the elderly – the children of the boom years – and reserves a much less enviable fate for subsequent generations. The “golden” generations enjoyed high salaries and full employment, limited social welfare payments to retirees who were mostly not very well-off, and handsome pensions thanks to good careers (“triple gain”). In contrast, the “burdened” generations risk suffering from low, precarious salaries and high unemployment, costly social welfare payments to a large, flourishing elderly population, and limited pensions due to uneven career paths (“triple pain”). These generational inequalities have led to a yawning wealth gap between the elderly population and their children: inflation and housing policies in the

boom years made it easy for today’s pensioners to own their own homes (and more than 70% are in fact homeowners), and the value of their homes has increased. By contrast, access to home ownership is more difficult today owing to the appreciation in property prices, especially in big cities.

Assuming this analysis is correct, it is clear that social transfers, far from bridging the generational gap, actually risk making it deeper. In 1950, those over 60 represented just 6% of the population; today, they account for just over 20% and receive almost 20% of GDP in the form of pensions, health insurance and dependency benefits (potentially raising the public deficit), which is as much as that spent on all other age brackets in the fields of healthcare, education, family allowances, income support, unemployment benefits and so on. What will happen when pensioners account for almost one-third of the French population in 2050, since growth cannot be ordered but depends above all on public spending on education and training?

In view of the ageing population and slowdown in growth, welfare spending may ultimately face a long-term viability problem. The “golden” generations will leave a legacy of high public debt as well as social debt accumulated by pension and healthcare systems, which younger generations will have to pay back in what will almost certainly prove a tougher economic climate.

You posit three models (individual, family and State) for intergenerational transfers and solidarity. Can they be reconciled?

On the evidence of the above, the current status quo seems untenable. Three accepted welfare reform strategies emerge, each embracing a particular social philosophy or world-view and each emphasising one of the French Republic's values of liberty, equality, and fraternity and solidarity over the others. What is the ideal arrangement between these three pillars of our well-being? The market, the State, the family and forms of "civil solidarity" (associations, mutual health insurers, corporations, etc.)?

The "free agent" view espouses a market-based philosophy and advocates the freedom and responsibility of individuals acting as autonomous agents. This view mistrusts the State, which increases social taxes and thereby impedes the proper functioning of the markets. It wants to roll back the welfare state, especially in its treatment of the elderly population. The fall in public pensions would be offset by offering people incentives to save for their old age and by promoting defined-contribution pension plans.

The "equality among citizens" view affords a primary role to the State and its duties of redistribution. It upholds the notion of equal opportunities as well as cooperation between citizens. It mistrusts the family and the intergenerational relationships this creates. This view, which serves as inspiration for the theory of "golden" and "burdened" generations, is in favour of "reorienting" the welfare state towards the younger population and their parents, who may be facing new risks (single-parent families, unskilled young workers, poor young parents, etc.). Besides a strong core redistribution of wealth, diminished public pensions would take the form of notional accounts based on a principle of actuarial neutrality, but with the State managing the rate of return.

The "multi-solidarity" view revolves around the family (and civil solidarity), the archetypal model of solidarity between close relations and between generations. It is based primarily on fraternity, or solidarity. This view is the most wary of market forces. Individuals are seen not as autonomous or sovereign agents but as dependent on others and, based on a notion of identity-by-affiliation, are defined as a "brother" within different "families", encompassing blood relations through to the nation (and beyond). The difficulty here is to ensure that the interaction between these different levels of solidarity is coherent. The individual is conceived

as a link in the intergenerational chain, who has a debt to society and to the people who came before him that must be settled by doing the same for his successors, following a logic of indirect reciprocity.

While the first two views would reduce social spending for the elderly, given the seemingly untenable intergenerational pact, and "shake up" generational ties, seen as either too socio-political (from the "free agent" perspective) or family-oriented (from the "equality among citizens" view), the "multi-solidarity" philosophy would look to maintain social spending by reinforcing these generational ties and emphasising the duty of the elderly population.

To maintain pension payments at current levels, people would need to work over

a longer period of time. In terms of dependence, younger retirees would also pay for older retirees – out of solidarity of course! The new social contract would link public spending on education to public spending on pensions, since the two social programmes are discussed together. A social protection policy oriented more towards solidarity would index pension payments to well-off pensioners to a still-to-be-defined indicator of success among poor or unskilled young people. And the channelling of wealth towards the younger generations would gain momentum, if necessary by higher, gradual taxation on family estates. Can these three views of the social contract and the future of the welfare state be reconciled? On a global level, most definitely not.



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However, certain compromises are always possible, and every national social model borrows something from each of the three philosophies. For example, in the French model, family and marriage quotients clearly reflect the multi-solidarity view; income support (*Revenu de solidarité active* – RSA) is based on the notion of equality among citizens; while our complex, hybrid pension system has more in common with multi-solidarity thinking. However, if it wants to preserve a coherent social model, France will be compelled to choose between these three views and hence between the type of deep-seated reforms each involves.



OTHER EXPERT VIEWS:
www.solutionsdurables.tv

CARING FOR PEOPLE

Caisse des Dépôts is carving out a role as a key provider of individual care.

To address the needs of an ageing population, Group businesses and subsidiaries have thought up a broad array of new services.

A Strategy Committee on ageing has been set up to coordinate the different initiatives launched by Group entities in this field and to think about how best to adapt the Group's products and services to these new imperatives.

PROVIDING DAY-TO-DAY PROTECTION

As a personal insurer, CNP Assurances develops solutions to protect against risks that can arise during a person's lifetime. Thanks to its wide range of products, policyholders can find the solution best suited to their goals and profile, be it helping their children financially, protecting or bequeathing their savings or assets, securing additional lifetime income, or protecting their families from unforeseen events. As inequalities widen, it seems that supplementary and top-up social protection systems will have to be rethought. In France, life insurance remains the most popular means of preparing for retirement or of financing a project.

PROTECTING THOSE MOST AT RISK

Tackling financial exclusion has been among CNP Assurances' priorities from the outset. The company pools risks in order to offer affordable insurance to the largest number of people. Premiums under its main life insurance contracts are set extremely low (€30 per month). In its group life insurance business, policies available to businesses, associations and local government allow employees to enjoy identical coverage at the lowest possible cost thanks to risk pooling.

NEW IMPROVED PRODUCTS AND SERVICES TO MEET THE NEEDS OF AN AGEING POPULATION

DEVELOPING PERSONAL ASSISTANCE SERVICES

CNP Assurances has created Filassistance International and Filassistance Services, two subsidiaries specialising in the personal assistance business. The company also owns Âge d'Or Services, a network of franchises specialising in personal services. These entities are part of its CNP Services à la Personne banner. Filassistance International, the only company to specialise in local personal assistance services, helps those undergoing family break-ups or professional trauma as well as isolated individuals with no support network. Âge d'Or Services provides local assistance to dependent people or people with reduced autonomy so that they are able to remain in their own homes under the best possible conditions.

IN TUNE WITH SOCIAL CHANGE

CNP Assurances seeks to adapt its products to new risks that are emerging as a result of extended life expectancy. Together with its partners, it has developed new care solutions for dependent people combining collective risk pooling and individual commitment. Dependency solutions, which were incorporated within the health policies offered by the French mutual insurer for the national education system (*Mutuelle Générale de l'Éducation Nationale* – MGEN) in 2010, provided immediate insurance to two million public-sector employees. These solutions were rounded out in 2011 by discretionary, bespoke cover allowing each policyholder to adapt their insurance to their specific profile.



The head office of CNP Assurances, France's leading personal insurer.

HELPING THE SICK TO ACCESS CREDIT

The AERAS agreement on insurance and credit for people with an increased health risk sets out to help the sick or those with a previous illness to obtain credit, by making it easier for them to contract insurance. Together with patient associations and the banking and insurance industry, CNP Assurances is actively involved in the work of the Monitoring and Proposals Committee, which led to the signature of an improved agreement during the year, effective as of September 2011. This new agreement reinforces disability cover, taking into account advances in medicine. CNP Assurances is determined to ensure that this agreement – designed to provide further insurance for those who need it most – is properly enforced. Wherever possible, CNP Assurances goes beyond the provisions of the agreement and provides insurance for a maximum number of people without increasing premiums or limiting cover. In both 2011 and 2010, more than 99.8% of insurance applications were accepted.

MANAGING PENSIONS EFFICIENTLY

The Pensions and Solidarity Division (*Direction des retraites et de la solidarité – DRS*) – the new name reflects the actual scope of its action – carries forward Caisse des Dépôts’ historical role as a trusted third-party player in pensions and social protection. A partner of choice for some 75,000 public-sector employers (local, regional and national government, and hospitals), Caisse des Dépôts manages 47 funds. These

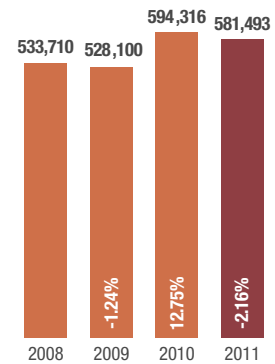
comprise pension funds – mainly for the public sector – and special solidarity funds, for example funds providing job opportunities for the disabled. The pension funds managed by the Group cover 7.3 million workers and 3.4 million retirees, or one French retiree in five. Caisse des Dépôts has received €28 billion in funding and paid out €23.6 billion in benefits.

A NEW STRATEGIC PLAN FOCUSED ON SOCIAL PROTECTION

Following on from its CAP 2010 strategic plan aimed at upgrading production facilities, in 2011 Caisse des Dépôts continued to improve its internal control procedures in line with the government’s determination to step up the fight against social security fraud. The aim of “Oser 2014”, its new recently-adopted strategic plan, is to expand Caisse des Dépôts’ role in social protection.

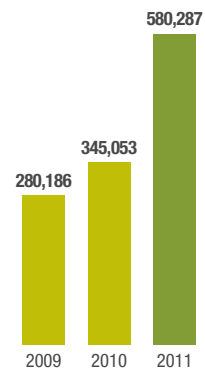
PLAN SETTLEMENTS

Number of pension plan settlements processed and % year-on-year change



RIGHT TO INFORMATION

Number of EIG and RIS pension statements sent by Caisse des Dépôts



FOCUS

Caisse des Dépôts raised its game to meet the challenges of pension reform head on.



In a very short space of time, Caisse des Dépôts successfully adapted its information systems and ran a training programme for 700 employees concerned by the reform in first-half 2011. Amid a sharp rise in activity (more information requests, surge in settlements, etc.), it was able to combine efficiency and service excellence in accordance with the commitments set out in the performance and management agreements signed with pension funds and supervisory authorities. It also enhanced its information system for employers and policyholders, rolling out a discretionary electronic pension statement together with GIP Info Retraite.

employees of France's public-sector functions) to roll out its innovative responsible investment agenda. In 2012, all of its managed funds will be governed according to financial and non-financial socially responsible investment (SRI) principles. A call for bids was launched to select management companies meeting these criteria and a social and environmental rating agency chosen to assess portfolios' SRI score.

A TRUSTED PLAYER INCREASINGLY IN DEMAND

Thanks to the trust inspired by Caisse des Dépôts' responsible management of private funds, its expertise is solicited in increasingly diverse sectors. Caisse des Dépôts' main role is to act as public banker to the judicial system, the social security system and public interest organisations. It also has a legal trustee and fiduciary role. Caisse des Dépôts took in deposits of over €47 billion in 2011. This amount included more than €36 billion in funds from legal professions and escrow accounts.

Caisse des Dépôts' secure fund management capabilities are widely recognised and new funds were placed under its responsibility by the French government during the year, for example the historical nuclear energy regulated access fund (*Fonds d'accès régulé à l'électricité nucléaire historique* – ARENH).

Since 2011, Caisse des Dépôts has been responsible for centralising amounts billed by EDF to alternative energy providers⁽¹⁾ in respect of energy sold, and for managing these funds in a confidential manner and ensuring their traceability. Caisse des Dépôts also plays a primary fiduciary role and in 2011 was appointed as Chair of the Paris Europlace Fiduciary Committee. This Committee aims to promote trust mechanisms and strengthen the international standing of the Paris financial market.

STRICTER SECURITY REQUIREMENTS: ADOPTION OF A CAPITAL ADEQUACY MODEL

The main objective of the capital adequacy model adopted by the Supervisory Committee on 11 January 2012 based on the recommendation of the Chairman and Chief Executive Officer, is to protect Caisse des Dépôts from major risks over the medium term. This model covers all the main risks: equity risk, liquidity risk, interest rate risk, credit risk on portfolio securities and on loans granted, real estate risk, currency risk, operational risk and, for the Central Sector, risks related to subsidiaries and equity interests.

The resulting modelling of risk and of capital requirements is designed primarily to ensure a very high level of

financial security, consistent with the missions entrusted to Caisse des Dépôts. The model is intended to cover all Caisse des Dépôts Group entities in line with their various different businesses, and will be especially adapted for the Savings Funds.

In order to provide the highest possible safeguards, the Group's capital adequacy ratios are even more stringent than regulatory requirements for the banking sector.

(1) Since the "NOME" law attempting to open up France's energy market, new energy suppliers can buy and resell power generated by EDF's historic nuclear plants. Caisse des Dépôts' new ARENH fund was created specifically for this purpose and provides traceability of funds flowing between EDF and the new energy suppliers.

For more information:

CAISSE DES DÉPÔTS, PAGE 130
CNP ASSURANCES, PAGE 140

FOCUS

Introduced into French law in 2007, a trust is defined as "an act whereby a settlor transfers property, rights or sureties to a trustee, who holds that property separately from his own property, and acts according to a specific goal in the interests of one or more beneficiaries".

Trusts therefore serve to protect property by placing it in the hands of a third party who acquires title to the property. Such arrangements can either take the form of a security trust (pledging property to guarantee a debt) or a management trust (property to be protected and used at a later date in accordance with certain management deeds). French law sets the maximum term of trust agreements at 99 years.

For Caisse des Dépôts, this arrangement represents an opportunity and is a new area in which it can exercise its role as a third-party player of choice. Trust mechanisms are particularly well-suited to troubled economic times since they provide security and guarantees.

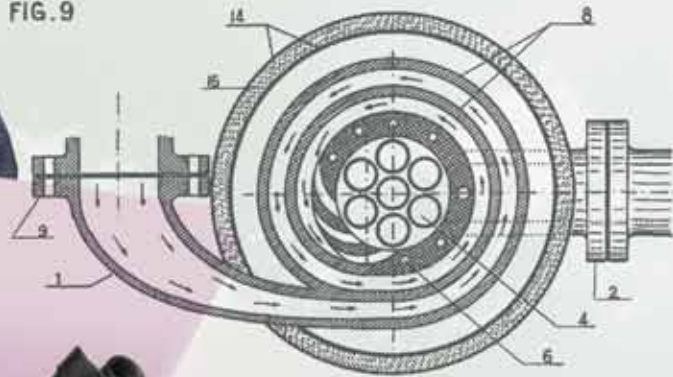


A make-over for the hospital complex in Calais. Caisse des Dépôts has recently granted the institution a Savings Funds loan of €73.8 million as part of its "Hôpital 2012" package. Icade is the delegated contracting authority for the overall construction of the futuristic hospital project, covering an area of 60,000 sq.m.





FIG. 9




$$\frac{Q}{2t}$$

$$v = 0,86$$



SUPPORTING THE KNOWLEDGE-BASED ECONOMY

A man in a black suit and tie is walking from left to right, holding a stack of papers. He has a red and yellow pin on his lapel. The background is a collage of images: a blue and white grid pattern at the top, a green and white fiber optic cable network, a colorful building with a red and yellow facade, and a pink and green abstract shape at the bottom. A small number '012345678910111213141516' is visible at the bottom left of the image.

As the contribution of emerging countries to global GDP looks set to overtake the contribution of OECD nations, France has to step up its efforts to cover every aspect of the knowledge-based economy. Thanks to its involvement at each stage of the innovation and knowledge transfer process, Caisse des Dépôts is determined to act as a driver of this new momentum.

KNOWLEDGE: THE LIFEBLOOD OF THE ECONOMY

In education, resources are central, but we also need to improve governance, both in the way funds are allocated, and in the way in which they are used.

How can education become a force for growth in the years ahead?

Up until the 1980s, theories of economic growth were essentially based on capital accumulation. But consistent with the theory of diminishing returns, growth cannot be sustained over a long period of time without innovation. However, these theories gave us no indication of how to foster innovation. A few of us have since developed new models where economic agents are encouraged to innovate through incentives largely influenced by economic institutions and policies.

Empirical studies carried out after the 1980s show that human capital is fundamental to growth in two different ways.

- First, it stimulates growth through accumulation, i.e., the rate at which human capital increases. To achieve faster growth, the rate of human capital accumulation has to continue increasing (this first, neo-classical approach treats human capital as a factor of production in the same way as physical capital).
- Secondly, growth is stimulated by the existing human capital at our disposal. This reflects a more technological view of education's role in growth. The more human capital at our disposal, the more people will be capable of swiftly adapting to technological change and of breaking new technological

ground, thereby acting as a stimulus to growth. For example, studies have shown that the most educated farmers are the first to adopt new products and processes. This second approach owes much to Schumpeter's way of thinking.

Growth theories therefore imply that national differences in short- and medium-term productivity growth and GDP per capita are largely due to differences in R&D policies and strategies as well as to differences in education systems, since education determines the supply of skilled workers capable of bringing about technical progress.

Education and research are growth factors in every country, irrespective of their level of technological sophistication.

How can we make our universities more attractive in a fiercely competitive global environment?

Countries with the best universities, i.e., those which head the Shanghai rankings or other similar league tables, have invested heavily in higher education. The US spends an average of €36,000 per year on each student, for example, while Scandinavian countries spend €20,000. In contrast, France spends €10,000 per year on each student. Spending therefore needs to be increased rather than culled.

However, along with higher spending, we also need a dual change in governance: as regards both those allocating the funds and those receiving them. The government, which decides how spending is allocated, must develop a firm strategy in which its priorities are clearly identified in order to avoid spreading funds too thinly and hence ineffectively. It should also set up a system for evaluating the use made of funds and take steps where results are other than expected. In other words, introduce a system of accountability.

I am also in favour of increasing universities' freedom to make decisions about hiring and paying lecturer-researchers, recruiting students, defining curricula and purchasing equipment. However, a system should be put in place to ensure that this freedom is properly exercised. For example, university presidents would be monitored by a "senate" of academics but also by a board of directors composed partly of members external to the university, as with any company. In both Canada and Switzerland, most universities are public but all have a board of directors. This avoids certain abuses that may appear elsewhere, and prevents people of average ability co-opting other people of average ability in order to keep their positions.

The Finnish example is also interesting, since the system is no more expensive than in France, but is more efficient and there is better coordination between central government and the governing boards of decentralised establishments. For me, the winning formula is therefore a combination of three things: incentives, resources and autonomy.

What links should be put in place between the academic world and business?

The fact that education and technical progress often go hand in hand has concrete ramifications for economic policy. In particular, it suggests that a sound growth policy for research and innovation involves:

- subsidies for R&D or for fitting out laboratories used primarily by innovative companies;
- a suitable policy providing for intellectual property rights over innovation;
- improvements in the quality of the education system;
- more flexibility between the supply and demand sides of the skilled labour market, to be achieved primarily by providing better information to businesses about highly-skilled graduates, and to researchers about changes in innovative sectors.



However, let's not forget that the primary role of academia is to instruct students and enable them to find employment. This criterion is another measure of excellence in the same way as research criteria. We should also be able to seek inspiration from those countries where the system works well and continue to make the boundaries between the academic

and business worlds more porous through work-study programmes, work placements, sabbaticals, and so on. Concrete work experience should also be valued more.

PHILIPPE AGHION

is a professor at Harvard University and at the Paris School of Economics.

He is a member of France's Economic Advisory Committee and headed the working group tasked with benchmarking university autonomy across the globe.

He was also in charge of the working group on the creation of a university campus of excellence. His macro-economic research has been mainly concerned with innovation and growth.



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>Encouraging research? >Digital services: can we trust them?

DEVELOPING A VIBRANT ECO-SYSTEM

The Group is putting in place different mechanisms in an effort to foster synergies between the various players and infrastructures involved in the knowledge-based economy.

In the knowledge domain, France should position itself in relation to a dual underlying trend: increasing internationalisation and growing visibility. The Intellectual Property Exchange heralds the advent of a global market for intellectual property and is expected to launch its first product in 2012.

For France to become part of this momentum, it must forge more links between the academic and business worlds, and press ahead with efforts to upgrade the infrastructure of the knowledge-based economy. Mindful of these imperatives, Caisse des Dépôts placed universities and the knowledge-based economy as a top priority of its Élan 2020 strategic plan. Six of the eight initiatives managed by Caisse des Dépôts as part of the French government's Investments for the Future programme concern research and innovation.

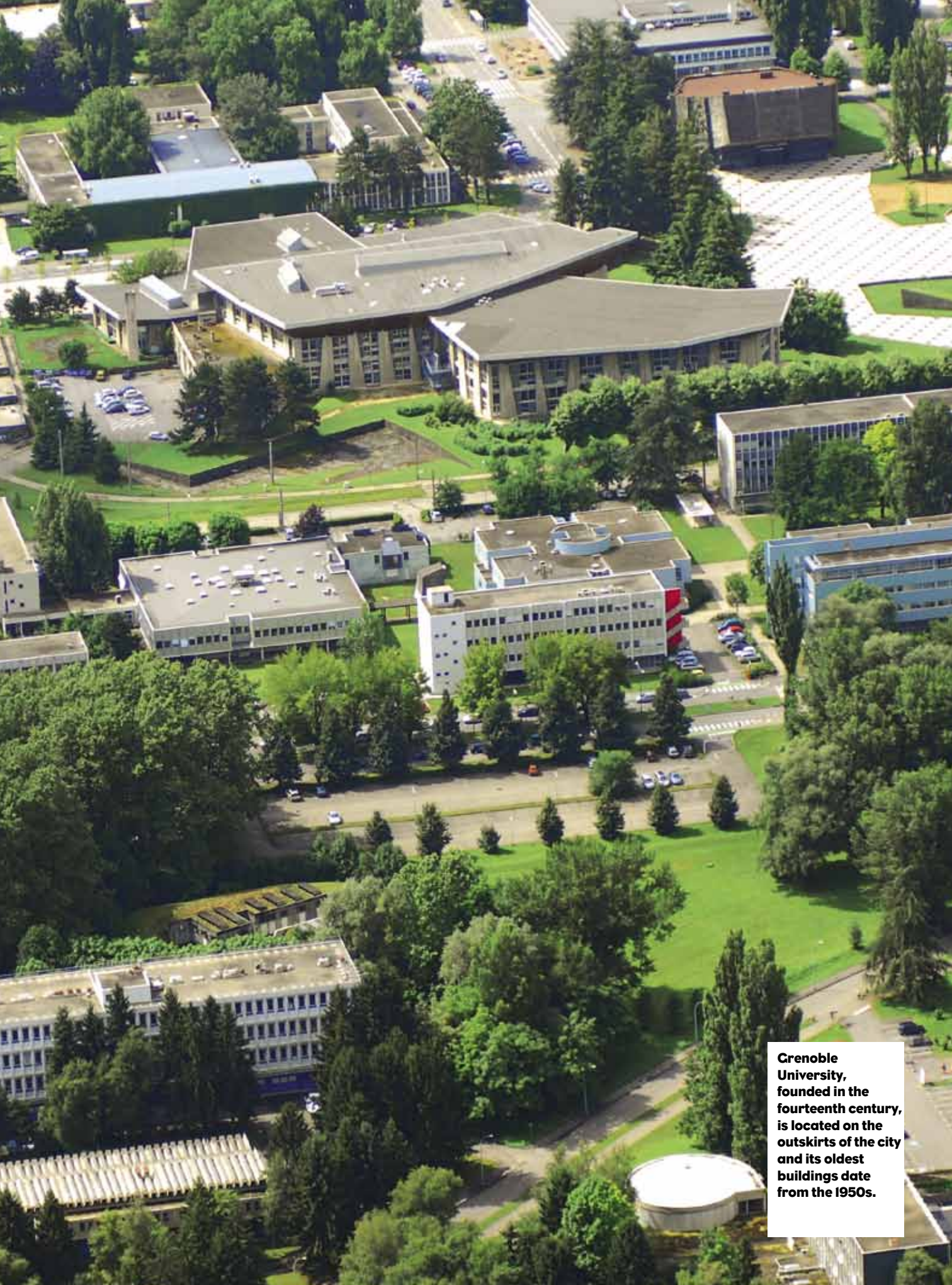
The Group is active at every level of the innovation chain, from academic research (Novethic and CDC Research Institute which partner universities) to applied research (support for innovative companies). The creation of a university innovation and research department in July 2011 reflects the Group's determination to expand and improve its action in this field.

**SOME
€500 MILLION
HAS BEEN
ALLOCATED TO
UNIVERSITIES
AND THE
KNOWLEDGE-
BASED
ECONOMY
SINCE 2008**

SHOWCASING EDUCATIONAL INSTITUTIONS

Modernising and showcasing universities is the pillar of any knowledge-based economy. More openings should be created with the business world in order to better meet market needs. This is the goal of the professional work-study initiative which is part of the €500 million Investments for the Future programme managed by Caisse des Dépôts on behalf of the French State. In 2011, almost €90 million was allocated to training initiatives and/or innovative accommodation programmes meeting specific economic needs. For example, €13.6 million was allocated to the BTEC Biovalley Illkirch work-study programme, which plans to build an educational factory-school and 200 student accommodation units.

To enhance the appeal of French institutions compared to their international counterparts, universities need to keep up with new digital applications and environmental requirements, and ensure that campuses are tightly woven into the urban fabric. Since 2008, Caisse des Dépôts has harnessed its expertise to co-finance 135 studies designed to help universities become more autonomous, particularly in terms of designing their real estate strategy. 2011 saw these projects move to the financing and implementation phase. For example,



Grenoble University, founded in the fourteenth century, is located on the outskirts of the city and its oldest buildings date from the 1950s.

a real estate development company for the Strasbourg campus was created in 2011 and the AgroparisTech initiative is currently being set up. The “competitive dialogue” procedure taking place in connection with “GreEn-ER” initiatives in Grenoble and at the Bordeaux campus – to which Caisse des Dépôts has committed €40.2 million through the related real estate development company – will be completed in early 2012. In 2011, the Group also signed a €170.2 million Savings Funds loan and committed €33 million in capital investments to a variety of university real estate projects.

BUILDING BRIDGES BETWEEN RESEARCH AND BUSINESS

In 2010, the US, China and Japan represented almost 62% of all patents filed worldwide⁽¹⁾. France suffers from the geographical dispersion of its researchers and from too few links between the research and business worlds.

This situation is gradually changing, thanks to new competitive clusters, a vital force for regional economic development. Caisse des Dépôts is sponsoring new innovation platforms which will serve as a basis for future R&D projects. In 2011, it injected a total of €1.8 million into six such platforms. It was also chosen to manage the €50 million Pooled innovation platforms initiative, part of the Investments for the Future programme. By fostering exchanges between public and private researchers and making pooled resources available to them, these innovation platforms can drive forward successful research, development and innovation initiatives with significant economic benefits. Caisse des Dépôts now manages all investments and subsidies relating to this programme. The projects shortlisted after the first wave of applications are currently being reviewed.

A major milestone was reached in the effort to reinforce synergies between the research and business worlds, with the creation of accelerated technology transfer companies (*Société d'accélération de transfert de technologies* – SATTs) as part of the National research visibility fund run by the Investments for the Future programme. These firms identify the most promising research projects and help get their ideas to market. Five SATTs were set up at the beginning of

**€170 MILLION
IN LOANS AND
€33 MILLION
IN INVESTMENT
COMMITMENTS
IN 2011 FOR
REAL ESTATE
PROJECTS RUN
BY UNIVERSITIES**

2012 and another four are in the offing. As part of this new research-focused eco-system, a €400 million National seed capital fund (*Fonds national d'amorçage* – FNA) – part of the Investments for the Future programme – was created at the end of June 2011. The FNA is managed by CDC Entreprises and through the various sub-funds in which it invests, provides equity capital to support companies developing innovative high-tech projects that create jobs and activity in strategic sectors. The first €15 million investment was in Inserm Transfert Initiative, a seed capital company specialising in life and health sciences. Thanks to the leverage effect, almost €850 million will ultimately be injected into French start-ups.

CONTINUING TO GIVE VISIBILITY TO RESEARCH

To give renewed impetus to the intellectual property market, the €100 million *France Brevets* patent fund was officially launched in March 2011. *France Brevets* is owned equally by the French State (Investments for the Future) and Caisse des Dépôts, and will invest in intellectual property rights stemming from public and private research. It will give added visibility to research by organising it according to

technology clusters and repackaging it in the form of licenses which will be sold to French and foreign companies. *France Brevets* sets out to raise the profile of the research establishment among manufacturers, and alongside SATTs, to help researchers better gauge the real needs of the economy. *France Brevets* will seek to act in a sustainable, responsible manner and in 2012 will adopt a Sustainable Development Charter (currently being drafted). Three patent agreements and two partnership deals with Oséo and the French Institute for Intellectual Property were signed on 31 January 2012.

(1) World Intellectual Property Indicators Statistics Database, October 2011.

For more information:

- CAISSE DES DÉPÔTS, PAGE 130
- INFORMATIQUE CDC, PAGE 143
- CDC FAST/CDC ARKHINÉO, PAGE 136
- NOVETHIC, PAGE 139
- FRANCE BREVETS, PAGE 144

Photovoltaic cell production at the French Atomic Energy and Alternative Energies Commission (CEA).



3 questions for...

Ludovic Valadier
Head of Caisse des Dépôts' innovation, research and universities department



How can we get the most out of research?

We first need to convert academic work into products that have an economic value. This means filing patents and trademarks, obtaining licences, creating start-ups or signing research agreements with companies.

What are SATTs?

SATTs are firms based in a given region which pool the services of universities and partner research institutions. Their role includes identifying groundbreaking innovation within laboratories, bringing research projects to maturity and pushing these projects towards a pre-manufacturing phase.

Can you give us any examples?

In the healthcare sector, bringing a project to maturity may involve confirmation *in vivo* of the effectiveness of a molecule prior to clinical development. Another example in the field of energy storage may be converting an electro-chemical pair into a prototype battery for hybrid electric vehicles. ■

BUILDING THE DIGITAL SOCIETY

The digital industry represents “more than one-quarter of economic growth and 40% of productivity gains”⁽¹⁾, making it central to economic development in France.



Caisse des Dépôts has been a long-standing investor in regional digital development. It has helped roll out digital infrastructure and developed innovative digital content and services, particularly alongside local authorities. Its cyber-base[®] programme, which works to raise digital awareness and teach people of all ages how to use the Internet, celebrated its tenth birthday in December 2011 and now has 265,000 users.

Information system development and security is also a priority and the Group is stepping up its initiatives in this area. Informatique CDC, Caisse des Dépôts' trusted service provider, has embarked on a project to extend its scope of action to other public players, reflecting the Group's ambitions for the coming years. The National fund for the digital society (*Fonds pour la société numérique* – FSN) is also now up and running, and in recognition of the Group's expertise in this field, is managed by Caisse des Dépôts as part of the government-sponsored Investments for the Future programme.

BACKING DIGITAL INNOVATION, KEY TO FORGING A FUTURE COMPETITIVE EDGE

The French State recognises the critical importance of the digital sector for France's future competitive standing and through the FSN managed by Caisse des Dépôts, has made it a key thrust of its Investments for the Future programme. The implications go beyond the digital sector and affect the dynamics of whole swathes of the French economy.

Out of the €4.25 billion⁽²⁾ allocated to the fund, €2.25 billion has been earmarked to assist companies in creating new digital applications, services and content. In 2011, Caisse des Dépôts also granted €248 million in repayable subsidies and advances to R&D projects focusing on priority areas of the digital economy. As an enlightened investor, Caisse des Dépôts also invests in the equity or quasi-equity of innovative companies or may grant them loans. To meet the financing needs of innovative SMEs developing new digital applications, services and content, a venture capital fund for SMEs was created in December 2011 within the scope of the FSN, which injected €400 million into the new fund.

HELPING TO ROLL OUT DIGITAL INFRASTRUCTURE NATIONWIDE

The goal of the second €2 billion infrastructure strand of the FSN is to eliminate the digital divide by developing high-speed Internet networks across the country.

This second strand got up and running in 2011. Caisse des Dépôts is involved in:

- granting long-term loans to operators of very high-speed networks in order to increase their capacity to invest outside densely populated areas;
- granting subsidies to support (i) digital development projects run by local and regional authorities, and (ii) satellite technology research projects aimed at providing broadband access to

The FSN has been allocated

€2.25 billion

which it can use to drive forward new digital applications, services and content.

sparsely populated areas (€40 million was earmarked for these initiatives in 2011).

Thanks to these efforts, Caisse des Dépôts helps support digital innovation and ensures that digital infrastructure is developed evenly across France's regions.

MODERNISING HOW DIGITAL DATA IS MANAGED AND ENSURING DATA INTEGRITY

As the knowledge-based economy expands, we need to think about how we can secure, consolidate and manage digital information. To guarantee its members optimum security in the digital age, Informatique CDC has developed highly secure infrastructure and its digital offering complies with the standards set down by the French information system security agency (*Agence nationale de la sécurité des systèmes d'information* – ANSSI). In 2011, Informatique CDC helped to secure funds held by Caisse des Dépôts through the use of electronic signatures.

Informatique CDC has also begun to roll out a probative-value archiving solution that complies with public sector requirements on behalf of the French Institute for Intellectual Property and Caisse des Dépôts.

Two other Caisse des Dépôts Group subsidiaries are helping to drive forward

**€751 MILLION
WAS INVESTED
WITHIN THE SCOPE
OF THE FSN IN 2011**

this electronic migration. CDC Arkhinéo has archived around 360 million documents over the past eight years, including 120 million in 2011, and is among the leading suppliers of electronic probative-value archiving services. This Group subsidiary processes all kinds of electronic documents, especially invoices, employment and loan contracts and HR documents. Less than 10% of such documents are currently available electronically and the economic and environmental potential is therefore huge.

CDC Fast assists some 4,000 regional authorities and public institutions in their digital migration processes and computerised exchanges (secure document transmission, electronic signatures, archiving of electronic substantiating documentation). In 2011, CDC Fast submitted the successful bid for the contract to provide electronic signature, transmission and archiving services for four million accounting documents and vouchers for the city of Paris. Given the annual 30% growth of digital data exchanges, the Group believes it is vital to support regions and local government in their electronic migration efforts.

(1) *Investir pour l'avenir : priorités stratégiques d'investissement et emprunt national*, Michel Rocard, Alain Juppé, 2009.

(2) Package reduced from €3.8 billion to €3.6 billion at the beginning of 2012.

In 2011, CDC Fast was the successful bidder in a tender process launched by the city of Paris to modernise and optimise its accounting processes. CDC Fast will



manage the entire electronic migration chain, including electronic signature, and secure transmission and archiving of substantiating documents, based on the electronic safe archiving system[®] developed by CDC Arkhinéo. The first results are early signs that the project is already a success: printing has been slashed by between 50% and 65%; all stakeholders in the process can consult every piece of information in certain files; and the time-to-payment for public invoices has been significantly reduced.



SECURING GROWTH IN EUROPE AND FURTHER AFIELD

The world offers huge untapped growth potential and a mine of partnership and trading opportunities for reviving the French economy. Since 2007, Caisse des Dépôts has been stepping up its investment in Europe and further afield.



RE- GLOBALISING THE PLANET

The role of long-term investors
has to be played out on all fronts.

The collapse of the Berlin wall prompted overwhelming enthusiasm about globalisation and its benefits: entering Francis Fukuyama's "end of history", the human race was now to enjoy continuous economic prosperity and political progress thanks to a triumphant liberalism. However, the events of the past few years have to some extent proved the sceptics right, since globalisation now mainly appears as an uneven, high-risk process punctured by both economic and political crises. The process may end in systemic failure, like its most recent predecessor at the end of the nineteenth century. Its benefits are often unevenly felt both from one country to the next and within the same country. The system's long-term nature is also ill-suited to these pressing political times, and its regulation is therefore complex.

All these ideas were brilliantly described by Karl Polanyi in "The Great Transformation", which discusses the globalisation phenomenon that began during the British industrial revolution and ends, for Polanyi, just before the Second World War. Since then, history has stumbled: the strong liberal trend

which swept in after the "entrenched market" post-war "golden years", or perhaps because of it, turned its back on the lessons of history and generated the same degree of inequalities and tensions as in the first half of the twentieth century. There is one big difference however: the developing world has now woken up, promising to lift hundreds of millions of people across the planet out of poverty, but thanks to an economic model which largely contributed to these global inequalities in the first place.

The end of global inequalities and the transition towards shared growth, including a decrease in the world's population which is expected to reach nine or ten billion, are prevented by the increasing number of challenges these issues generate. But any opening or interpenetration must be governed both by macro-economic and structural policies to ensure that the benefits reach the greatest number of people. This is the meaning of the "equitable re-globalisation" that we need, a globalisation that caters to individual preferences, community thinking and national roots but also reaches beyond

them. Hence the pressing need to create a public service for globalisation. The role of both national and multilateral institutions in this field is to identify and make recommendations to governments and worldwide decision-makers regarding desired macro-economic and structural policies and regulatory measures, and to put these policies and measures into practice. It is a difficult task, since it involves repositioning local interests in a global context, identifying areas of convergence, and avoiding conflicts of interest. Recreating on a global scale the concept of public interest which permeates French thinking is likely to be a long, politically fraught and technically demanding process, but is essential if we want to avoid crises imposing their own laws. And yet unless we develop pro-active policies to address these issues, this is exactly what we will have to contend with over the next few decades.

We are however aware of the issues on which we need to take urgent action. These include reviving global economic growth by reducing macro-financial imbalances and consolidating the banking sector; tackling issues of common concern such as healthcare and the environment; and pushing growth outward to encompass regions and countries previously left by the wayside, in a world where the gulf between the haves and the have-nots is wider than ever.

Long-term investors have a crucial role to play in this picture and at this period of time. The global financial system is re-organising along regional lines and there has been a stark reduction in its capacity to act over the medium- and long-term. Major public causes, whether in the sphere of the environment, SMEs, infrastructure, healthcare or poverty eradication, do not only require regulation and budget subsidies. Instead, the significant role already played by associations that use a mix of public and private capital, or by public actors able to transform the maturity, risk or end-purpose of private instruments, must be greatly extended. Public-private partnerships and the investment impact are two forms that long-term investment can take, alongside financing from public stakeholders at global, national, regional or local level. The proliferation and relentless growth of development banks (and sovereign funds) across the planet, along with the increasingly diversified mechanisms employed and customers served, illustrate the gaping

need for these kind of services and their intrinsic vitality.

The role of these long-term investors can and must be played out on all fronts: within France and inside the European Union, with regard to emerging countries, with which we should forge alliances and whose growth mechanisms we should look to influence, and also with regard to developing countries, whose huge populations and high social and macro-economic stakes we should place among our top priorities.

This calls for both extensive knowledge and understanding of the issues and of primary public concerns, and a perfect command of financial techniques. Professional integrity, rigour, proximity and a feel for the local terrain are fundamental requirements and virtues in this demanding role. These are qualities that have given Caisse des Dépôts – an almost-bicentennial institution – staying-power and legitimacy, and that changes in today's economy have placed once more among the foremost actors of public policy.



JEAN-MICHEL SEVERINO
General Inspector of Finances, has been director in charge of development at France's Ministry of Cooperation and vice president for East Asia at the World Bank. He was also managing director of the French overseas development agency from 2001 to 2010. He has been at the helm of the Investisseurs & Partenaires Conseil fund since May 2011, and in 2012 was awarded the Prix Turgot alongside Olivier Ray for best financial publication.



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A PLAYER IN THE GLOBALISED ECONOMY

Caisse des Dépôts Group's role as a long-term investor is underpinned by an attitude of openness and cooperation at both European and international level.

The "Ouverture 2020" programme run in the first half of 2011 (see Focus on page 82) had set itself various goals. These included taking up the best practices of other countries in economic and financial spheres crucial to the Group's strategy; forging cooperation opportunities for the Group by making it easier for French companies to set up international operations; and attracting foreign capital into France.

DEVELOPING ALLIANCES BETWEEN LONG-TERM INVESTORS

Caisse des Dépôts is currently the lynchpin of two exclusive investor groups with over US\$ 5,000 billion in assets under management, representing the biggest network of institutional investors in the world.

■ The Long-Term Investors Club, for which Caisse des Dépôts acts as Corporate Secretary, plays host to 14 financial institutions covering the world's most dynamic economic regions, and has a three-fold aim: (i) exchanging information and good practices, (ii) forging a long-term perspective among policy-makers and regulators, and (iii) financing joint projects in the spheres of infrastructure, climate change and SMEs.

■ The Institutional Investors Roundtable (IIR), which was launched in 2009, became an organisation operating under Canadian law in 2011.

Together with five sovereign funds (ADIA, AIMCO, CIC, RDIF and GIC), Caisse des Dépôts is a founding member of this new entity, set up as a forum for exchanges regarding investment opportunities.

THINKING "EUROPEAN"

■ The Group has stepped up its lobbying efforts with regard to European institutions on strategic issues such as corporate governance, the single market, project bonds (European bonds to finance infrastructure projects), accounting standards and energy efficiency. Now acknowledged as a force to be reckoned with, the Group has taken bold initiatives to promote long-term investing. These include organising the National conference on long-term financing in Paris on 17 November 2011, which is now looking to become a Europe-wide initiative.

■ Several working groups led by Caisse des Dépôts deal with European issues and/or involve European partners:

• The Group took on board the European Commission's proposal to develop "new financial instruments" combining EU funds and public and private capital to create a leverage effect and finance the EU's 2020 growth strategy more effectively. This new mechanism for allocating EU

funds, such as project bonds, is a tangible offshoot of this initiative and foreshadows a gradual transition from a joint financing model to a joint investment model. In light of its expertise in financial engineering and asset management, Caisse des Dépôts has launched discussions with the French government and its European partners regarding the conditions that would be needed to make the use of these instruments more widespread.

• CDC Entreprises helped set up the European Venture Fund Investors Network (EVFIN), which will serve as a platform for dialogue among major national investors in venture capital and encourage multilateral operational initiatives.

• With a view to the Rio+20 international conference on sustainable development, Caisse des Dépôts works to promote convergence between a long-term investment agenda and the financing needs that result from the transition to a greener economy through its Long-Term Investors Club.

• In 2010, Caisse des Dépôts along with nine EU financial institutions set up a working group looking at options for creating a transparent, accessible market for intellectual property rights in Europe. The aim is to create a European patents fund which would purchase clusters of patents from universities and research institutes and then sell them to companies and SMEs.



Financed by the Marguerite fund, the C-Power project concerns the installation of an offshore wind farm off the Belgian coast which would have an annual output of 1,000 GWh as from the end of its third phase.

THE €710 MILLION MARGUERITE FUND INVESTS IN CLEAN ENERGY AND TRANSPORT PROJECTS WITHIN THE EUROPEAN UNION

CONSOLIDATING THE GROUP'S COMMITMENT IN THE MEDITERRANEAN AND IN AFRICA

In the Mediterranean, Caisse des Dépôts has adapted its action to the ramifications of the Arab Spring. Besides its strategic and operational partnership with Caisse des Dépôts et de Gestion in Morocco, the Group harnessed its technical and legal expertise to help launch Caisse des Dépôts in Tunisia, which opened its doors on 20 September 2011. A letter of intent was signed between the two entities on 24 November 2011. Caisse des Dépôts is also developing operational partnerships looking at urban and technological issues with the French overseas development agency, the European Investment Bank (EIB) and the World Bank, through the Marseille Center for Mediterranean Integration.

The Group is also working to provide support to existing or future Caisse des Dépôts in sub-Saharan Africa, particularly within the scope of the Caisse des Dépôts' world forum, which sets out to bring together members of the governing bodies of these institutions across the globe in order to pool experience

and establish common positions on financing for economic, regional and social development. This world forum, which met for the first time in Marrakesh on 20 January 2011, has adopted a Caisse des Dépôts Charter. Its next meeting will be held in April 2013 in Paris, and will look at investing in SMEs and infrastructure.

PRESSING AHEAD WITH LARGE-SCALE JOINT INVESTMENT PROJECTS PROMOTING A LONG-TERM PERSPECTIVE

■ The Marguerite fund⁽¹⁾ brings together Europe's largest financial institutions (Caisse des Dépôts, KfW, ICO, PKO, Cassa depositi e prestiti) alongside the EIB and the European Commission to promote investments in clean energy and transport infrastructure projects in the 27 EU Member States. At the end of 2011, the Marguerite fund signed its first two investment commitments concerning:

- the C-Power offshore wind farm project in Belgium (€1.3 billion);
- the Toul Rosière 115 MW photovoltaic power plant in France (€430 million).

■ The InfraMed fund⁽²⁾ is a project involving Caisse des Dépôts, Cassa depositi e prestiti, the EIB and two Mediterranean partner institutions, Caisse de Dépôts et de Gestion in Morocco and the Egyptian bank EFG Hermès. InfraMed invests in energy, urban and transport infrastructure across the Mediterranean. This fund made its first investment in March 2012 (development of the Iskenderun port in Turkey), testifying to the bullish sentiment of investors in the region and the ability of Mediterranean countries to look beyond this transition phase towards a sustainable growth agenda.

■ The French-Chinese fund to support SMEs should be launched in 2012. Its legal form has been defined and its fund capital approved at €150 million. A management company for the fund has also been chosen. CDC Entreprises and the Chinese development bank (CDB) are sponsoring the fund. CDC International and CDC Infrastructure are both working to set up a platform for joint investments in French infrastructure, which would also set out to attract foreign partners.

(1) www.margueritefund.eu

(2) www.inframed.com

“Ouverture 2020”

This programme, launched by Augustin de Romanet in December 2010, reflects the CEO's decision to broaden the Group's global horizons. Six executive delegations were sent to Brazil, Canada, South Korea, China, Israel and Germany in 2011. The aim of these visits was to gain an insight into the source of the country's economic momentum in a given field and to draw lessons for public authorities in France. The visits also sought to identify commercial opportunities for the Group and potential new local partners.

CAPITALISING ON UNTAPPED BUSINESS OPPORTUNITIES

Mindful of the importance of having a foothold in regions with high growth potential, Caisse des Dépôts Group subsidiaries have carved out a position for themselves in the world's fastest-growing domestic markets.

IN SEARCH OF NEW GROWTH OPPORTUNITIES

■ Veolia Transdev was built on a combination of strong local roots and a broad global presence. It operates in 27 countries across five continents and is able to adapt to the specific characteristics of each country and region, without compromising its identity or originality. In 2011, Veolia Transdev scored a number of contract wins, chiefly in the US, Chile, Germany and the Netherlands.

■ Egis derives almost half of its revenues from its international operations, helping to showcase French engineering prowess across the globe. In pressing ahead with its rapid expansion, Egis aims to become one of the world's leading players by 2015. Its international activities involve the road business, and its rail, water and air transport operations are booming. In 2012, its development will be focused on Group businesses with a limited presence outside France, such as construction and urban planning and development. Egis already enjoys a strong position in India, where it employs 1,400 people, and is looking to expand its footprint across the rest of Asia, the Middle East, Africa, Central and Eastern Europe and Brazil.

THE GROUP HAS
OPERATIONS
IN OVER 80
COUNTRIES

■ Based in 10 countries, chiefly across Europe and South America, CNP Assurances lends foreign partners its expertise in bancassurance and personal insurance. Its international operations now account for 20% of its revenues.

■ Compagnie des Alpes, which operates two businesses in Europe: leisure parks (mainly through Walibi) and ski resorts, is to launch the Grévin banner in Montreal in early 2013. A total of €10 million has been invested in the launch. A similar project may also be in the pipeline in Prague.

■ In 2011, CDC Climat entered into a partnership with the AFD group to

run an investment programme targeting CO₂ emission reduction projects, mainly in the Mediterranean and Africa. CDC Climat made its first investments through its subsidiary CDC Climat Asset Management. The Bizerte wind farm, the biggest Tunisian emission reduction project, will allow a two-million tonne reduction in CO₂ emissions by 2020. CDC Climat is also expanding in Colombia, where it has committed to purchasing the credits generated by three urban waste management initiatives that will help cut carbon emissions by one million tonnes over the next ten years.

LEVERAGING SYNERGIES AND SHARED FOCUSES WITHIN THE GROUP

The "Ouverture 2020" programme has shown how international expansion has prompted the Group to think up new, integrated products and services and bring its broad expertise to the fore.

BRAZIL: A LAND OF OPPORTUNITIES

Caisse des Dépôts has been present in Brazil for the past ten years, thanks to CNP Assurances, which is the largest shareholder of Caixa Seguros, one of Brazil's biggest bancassurance firms.

The Brazilian forest represents a vast investment potential for the Group. In recognition of this, Société Forestière signed a partnership agreement with Caixa Seguros, under which it will provide assistance to drive through local investments in forests.

In 2011, Egis also gained a foothold in Brazil as a result of its acquisition of Vega, a railway engineering firm specialised in freight. Egis will leverage this new expertise in the railway freight business to beef up its range of products and services for large mining firms and will use this platform to expand its operations in the country. In early 2012, a consortium comprising Egis Airport Operation and several Brazilian companies were awarded the 30-year concession for the Viracopos-Campinas airport near São Paulo.

THE CAUCASUS PROJECT

Considered the largest tourism project in the world, the Caucasus project stems from a joint initiative between France and Russia and from regional-based cooperation led by the Rhône-Alpes region. Thanks to the expertise of Caisse des Dépôts and its subsidiaries gleaned from their long-standing experience of developing French mountain resorts and particularly Egis, France's leading engineering firm which already

has a base in the area, the Group agreed to act "in support of public policies rolled out by the State and by local authorities". The goal of the Caucasus project is to secure economic growth and development in the North Caucasus, a strategic region for Europe as a whole. The project will involve French mountain tourism firms and reflects Russia's willingness to bring in investors from Europe and further afield. The project's operational progress will be monitored by France-Caucase, a wholly-owned subsidiary of Caisse des Dépôts, and by the Franco-Russian joint venture which is 49%-owned by France-Caucase and 51%-owned by the Russian state company in charge of the project.

For more information:

CAISSE DES DÉPÔTS, PAGE 130
 CDC CLIMAT, PAGE 136
 CDC INTERNATIONAL, PAGE 137
 CNP ASSURANCES, PAGE 140
 VEOLIA TRANSDEV, PAGE 140
 EGIS, PAGE 142
 COMPAGNIE DES ALPES, PAGE 142

Questions for...

Rémy Vandebussche
COO of Egis India
 Yannick Hemon
Director of the Egis Water project

The World Bank recently announced a €1 billion loan to India to clean up the Ganges river. What does this mean for India?

Rémy Vandebussche: The Ganges represents 25% of all water reserves in India and supplies half of its population, i.e., more than 460 million people. The clean-up project is critical to development in India, a country where water supplies are always an issue, both for consumption and for irrigation, as well as for the vast needs of industry. However, for the Hindus who bathe there religiously, the Ganges is first and foremost a divinity and its sacred water attracts millions of Indians each year. The National Ganga River Basin Authority (NGRBA), which reports to the federal government, has launched the Clean Ganga plan, which focuses on wastewater treatment rather than pollution from industry.

What role does Egis play in this plan?

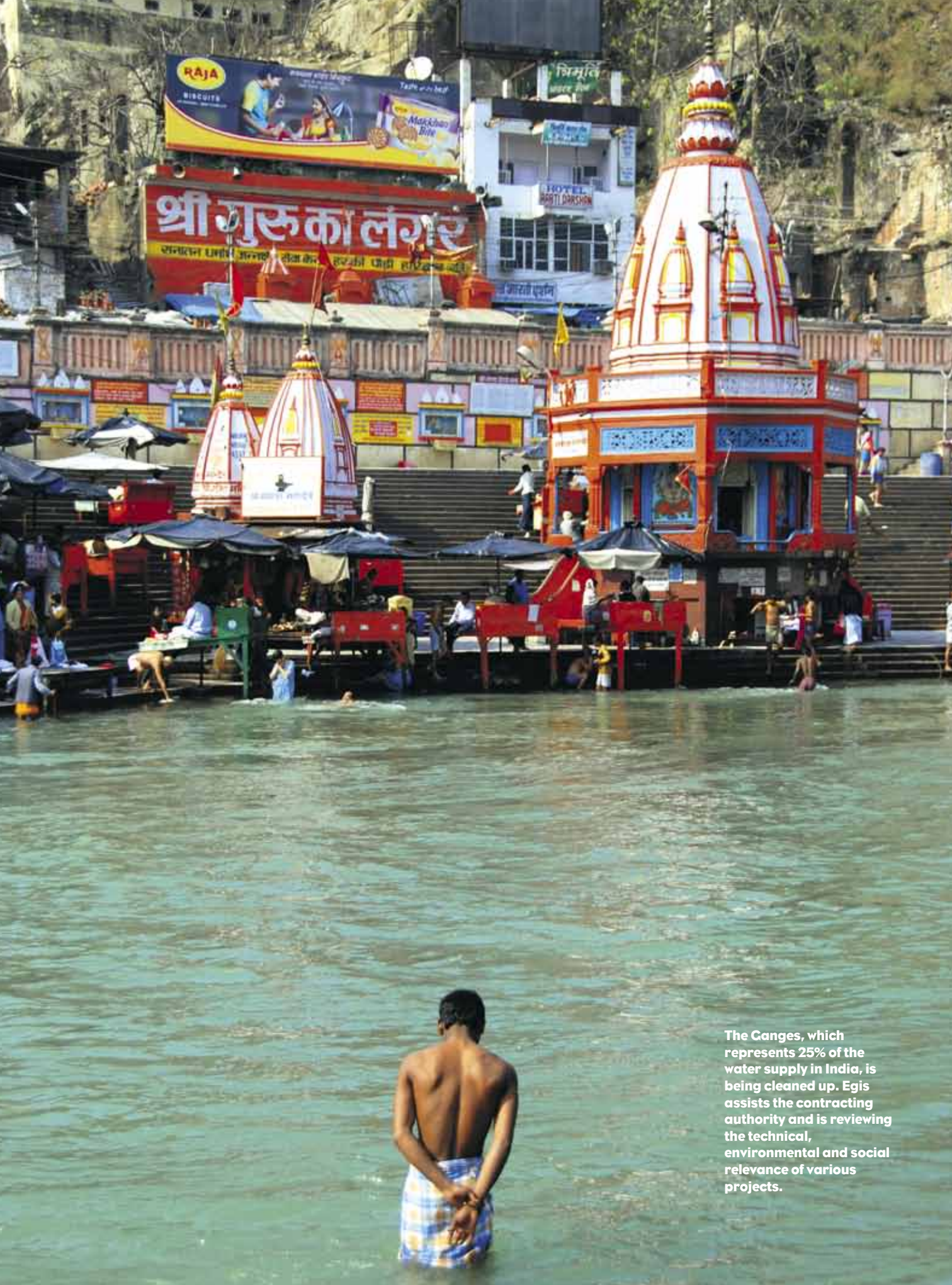
Yannick Hemon: Egis blends the hands-on expertise acquired in India and France to provide technical assistance to the NGRBA. This role is shortly up for renewal in a tender process. Egis' main aim is to carry this programme forward by preparing the regulatory framework and defining environmental standards and the conditions in which the future tender will be launched. It is also helping to implement projects in the five provinces through which the river flows with assistance from an independent expert appraisal. ■

FOCUS

Thello is the first alternative passenger train in Europe. A leading private passenger transport rail operator in France, Thello is a joint venture between Veolia Transdev and Trenitalia and has operated a Paris-Dijon-Milan-Venice rail link since 11 December 2011. This project reflects Veolia Transdev's determination to take an active role in the deregulation of Europe's railway markets.



This Group subsidiary also intends to reinforce its presence in Germany, where it is already the largest private operator with a 16% share of the deregulated market, and in the Netherlands, through its subsidiary Connexxion.



The Ganges, which represents 25% of the water supply in India, is being cleaned up. Egis assists the contracting authority and is reviewing the technical, environmental and social relevance of various projects.

OUR

Our network of 25 regional offices in mainland France and its overseas territories, leverages the Group's broad-ranging expertise and financing capabilities.

NETWORK **OF REGIONAL OFFICES**

Its regional coverage allows it to provide tailored solutions in financial engineering, project financing and project management.

ALSACE

Cil Vauquelin – Regional Director



The office in Alsace helped 56 companies in their search for equity financing and assisted Strasbourg university in setting up a “green data centre”. The office entered into four transport infrastructure loans for a total of €108 million, which will chiefly be used to finance the second phase of the France Est high-speed rail link.

ROQUETTE PROJECT

In April 2011, Caisse des Dépôts, the ÉS group and Roquette Frères teamed up to create Ecogi. This simplified joint stock company will build and operate a 24 MW geothermal power plant supplying superheated water to the Roquette Frères plant at Beinheim in the French Bas-Rhin region. The water will be drawn from 2,500-metre-deep wells and transported to the plant via a 15km-long pipe. Caisse des Dépôts has invested €6.7 million in Ecogi (20% of the total project investment) for a total project cost of €44.8 million. This pioneering project places Alsace as a leading player in the operation and industrial use of deep geothermal energy.

FRENCH ANTILLES - FRENCH GUIANA

Richard Curnier – Regional Director



In 2011, the French Antilles-French Guiana office granted €566 million in Savings Funds loans, representing a year-on-year increase of 29.5%. This reflects the significant demand for social housing which continues to grow each year, particularly in Guiana. Deposits also grew sharply, up 17% year-on-year to €602 million.

THE SAUT MAMAN VALENTIN HYDROELECTRIC POWER PLANT (FRENCH GUIANA)

Following the delivery of the biomass power plant in Kourou, Voltalia Guyane switched on the Saut Maman Valentin hydroelectric plant at the beginning of 2011. This run-of-the-river plant has an installed capacity of 4.5 MW and an estimated annual output of 26,000 MW, representing almost 3.5% of Guiana's total power generation. By participating in this project, Caisse des Dépôts is helping to expand clean energy production capacities.

AQUITAINE

Xavier Roland-Billecart – Regional Director



2011 saw the biggest volume ever of Savings Funds loans granted by the Aquitaine office, with €477.5 million in loan agreements signed to finance 10,300 social housing units. A €374 million loan agreement was also signed regarding the construction of the Tours-Bordeaux section of the Sud Europe Atlantique high-speed rail link.

MARINA REDEVELOPMENT PROJECT

The multi-faceted project submitted by Caisse des Dépôts to the city of Bordeaux plans to convert the Citram islet into an area comprising 5,500 housing units (of which 25% will be social housing), as well as local businesses, services and offices. The newly rehabilitated area will also house a centre of excellence in urban policy. Caisse des Dépôts will only be responsible for setting up the centre of excellence featuring business incubators, a business park and a business centre. This project meets all brownfield redevelopment goals set by the city council. Caisse des Dépôts has invested total capital of €1.2 million in the project.

AUVERGNE

Francis Cubeau-Rousseau Regional Director



The Auvergne regional office assisted 68 companies in need of equity financing. It also increased its stake in the semi-public company Volcans from 4% to 15%. Six initiatives relating to Clermont-Ferrand's eco-friendly neighbourhood project were awarded €1.16 million in funding under the Investments for the Future programme (“Tomorrow's Cities”).

NEW PANORAMIC RAILWAY

As part of efforts to preserve the natural beauty of the Puy-de-Dôme region, Caisse des Dépôts was involved in the project to redevelop the area near the volcano and to build the new electrical cog wheel train. The first track was laid on 4 July 2011 and the train was expected to open to the public in June 2012. The aim of the development is for the Puys mountain range to be declared a Unesco world heritage site by 2013. The project is being led by the special-purpose entity TC Dôme, in which Caisse des Dépôts has a 49% stake through CDC Infrastructure. TC Dôme holds the concession and also acts as operator for the project, assisted by Veolia Transdev which provides operating and maintenance services.

BURGUNDY

Aline Morancho – Regional Director



The Burgundy office stepped up its support for SMEs, creating an investor club; signing an equity financing partnership agreement with the Prefect of the region, President of the Regional Council and Chairman of CDC Entreprises; entering into a Burgundy Franche-Comté agreement with the association of chartered accountants; and conducting a sourcing study. In all, 59 companies were assisted in 2011.

REGENERATION OF THE NORTHERN INDUSTRIAL AREA RENAMED “SAÛNEOR”

The semi-public real estate management firm Sud Bourgogne was set up to continue the redevelopment of the northern industrial area renamed “Saôneor”. Caisse des Dépôts is the second largest shareholder of the entity alongside the General Council and the Grand Châlon Council. Today, Saôneor is home to more than 300 businesses employing some 6,600 people. The site represents one of the biggest possibilities for land development in France, with 80 hectares available in the short term and 29 available immediately.

BRITTANY

Loïc Rolland – Regional Director



A shared platform for Caisse des Dépôts and the Regional Council has been set up for all stakeholders in the social tourism sector across Brittany. This initiative is the first of its kind in France. The regional office signed six loan agreements for a total amount of €557 million which will be used to finance Brittany's high-speed rail link. As part of its SME financing efforts, the office embarked on an economic tour of Brittany to meet the CEOs of the 11 biggest employment pools. At the end of 2011, investments made by the Strategic Investment Fund's SME programme totalled €140 million and spanned 98 SMEs.

CREATION OF EILAÑ SAS IN BRITTANY

Eilañ, a simplified joint stock company, was created to invest in renewable energies, particularly wind power and methane production. Caisse des Dépôts provided 25% of capital for some dozen projects. Eilañ is set to contribute to the power generation goals set out in Brittany's electricity pact. This pioneering regional project is expecting to attract some €100 million in investments.

LOWER NORMANDY

Florence Mas – Regional Director



Caisse des Dépôts was asked by the Regional Council and by the Ministry of Research to look into the possibility of investing in a European research centre in particle therapy (ARHADE) alongside semi-public company Saphyn and the manufacturing firm IBA. The aim of the research centre would be to improve the treatment of certain cancers. The project concerns approximately €120 million. Outstanding loans to the healthcare and social services sector grew sharply, to €54.7 million. Lastly, the regional office was involved in drafting a framework agreement for the Seine axis and the maritime shoreline of the *Grand Paris* building programme.

CARE HOMES IN TEILLEUL

Together with the Korian group, Caisse des Dépôts is piloting a new care home concept for Alzheimer patients. The project, known as Korian Essential, is aimed at middle-income earners. The project consists of two initiatives currently being set up which will aim to bring the cost of care to below €60 per day. The initiatives, including one in Teilleul in the Manche area, have a cost of €5.5 million excluding VAT. Caisse des Dépôts has a 40% stake in the real estate investment company Ouezy.

CENTRE

Michel Pupin – Regional Director



Savings Funds loans saw a dramatic increase in 2011. A total of €827 million was granted, which means that lending volumes have

doubled in just five years. The loans were used to finance large-scale projects such as the new regional hospital complex (€234 million). In terms of economic development, the Strategic Investment Fund and its partner funds now have a portfolio of 66 companies, representing more than €130 million in equity investments, including €35 million in 2011.

OFFICE BUILDINGS IN ORLÉANS TOWN CENTRE

As part of the redevelopment of its old town centre, Orléans set up a joint development zone to house new offices and services. Caisse des Dépôts agreed to work on this project after being asked by the Regional Council in 2007. The complexity of the project stems from its location in the town centre. Calvin-Eperon, a real estate investment company, was created in March 2011 to drive forward this initiative, with a capital injection of €3 million. Caisse des Dépôts owns 49% of the company.

CORSICA

Nathalie Duhamel – Regional Director



In 2011, a total of 117 projects were financed under the “Nacre” scheme aimed at unemployed persons wishing to set up a company. Lending under this scheme expanded faster than in France as a whole as well as compared to 2010. In the Investments for the Future programme, the Mediterranean Renewable Energy Centre was selected in connection with the professional work-study agreement.

CORSICAN SOLAR POWER

To ensure the concerted, well-managed development of the photovoltaic industry, Collectivité Territoriale de Corse (CTC) submitted a “Photovoltaic Development Charter” to operators in the form of a call for projects. Three of the six projects submitted by Solairedirect received a favourable opinion from CTC (Venzolasca, Poggio di Nazza and Sartène). Caisse des Dépôts took a stake of 34% in each of the three power plants. The photovoltaic facilities were built in 2011 and were connected up to EDF’s power grid at the end of that year.

CHAMPAGNE-ARDENNE

Gaëlle Velay – Regional Director



Through its various mechanisms, the Strategic Investment Fund had supported a total of 86 companies by the end of 2011. In 2011 alone, it invested €10 million in 16 new companies employing almost 1,000 people. The Social Housing Eco Loan seems to have hit the mark, with 4,500 housing units retrofitted over the period 2009-2011, reducing CO₂ emissions by more than 8,500 tonnes per year.

SUCCESS OF THE REIMS TRAMWAY

The Reims tramway was built thanks to a pioneering public-private partnership managed by Mobilité Agglomération Rémoise (MARS), in which Caisse des Dépôts is a majority shareholder with a stake of 30%. Thanks to this exemplary partnership, the project was a success on all fronts: budgets and deadlines were respected, the tram was successfully woven into the urban fabric, and its technical and environmental performance complied with the project’s original terms of reference.

FRANCHE-COMTÉ

Antoine Bréhard – Regional Director



The regional office assisted 65 companies in need of equity financing and received a Trophées Élan award for its “Ressourceries” development programme (waste recycling and reuse). In its lending business, loans to the healthcare and social services sector were up 30% on 2010. Lastly, a €93.7 million offer letter was signed for the financing of the Besançon tramway.

SUPPORT FOR THE INDUSTRIAL FABRIC IN BELFORT-MONTBÉLIARD

In 2011, Caisse des Dépôts directly contributed to the development of blue collar and white collar jobs in this urban area, with a €2.5 million investment in two projects. It acquired €900,000 of the capital of the semi-public company “Pays de Montbéliard Immobilier d’Entreprise”, which will provide companies with flexible, bespoke real estate solutions. It also subscribed to €1.6 million of the capital increase carried out by local heritage semi-public company of the department Territoire de Belfort, which provides the energy business with the real estate platform from which to build its development.

UPPER NORMANDY

Pascal Hoffmann – Regional Director



A partnership was signed with Coruscant providing for the acquisition of a 49% stake in Cléon Photovoltaïque, a joint venture set up to build a 4,895 KWc power plant. Loans worth €442 million were granted by the regional office to social housing landlords.

HELPING TO MODERNISE THE PORT INDUSTRY

The 2009-2013 strategic project launched by Grand Port Maritime du Havre is targeting investments of €348.25 million in order to modernise and upgrade its facilities and sharpen its competitive edge. These investments will be sourced from the project agreement between the French State and the Upper Normandy region (€42.51 million), from the port’s own equity capital (€15.74 million) and from external borrowing (€290 million). The loan granted by Caisse des Dépôts represents half of the amount borrowed (€145 million). Caisse des Dépôts also extended a €5.5 million loan for a “multi-modal” platform combining road, rail and river transport. Financing of €150,000 had already been granted to studies carried out upstream of these projects.

ÎLE-DE-FRANCE (GREATER PARIS REGION)

Patrick François – Regional Director



A total of €3.3 billion in housing and urban development loans was granted in 2011, designed mainly to fund the development of social housing.

Five new urban regeneration agreements were also signed, bringing the number of partnership agreements to 115. These agreements concerned 130 neighbourhoods, or around 30% of the total designated neighbourhoods nationwide. Transport infrastructure financing came to €475 million in the year. More than 2,000 personal micro loans were guaranteed by the Social Cohesion Fund in the Greater Paris region.

THE SEINE VALLEY: A WHOLE NEW DIMENSION FOR THE GRAND PARIS BUILDING PROGRAMME

The aim of this project is to extend the *Grand Paris* building programme with an ambitious look at urban planning and development in the Normandy regions with the best connections to the capital. Caisse des Dépôts entered into an agreement with the French State on a number of areas including innovation, sustainable development, digital infrastructure, and tourism. The Ile-de-France regional office is coordinating the implementation of this agreement in close cooperation with the regional offices of Lower and Upper Normandy.

LANGUEDOC-ROUSSILLON

Élisabeth Viola – Regional Director



The Languedoc-Roussillon region and Caisse des Dépôts signed a partnership agreement in 2011 in order to identify the most promising SMEs and launched the Transmission fund to promote entrepreneurship across the region. Three photovoltaic power plants were delivered in the year, representing a total output of 8.9 MW. On the back of a partnership with Cap Vacances, two holiday villages in La Grande Motte and Port-Barcarès were renovated in the year.

SAINT-CHARLES INTERNATIONAL PHOTOVOLTAIC FACILITY

Based in Perpignan, this is the world's largest solar power plant to be integrated into a building. All roofing at Saint-Charles, among Europe's biggest distributors of fruit and vegetables, has been replaced by 97,000 photovoltaic tiles. The plant has an installed capacity of 8.8 MW and will generate 9,800 MWh of electricity, equal to 10% of the electricity consumed by the city of Perpignan. Caisse des Dépôts has committed €1.5 million in equity financing to the project, or 22% of its total capital.

LIMOUSIN

Christophe Laurent – Regional Director



In the healthcare and social services sector, 2011 saw four symbolic initiatives, including

the delivery of the 5 Sens care home and of the Red Cross training centre; the construction of a new care home for Alzheimer patients in Limoges in which Caisse des Dépôts has a 45% stake; and the construction of the obesity centre at Saint-Yrieix-la-Perche. In the tourism industry, the Les Monédières real estate investment company delivered the new Puy d'Agnoux holiday village at Meyrignac-l'Église (Corrèze). Caisse des Dépôts has a stake of 49% in this project. Lastly, Caisse des Dépôts provided €2.1 million in equity financing for the heating network in Limoges' Val de Laurence neighbourhood earmarked for urban regeneration under the ANRU scheme.

RED CROSS REGIONAL TRAINING INSTITUTE

Pursuant to a decision of the French government, the Red Cross in Limoges is to set up a centre offering training for nurses, physiotherapists and carers. Caisse des Dépôts has taken a 45% stake in the project, which has a total cost of some €4 million.

LORRAINE

Emmanuel Colin – Regional Director



Savings Funds lending volumes were significant in the year, with a total €346.8 million in loans granted. Caisse des Dépôts acquired 25% of Solorinvest SAS, a real estate company managing business premises. The Cour des

Capucins shopping centre was unveiled during the year. Lastly, construction began on the biomass boiler at the Metz power plant.

CIRTES INORI

The Inori innovation platform in the Cirtes R&D centre was shortlisted in the second call for projects launched within the scope of the Investments for the Future programme. After an engineering phase cofinanced by Caisse des Dépôts, the project was definitively retained in September 2011. The initiative takes the form of a €500,000 cash investment, representing 14.20% of the capital. In all, 18 companies will be shareholders and/or users of the platform, which will offer leading materials research capabilities.

MIDI-PYRÉNÉES

Philippe Lambert – Regional Director



Savings Funds lending volumes remained high, with more than €720 million loaned for the construction of 5,200 housing units and renovation of a further 2,200 units. Two buildings were delivered in which Caisse des Dépôts had invested capital: an aparthotel on the Oncopôle site and a shopping centre in a neighbourhood of Montauban earmarked for regeneration under the ANRU scheme. The Chief Executive Officer also signed the first eco-campus agreement concerning the science park at Ranguel. The office also assisted 52 companies in need of equity financing.

MIRADOUX PHOTOVOLTAIC FACILITY

The 8 MW photovoltaic plant in Miradoux has been commissioned after five years of discussions. The total cost of the facility is €27.5 million. Cegelec SAS and Caisse des Dépôts invested €5.5 million in Miradoux Solaire SAS, which is 51%-owned by Cegelec and 49%-owned by Caisse des Dépôts. The plan will produce the equivalent of the annual electricity consumed by some 9,000 inhabitants, i.e., 9 GWh/year.

NORD-PAS-DE-CALAIS

Dominique Mirada – Regional Director



The social housing lending activity was brisk, at €1 billion. A total of €228.6 million was loaned to the Regional Council to finance major transport infrastructure.

A Savings Funds loan will help finance three learning centres. A number of real estate projects were delivered, including the Saint-Christophe shopping centre in Tourcoing and the La Fontaine business centre in Maubeuge. A tentative partnership agreement was also signed, under which Caisse des Dépôts agreed to deploy 20 “Louvre-Lens” public digital facilities in primary schools in the Lens area.

€73.8 MILLION LOAN TO THE CALAIS HOSPITAL COMPLEX

Two Caisse des Dépôts Group subsidiaries, Icade and Iosis Egis, were involved in this initiative, which comes on top of the funding allocated under the Hôpital 2012 programme. The new hospital will have 498 beds, mostly in individual rooms. In terms of facilities, the hospital will boast leading-edge technology including wireless access for patients and radiant ceilings to maintain a constant temperature.

NEW CALEDONIA AND FRENCH POLYNESIA

Yves Bellec – Regional Director



Caisse des Dépôts took an active role in preparing the development plans for the waterfront in the town of Nouméa and is a potential investor in the first city centre re-zoning initiative. The first three cyber-

bases were launched in boarding schools in the northern province of New Caledonia.

INVESTMENT IN THE AIRPORT CONCESSION IN FRENCH POLYNESIA

The four State-owned airports had been operated for 15 years within the scope of a transit operating authority agreement, preventing any outside investments. The government wished to set up a concession to renovate the runway and terminal of Tahiti Faa'a. This concession was awarded to Aéroports de Tahiti, which is 49%-owned by French Polynesian countries, 49%-owned by Caisse des Dépôts Group, and 2%-owned by the French overseas development agency. The Group entities involved are Caisse des Dépôts and Egis.

LOIRE VALLEY

Jean-Marcel Morisset Regional Director



A renewable energies initiative (EnR) was launched with the 2 MW ground-based photovoltaic plant in Distré,

in which Caisse des Dépôts has a 49% stake. The appraisal process for the project concerning a 1 MV methane-composting facility at the Combrée site is still ongoing. Caisse des Dépôts has a 22% stake in this project. Two initiatives were launched in the field of commercial property: an office block in Saint-Herblain (an ANRU neighbourhood earmarked for regeneration) and an R&D facility in Laval for Thalès. Lastly, almost 6,000 social housing units were built in the year, most of which comply with energy efficiency requirements.

RECONSTRUCTION OF THE MALAKOFF SHOPPING CENTRE IN NANTES

Since 2004, Caisse des Dépôts has been working to renovate the social housing neighbourhood of Malakoff. Euronantes Commerces, a real estate investment company in which Caisse des Dépôts has a 25% stake, is to acquire off-plan the walls of the new Malakoff shopping centre located at the bottom of an office and apartment building.

PICARDY

Brigitte Louis – Regional Director



A project for a four-hall cinema complex in Crépy-en-Valois is currently being examined. Savings Funds loans for €50 million were granted to finance healthcare and social services facilities.

A new company, Cademce, was created as an innovation platform with the aim of stepping up innovation among parts manufacturers and constructors of high-speed trains and other rolling stock.

KOGEBAN PROJECT

By acquiring a 25.05% stake in Kogeban, representing a total investment of €5.3 million, Caisse des Dépôts is supporting a 16 MWc biomass project. This project is interesting for a number of reasons: it uses renewable energy from local sources to replace the fossil fuel previously used and helps slash CO₂ emissions by 10,000 tonnes/per year. Kogeban has also rallied all local stakeholders around the project. This biomass investment is a first for Caisse des Dépôts under the third call for projects (CRE3) launched by the French Energy Regulatory Commission.

POITOU-CHARENTES

Thierry Ravot – Regional Director



The Philliao platform for recovering dairy fats has been retained in the second call for projects launched by the French State and by Caisse des Dépôts as part of the Investments for the Future programme.

Caisse des Dépôts will take a 24% stake in the simplified joint stock company chosen to set up this platform. The regional office joined forces with *France Brevets* to help the company Valagro enhance its patents operated under licences. The Poitou-Charentes office has extended some 2,000 personal micro loans since 2007, making it the number one region in France in terms of the number of micro loans granted per head. Lastly, 37 companies were identified that meet the investment criteria laid down by the Strategic Investment Fund.

CREATION OF THE SAINT-LOUIS CARE HOME AT LA ROCHELLE

The regional office provided Savings Funds loans for a 19-bed care home for socially disenfranchised persons. Located in the town centre and operating at full capacity, this project has been a resounding success.

PROVENCE-ALPES-CÔTE D'AZUR

Jean-Paul Guérin – Regional Director



The regional office assisted 55 companies in need of equity financing. It helped acquire and refurbish the

Le Royal Hotel in Nice together with social tourism operator Vacances Bleues.

All photovoltaic plant projects launched in 2010 have now been connected, with 38.5 MW of the region's photovoltaic power having been built thanks to Caisse des Dépôts. A global five-year partnership agreement was also signed in the year with the Toulon area.

SORMIOU 2 CARE HOME FOR ALZHEIMER PATIENTS

Located close to a care home built as a result of a first project, Sormiou 2 is a pooled-service geriatric facility in which Caisse des Dépôts has a 49.9% stake. The two care homes will employ some 60 people on a full-time basis. Tourist accommodation has also been built on the same site with help from Caisse des Dépôts as one of the investment partners.

REUNION-INDIAN OCEAN

Olivier Camau – Regional Director



Agreements were signed by Caisse des Dépôts and the regional authorities for three major transport infrastructure projects (new coastal road, Trans Éco Express train, and the extension of Gillot airport). The roll-out of the Strategic Investment Fund programme for SMEs was among the Group's priorities in 2011, with a commitment to buy €1.5 million in convertible bonds issued by two entities.

SOCIAL HOUSING FINANCING IN MAYOTTE

Under the decree of 2 November 2010, Caisse des Dépôts is entitled to grant Savings Funds loans to Mayotte, France's 101st department. Société Immobilière de Mayotte is currently the only firm allowed to build social housing on the island. In 2011, this semi-public company signed its first three loan agreements (€9.3 million) for the construction of 98 social housing units to be put on the rental market. Société Immobilière de Mayotte plans to finance 200 housing units per year over the next five years. This initiative has particular resonance on an island where over 85% of households are eligible for social housing.

RHÔNE-ALPES

Claude Blanchet – Regional Director



Patrimoine de Savoie SAS was set up in the year, with Caisse des Dépôts acquiring a 24.5% stake. The lending activity helped to finance two healthcare and social services facilities in Saint-Jean de Maurienne and Modane.

Transport infrastructure financing was up 80% in 2011, with €220 million in loans granted. The financial support forum studied applications from 109 companies, and the digital portal AppuiPME.net is to be used to set up the finance hub in Rhône-Alpes.

"CLEANSPACE" BUILDING IN THE ALPESPACE ACTIVITY PARK

Société d'Aménagement de la Savoie and Caisse des Dépôts acquired the "Cleanspace" building featuring cleanrooms, technical facilities and offices. This building hopes to house the Cristal Innov platform in optimum conditions. The €6.6 million project (excluding VAT) is being led by the real estate investment company Cleanspace (in which Caisse des Dépôts has a 49% stake) and financed by €1.5 million in equity and by a €5.1 million loan from Oséo.



UNiQUE

COMPOSITION OF THE SUPERVISORY COMMITTEE

Year ended 31 March 2012

THE QUEST FOR BALANCE AND TRANSPARENCY

Recent changes in the Group's governance model, which came in the wake of the Law on Modernisation of the Economy in 2008, are all aimed at encouraging group discussion and consolidating the role of the Supervisory Committee.

These changes were reflected in the creation, in 2008, of an Investment Committee, which facilitates open debate on major investment projects, and a Nominations Committee. These came in addition to the already existing Audit & Risks Committee and Savings Fund Committee, and all provide back-up to the Supervisory Committee. The implementation of capital adequacy ratios by the Caisse des Dépôts and the regional networks has strengthened the Supervisory Committee's regulatory function, namely to approve the ratios proposed by the Chairman and Chief Executive Officer pursuant to an opinion by the French Prudential Supervisory Authority (*Autorité de contrôle prudentielle* – ACP) and set target levels of usable equity.

Following on from the publication of its action rules in 2008, the Group recently published its voting and responsible investment practices, giving a strong signal to investors of its intentions with respect to transparency.

This quest for transparency and clarity has been extensively relayed by Caisse des Dépôts' Corporate Communication department. In addition to publishing the Group's decisions and action rules, this department is currently working on new strategies to generate general public interest in issues of importance to Caisse des Dépôts. One of these strategies involved the launch, in late 2011, of the online TV channel www.solutionsdurables.tv, which allows users to exchange views on the latest innovations in city planning, housing, digital infrastructure, etc. The transparency of Caisse des Dépôts' governance system and the discussions that take place prior to major decisions contribute greatly to the trust that the Group inspires.

Chairman of the Supervisory Committee

Michel Bouvard, Member of the Chamber of Deputies, Vice-Chairman of the National Assembly Finance Committee

Members

Jean-Pierre Balligand, Member of the Chamber of Deputies, Vice-Chairman of the National Assembly, Member of the National Assembly Finance Committee

Arlette Grosskost, Member of the Chamber of Deputies, Member of the National Assembly Finance Committee

Jean Arthuis, Senator, Member of the Senate Finance Committee

Nicole Bricq, Senator, General Rapporteur for the budget within the Senate Finance Committee

François Lavondes, Honorary Member of the Highest Administrative Court

Daniel Houré, Senior Counsellor, Court of State Auditors

Jean Picq, President of Chamber, Court of State Auditors

Christian Noyer, Governor of the Banque de France, represented by Robert Ophèle, Deputy Governor of the Banque de France

Ramon Fernandez, Director of the French Treasury, represented by Corso Bavagnoli

Franck Borotra, Former Minister of Industry and former Member of the Chamber of Deputies (eminent personality, appointed by the President of the National Assembly)

Pierre-Antoine Gailly, Former Chairman of the Paris Chamber of Commerce and Industry (eminent personality, appointed by the President of the National Assembly)

Martin Malvy, President of the Midi-Pyrénées Regional Council (eminent personality, appointed by the President of the National Assembly)

Corporate Secretary's Office

Brigitte Gotti, Secretary of the Supervisory Committee

STRIVING FOR STRUCTURE AND CONSISTENCY

If the governance model is to be effective, it needs to be implemented in as uniform a manner as possible throughout the Group. Several measures have recently been adopted in this respect.

A set of common rules applicable to all entities has been drawn up. A Group Charter was established in 2010 that outlines the Group's action rules and values, namely its role as a long-term investor serving the public interest and national development, as well as the respective responsibilities of Caisse des Dépôts and its subsidiaries. In line with its image as responsible long-term investor, in early 2012 the Group published a Responsible Investment Charter through which its entities commit to implementing and promoting best environmental, social and governance practices in all aspects of their business.

The capital adequacy ratios adopted by the Supervisory Committee in early 2012 also stem from this dynamic and act as a gold standard enabling the Group to measure its financial solidity and guaranteeing its ability to finance its activities over the long term. These ratios will be incorporated into all of the Group's management tools, from the definition of its investment strategy to the preparation of annual operating targets and strategy. The business model and management objectives specific to the Savings Funds have also been taken into account.

The annual operating targets, which are based on balanced dialogue with the subsidiaries and the Caisse des Dépôts' operating divisions, are another aspect of the Group's endeavours to structure its activities. These targets help to delineate the Group's main priorities for each division and subsidiary in accordance with their particular concerns.

Public faith: *Fides publica*



Fides was the Roman goddess of private deposits. Her temple was next to that of Jupiter, god of war and contracts, a symbolism that confers a sacred character upon deposits. Offerings and deposits placed in the temple of Fides were guarded by the Plebeian Council and thus placed indirectly under the Senate's protection. Fides' protection extended to all the economic and political activities of the Roman people, heightening the role allotted to the Senate. This was further extended to the concept of Fides, which became *fides publica*: public faith.

In 2007, Caisse des Dépôts launched the Élan 2020 strategic plan which, since the sub-prime crisis in 2008, has proved to be a valuable management and planning tool with respect to the numerous demands placed on the Group. In a similar vein, in 2011, the operating divisions drafted multi-year strategic plans with a view to providing long-term structure for their endeavours: "Target 2015" for the Back-Offices Division, "Oser 2014" for the Pensions and Solidarity Division and "Horizon 2015" for the Banking Services Division. These initiatives, along with the actions taken by the subsidiaries with respect to strategic analysis, are evidence of another of the Group's priorities: encouraging innovation and experimentation in new value-creating activities.

This ambition could not be fulfilled without comprehensive reflection on how to optimise Caisse des Dépôts' support functions, undertaken in 2011. By restructuring and streamlining its IT, budget and HR functions, Caisse des Dépôts is overhauling its identity to continue to serve national development.

INCORPORATING SUSTAINABLE DEVELOPMENT INTO GOVERNANCE PROCESSES

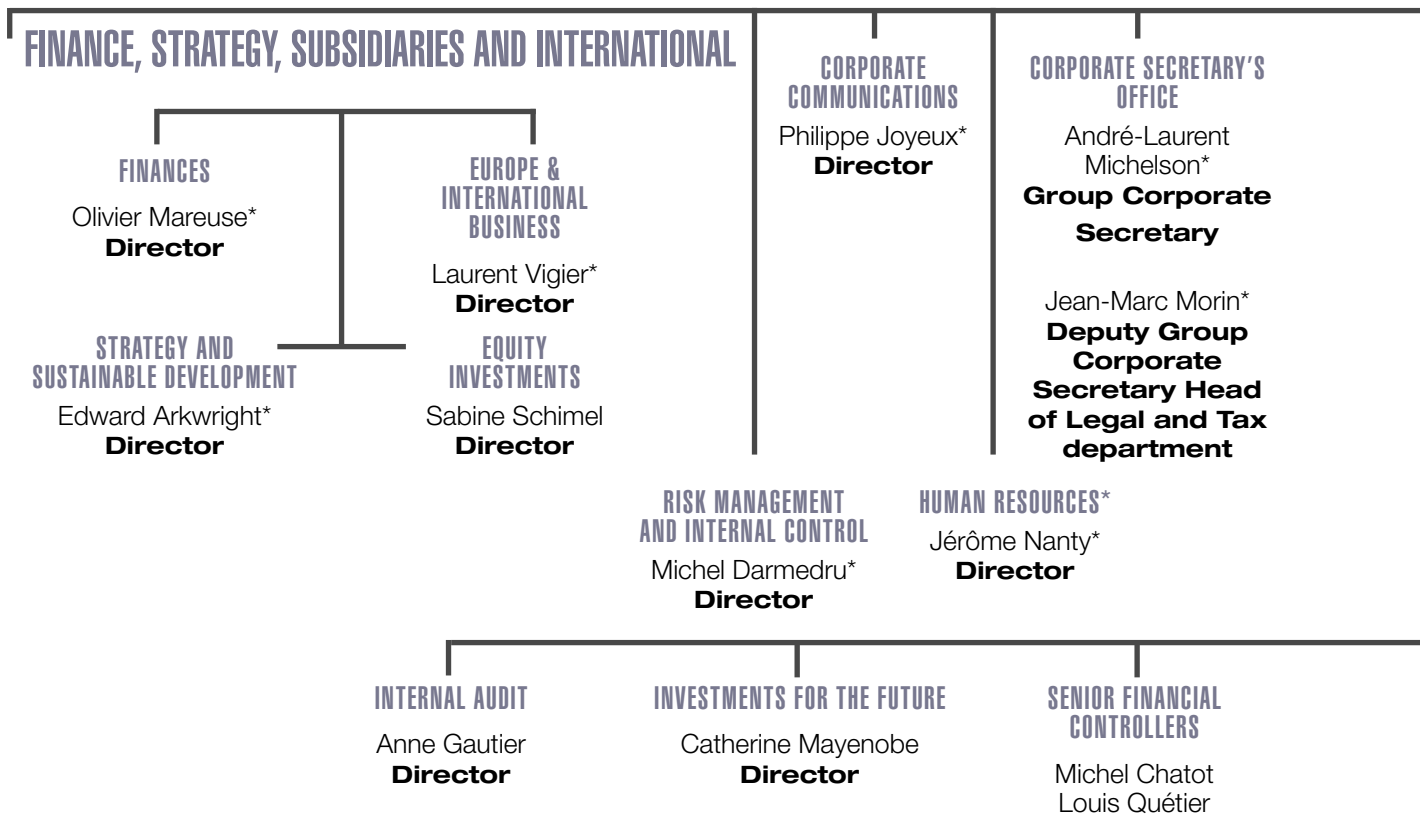
The Group's main governance processes take account of sustainable development, which has been incorporated into the Group's action guidelines and strategic policies. Sustainable development is also a part of the qualitative and quantitative objectives included in the annual operating targets set for the business lines and subsidiaries. All files presented to the Group Commitments Committee include a sustainable development opinion.

GROUP ORGANISATION CHART

Jean-Charles Watiez
**Head of the
 Chairman and Chief
 Executive's Office**

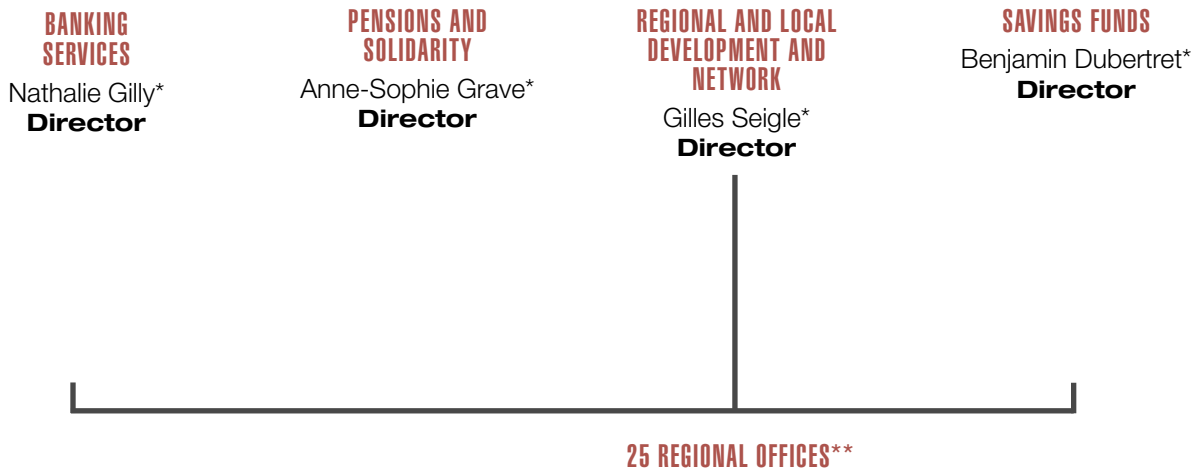
Antoine
Acting Chairman

Caisse des Dépôts – Group Functions



CORPORATE FINANCE		HOUSING AND REAL ESTATE	INSURANCE	TRANSPORT, ENGINEERING AND INFRASTRUCTURE
<p>CDC ENTREPRISES Philippe Braidy* Chairman Pascal Lagarde Chief Executive Officer</p> <p>SIF Jean-Yves Gilet* Chief Executive Officer Philippe Braidy* Deputy CEO</p> <p>Wholly-owned subsidiary Other subsidiary</p>	<p>REGIONAL STRATEGIC INVESTMENT FUND Philippe Braidy* Chairman Claude Sauvageot Chief Executive Officer</p> <p>QUALIUM INVESTISSEMENT Jean Eichenlaub* Chairman Marc Auberger Chief Executive Officer</p>	<p>SNI André Yché* Chairman of the Management Board</p> <p>ICADE Serge Grzybowski* Chairman and Chief Executive Officer</p>	<p>CNP ASSURANCES Gilles Benoist* Chief Executive Officer</p>	<p>CDC INTERNATIONAL Laurent Vigier* Chief Executive Officer</p> <p>CDC INFRASTRUCTURE Philippe Braidy*, Chairman Jean Bensaid Chief Executive Officer</p> <p>EGIS Augustin de Romanet Chairman Nicolas Jachiet* Chief Executive Officer</p> <p>VEOLIA-TRANSDEV Jérôme Gallot* Chief Executive Officer</p>

Caisse des Dépôts - Operating Divisions



Subsidiaries

THE KNOWLEDGE-BASED ECONOMY	SUSTAINABLE DEVELOPMENT	LEISURE AND TOURISM	DIGITAL TECHNOLOGY	REGIONAL SUPPORT
<p>FRENCH PATENTS FUND (FRANCE BREVETS) Jean-Charles Hourcade Chief Executive Officer</p>	<p>CDC BIODIVERSITÉ SOCIÉTÉ FORESTIÈRE Laurent Piermont Chairman and Chief Executive Officer</p> <p>CDC CLIMAT Pierre Ducret* Chairman and Chief Executive Officer</p> <p>Jean-Pierre Sicard Deputy Chief Executive Officer</p> <p>NOVETHIC Anne-Catherine Husson-Traoré Chief Executive Officer</p>	<p>BELAMBRA Olivier Colcombet* Chairman of the Management Board</p> <p>COMPAGNIE DES ALPES Dominique Marcel* Chairman and Chief Executive Officer</p> <p>Franck Silvent Deputy Chief Executive Officer</p>	<p>CDC FAST CDC ARKHINEO Maurice Sissoko* Chairman</p> <p>Charles du Boullay Chief Executive Officer</p> <p>INFORMATIQUE CDC Maurice Sissoko* Chief Executive Officer</p>	<p>SCET Edward Arkwright* Chairman</p> <p>Rémi de Nijs Chief Executive Officer</p> <p>Strategic interests</p> <p>LA POSTE OSÉO</p>

*Member of the Caisse des Dépôts Management Committee. **The Regional Director represents the Chief Executive Officer in the regions.

Management Committee of Caisse des Dépôts Group

31 MARCH 2012





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- 1. Antoine Gosset-Grainville**
Acting Chairman and Chief Executive Officer
- 2. André Laurent Michelson**
Group Corporate Secretary
- 3. Edward Arkwright**
Head of Strategic Management, Sustainable Development and Studies
- 4. Michel Darmedru**
Risk and Internal Control Director
- 5. Benjamin Dubretret**
Savings Funds Director
- 6. Nathalie Gilly**
Banking Services Director
- 7. Anne-Sophie Grave**
Pensions and Solidarity Director



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- 8. Philippe Joyeux**
Group Corporate Communications Director
- 9. Olivier Mareuse**
Group Finance Director
- 10. Jérôme Nanty**
Group Human Resources Director
- 11. Jean-Marc Morin**
Head of Legal and Tax department and Deputy Group Corporate Secretary
- 12. Gilles Seigle**
Regional and Local Development and Network Director



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- 13. Laurent Vigier**
Director of European and International Affairs – permanent representative of Caisse des Dépôts Group at the European Union
- 14. Gilles Benoist**
Chief Executive Officer, CNP Assurances
- 15. Philippe Braidy**
Chairman, CDC Entreprises
- 16. Olivier Colcombet**
Chairman of the Management Board, Belambra
- 17. Pierre Ducret**
Chairman and Chief Executive Officer, CDC Climat
- 18. Jean Eichenlaub**
Chairman, Qualium Investissement
- 19. Jérôme Gallot**
Chief Executive Officer, Veolia Transdev



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- 20. Jean-Yves Gilet**
Chief Executive Officer, SIF
- 21. Serge Grzybowski**
Chairman and Chief Executive Officer, Icade
- 22. Nicolas Jachiet**
Chief Executive Officer, Egis
- 23. Dominique Marcel**
Chairman and Chief Executive Officer, Compagnie des Alpes
- 24. Maurice Sissoko**
Chief Executive Officer, Informatique CDC
- 25. Andre Yché**
Chairman of the Management Board, SNI

THE FINANCIAL

PUBLIC-SERVICE MANDATES

Regulated savings accounts*

Investments for the Future programme*

Pension and solidarity schemes*

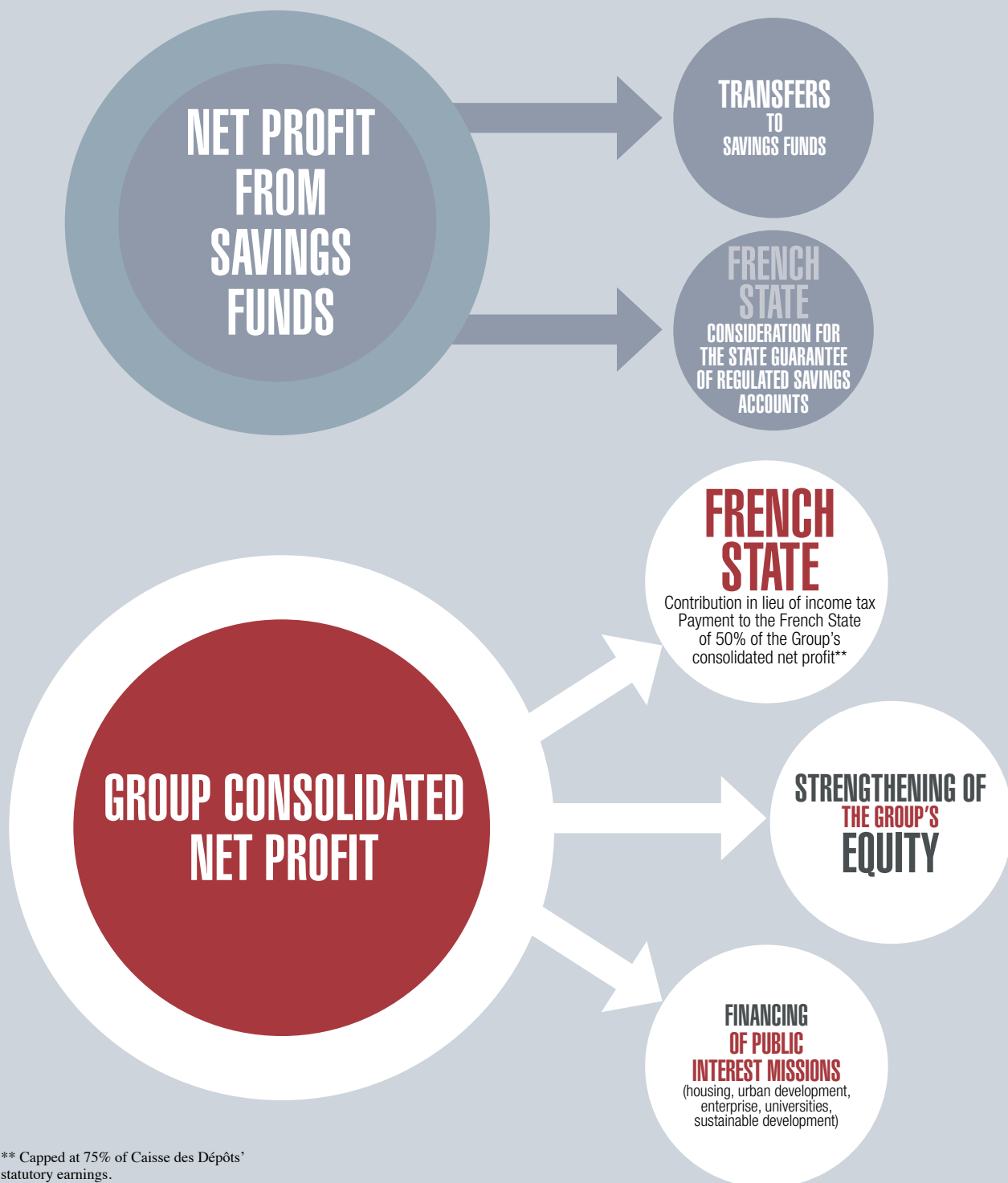
Funds entrusted to the legal profession

SUBSIDIARIES EQUITY

CAISSE DES DÉPÔTS
STATUTORY
EARNINGS

* Managed on a cost price basis (no profit made by Caisse des Dépôts).

GROUP'S FLOWS



** Capped at 75% of Caisse des Dépôts' statutory earnings.

THE GROUP'S INVESTMENTS

Caisse des Dépôts' portfolio of financial assets provides the Group with the income streams needed to fund its actions. The assets are invested from a long-term perspective in order to obtain a regular and recurrent yield with a highly-regulated risk and are managed in compliance with the Group's Responsible Investment Charter.

BOND PORTFOLIOS (€30.9 BILLION): SECURE AND REGULAR YIELDS ABOVE ALL ELSE

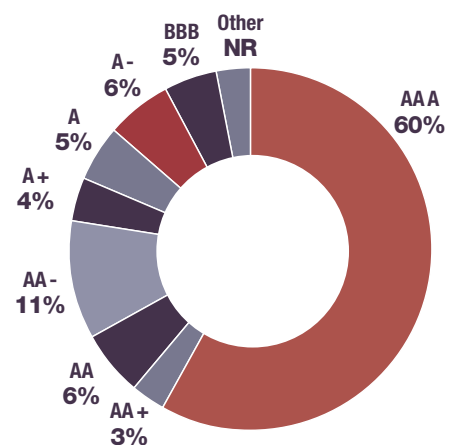
Bond holdings are divided between two main portfolios:

- A long-term fixed-rate portfolio, with held-to-maturity investments, which mainly invests in European State bonds, supranational and government agencies.
- A shorter-term, variable-rate loan portfolio, designed to leverage the yield spread of private issuers.

The long-term portfolio invested exclusively in AAA-rated bonds for an amount of €2.8 billion in 2011 and its value increased by €0.8 billion. Despite the downward trend in rates, the portfolio maintained an average yield of more than 4%. Following repayment of a credit line in May 2011, only residual exposure of €80 million to the Greek State remains. A provision for 75% of this line was recognised in the annual financial statements and then contributed to the exchange offer proposed in relation to the Greek bailout plan in early 2012. The loan portfolio enjoyed more active management, with acquisitions of €1.5 billion and sales totalling €0.6 billion. In early 2011, the portfolio started to prudently diversify funds of €0.2 billion in shares issued by emerging countries. As a result of maturities, the value of the portfolio

remained more or less stable. There have been no incidents connected with this portfolio. Despite downgrades in 2011, the bond portfolios continue to carry a very high rating: 60% are rated AAA and 95% A- or above. The portfolios generated income of €946 million in 2011.

RATINGS AWARDED TO BOND PORTFOLIO COUNTERPARTIES



**EUROPEAN EQUITIES (€10.5 BILLION):
OUTPERFORMED THE MARKETS
AND MADE SIGNIFICANT CAPITAL GAINS**

This portfolio, which excludes equity investments in listed companies, consists of long-term investments in around 100 French and European listed companies. It remained stable overall in 2011, with a concentration of sales in the first half of the year and purchases taking place during market troughs, notably during the summer months.

This resourceful management led to capital gains of €532 million (in accordance with IFRS), plus dividends of €477 million. In accordance with IFRS, provisions had to be set aside for certain transactions despite the long-term investment horizon.

The portfolio significantly outperformed its benchmark index, dropping only 12.6% over the year as against a 17% drop by the CAC 40. This outperformance is mainly due to the low weighting of the banking sector and a favourable choice of assets in the industrial goods and services sector. Nonetheless, the stock market decline reduced total unrealised gains on available-for-sale assets to €2.5 billion. Caisse des Dépôts wholly fulfilled its role as responsible investor. In particular, it voted at all of the shareholders' meetings of the companies in its portfolio and maintained fruitful dialogue with the management of said companies on environmental, social and governance issues.

**REAL ESTATE (€4.4 BILLION):
RECORD ACQUISITION LEVELS AND EFFICIENT
MANAGEMENT OF THE EXISTING PORTFOLIO**

2011 was an extremely dynamic year for Caisse des Dépôts' real estate investment portfolio, with nine acquisitions totalling €519 million, in very diverse areas and segments. Environmental issues were one of the Group's main concerns with respect to these acquisitions. Several of the office buildings purchased received the top awards in terms of High Environmental Quality (HEQ) and energy efficiency (BBC). Caisse des Dépôts undertook major renovation work on a prestigious 1930s building in central Paris, which is set to be the first old building to obtain BBC certification for energy efficiency. The entire building has been leased to a major bank, which will set up its Paris headquarters there in early 2013. In the wake of the Grenelle environmental conference, an energy audit of

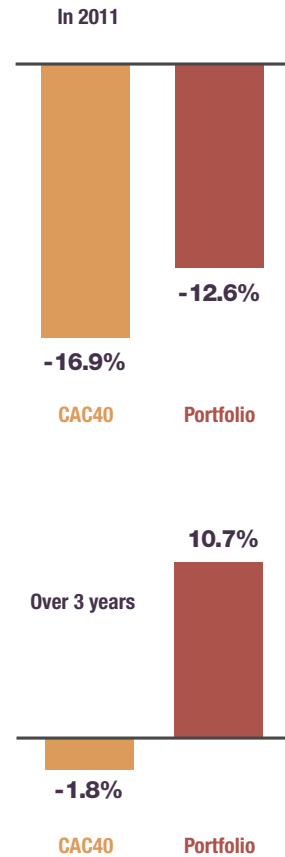
the entire real estate portfolio kicked off in 2011. The initial results will be available in 2012, following which an action plan will be drawn up to improve the portfolio's energy performance.

The overall economic performance of the portfolio was excellent, coming in at 0.3% above the IPD index for the year. It also showed unrealised capital gains of €1.8 billion.

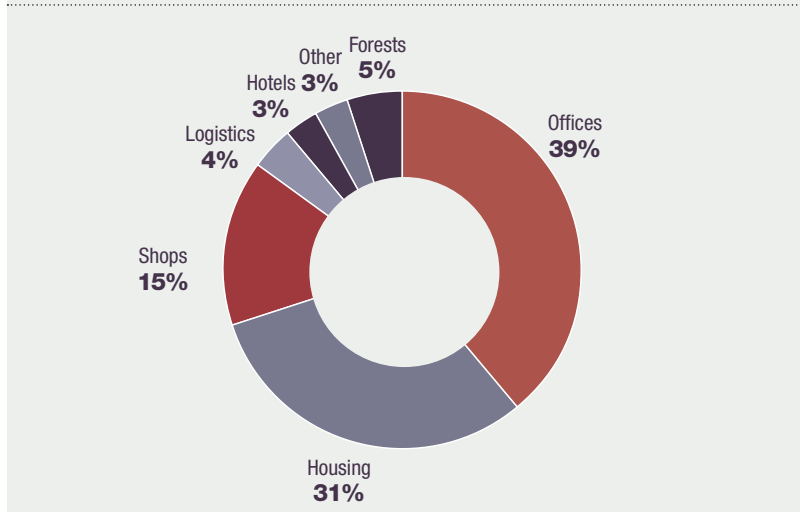
DIVERSIFICATION

Caisse des Dépôts holds mainly French or European financial assets, consistent with the missions entrusted to it. However, with a view to diversifying, the portfolio also has marginal investments in international funds, which are delegated to internal or external asset management companies. These concern non-European equities (approximately €650 million), small listed companies (almost €500 million), international capital development funds (over €800 million) and diversified funds (approximately €300 million). In all of these segments, performance was consistent with benchmark indices.

**PERFORMANCE OF
EUROPEAN EQUITY
PORTFOLIO**



BREAKDOWN OF REAL ESTATE PORTFOLIO



AN EFFECTIVE

AND RESPONSIBLE

Caisse des Dépôts continued to upgrade its operations and improve processes over the year, with the twofold objective of ramping up performance – in particular as regards the administration of the savings funds – and corporate social responsibility.

GROUP

A HUMAN RESOURCES POLICY SERVING GROUP AMBITIONS

In 2011, Caisse des Dépôts pursued its HR strategy in line with the priorities determined in 2010.

HELPING TO FORGE THE GROUP'S CORPORATE CULTURE

2011 saw the launch of CDC Campus, an internal training and support mechanism aimed at increasing employees' knowledge of the Group and its strategy, developing a Group corporate culture, strengthening links between Group executives in France and improving individual and group skills.

The purpose of CDC campus is to:

- increase employees' knowledge of the Group. Six "Group Knowledge" seminars were organised in 2011 and attended by almost 400 Caisse des Dépôts executives;
- consolidate managerial skills. A management project enabled the Group to identify the managerial skills

and qualities needed to respond to the various challenges that it faces. In tandem with this, work was carried out with around 100 managers and the teams in charge of human resources to define priorities and expand the training options available to managers;

- expand technical expertise through the creation of "business line academies"; and
- support cross-disciplinary projects or thematic reviews with a strategic scope.

IMPLEMENTING AN ACTIVE SKILLS MANAGEMENT POLICY

The Group's ability to anticipate its skills requirements relies on the implementation of a jobs and skills committee (GPEC).

■ In 2011, an agreement was entered into at Group level based on an overview of the skills available per business segment. This will enable the Group to identify its future needs in line with its main strategic policies and is intended to be rolled out to all Group entities.

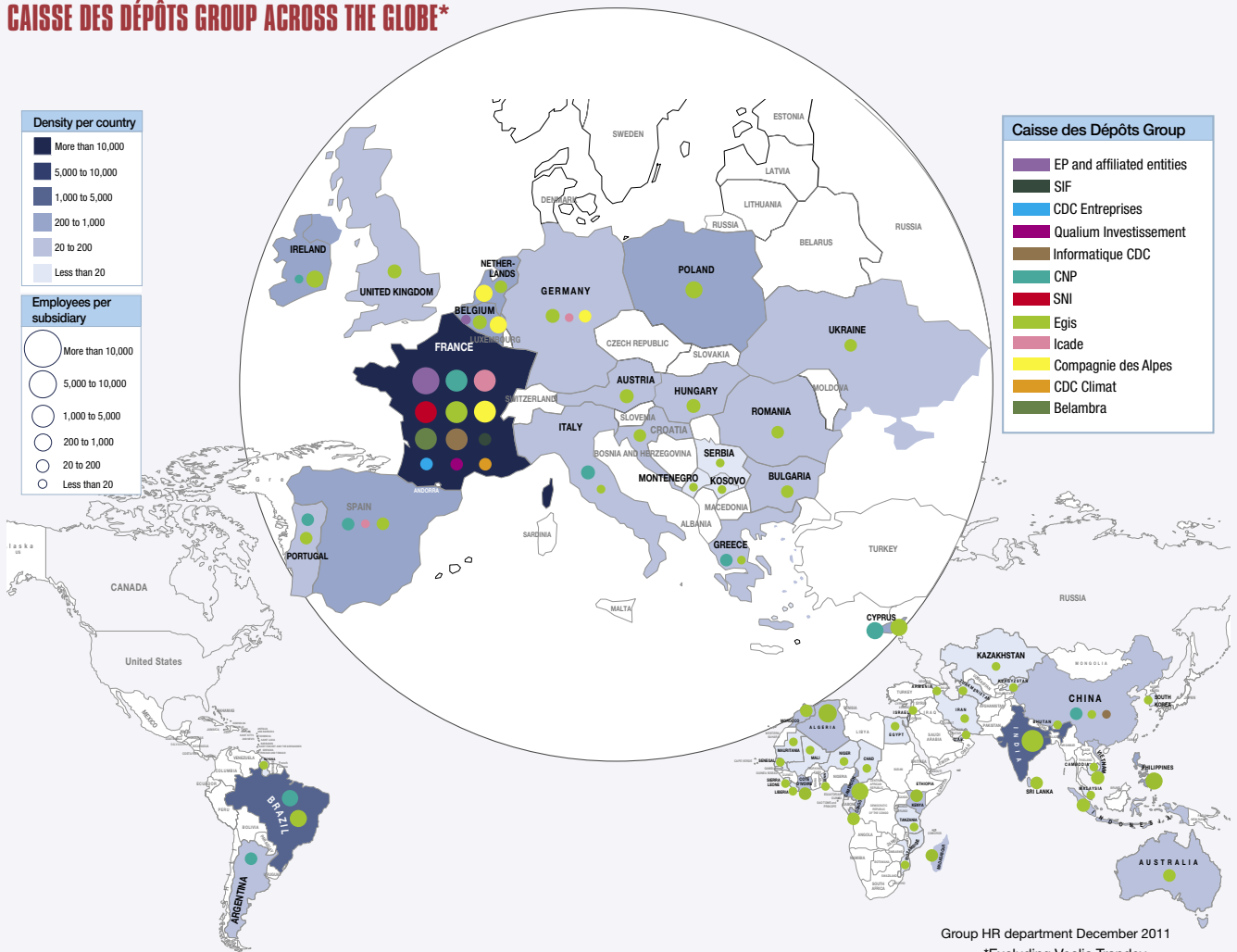
■ The GPEC mechanism also led to the signature of an agreement at Caisse des Dépôts level. Thus, Caisse des Dépôts will be better equipped to anticipate changes in employment trends, optimise management of HR policies as regards recruitment, mobility and training, and increase internal mobility by offering employees greater visibility with respect to opportunities and career paths.

FOCUS

In 2011, the HR department launched the *Bilan Social Individuel* (BSI).

This application measures each employee's direct and indirect remuneration, working time and training history, enabling staff to accurately review their personal situation and allowing Caisse des Dépôts to comply with its labour commitments. Individual assessments will now be carried out on an annual basis.

CAISSE DES DÉPÔTS GROUP ACROSS THE GLOBE*



TRAINING DIRECTORS: A PRIORITY

Detecting talent and helping directors manage their careers are priorities for Caisse des Dépôts.

A major reform of the methods for managing and supporting directors was undertaken in 2010.

Personalised, tailor-made support is now available in the form of:

- individual assistance by means of various personal development tools (career interviews, coaching, skills assessments);
- group assistance through CDC University, which offers various programmes and seminars.

This reform will help to strengthen the culture of excellence and the feeling of belonging to a community of directors now organised around two circles of responsibility.

Two talent pools exist to prepare the executive directors of tomorrow:

- “Perspectives Groupe” (formerly Generation 2020), comprising 186 persons; and

- “Ressources Dirigeants”, set up in July 2011, comprising 22 persons shortly expected to be admitted to “Cercle 2”, who help to motivate, retain and improve the professionalism of senior executives by offering a clearer vision of their career development possibilities.

ATTRACTING AND RETAINING THE TALENT THE GROUP WILL NEED OVER THE COMING YEARS

In 2011, the Group HR department prepared a three-year employer brand attractiveness action plan. Initiatives involve:

- a systematic presence on job boards since January 2012;
- the launch of the Group’s first ever career forum;
- the publication of all positions open to external candidates on the Group’s website since 2011, as well as on the Icade, Egis and SNI sites;
- the creation of Mobil’idees, the first group-wide job exchange site, in late 2010. This gives 25,000 employees

from 112 different entities the possibility to consult some 400 job descriptions posted by 19 local job vacancy sites;

- the consolidation of mobility figures within the Group in 2011, with an increase in the number of subsidiaries concerned by intragroup mobility.

DEVELOPING AN EXEMPLARY POLICY TO ENCOURAGE AND OVERSEE DIVERSITY: “PROMOTING DIVERSITY – IT’S UP TO US TO MAKE A DIFFERENCE!”

Caisse des Dépôts consolidated its commitment to promoting diversity in 2011, with a view to targeting several populations for inclusion across all organisational levels.

Affirmative action is being taken to combat the glass ceiling that so often prevents women from accessing the upper corporate echelons. By 2016, women will hold 40% of corporate officer positions across Caisse des Dépôts Group. Disabled employees made up 5.5% of Caisse des Dépôts’

workforce in 2011, approaching the statutory requirement. Recruitment, use of the sheltered sector and declarations of disability to the employer also increased.

May 2012 saw the first recruitment fair for trainees from diverse social backgrounds held by Caisse des Dépôts entities in conjunction with French association Mozaïk RH.

Caisse des Dépôts wishes to guarantee all employees optimum levels of equal opportunity. Mechanisms to heighten the impartiality of HR processes were put in place in 2011. A procedure to ensure even greater vigilance as regards the neutrality of job advertisements was communicated to all departments responsible for recruitment, and training for selection boards now includes a diversity module.

RICH AND CONSTRUCTIVE SOCIAL DIALOGUE

2011 was particularly rich in terms of labour relations. Following a trial run of almost four years, management and social partners unanimously signed a permanent agreement in favour of teleworking.

The end of the year was marked by the signature of the 2012-2014 framework agreement, the GPEC agreement and the first amendment to the gender equality agreement. The new framework agreement consolidates the applicable measures of the previous agreement and includes commitments on sustainable levels of recruitment, recognition of employees throughout their careers and ongoing assistance to employees via work-life balance initiatives. Job desegregation, equality of pay, constant vigilance in terms of gender

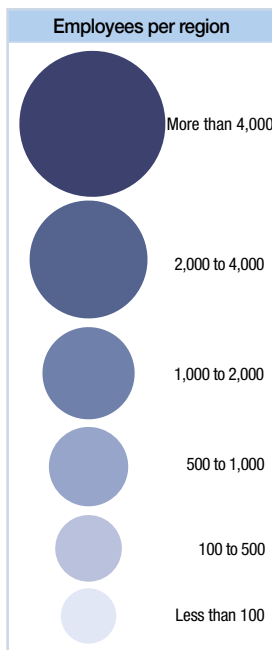
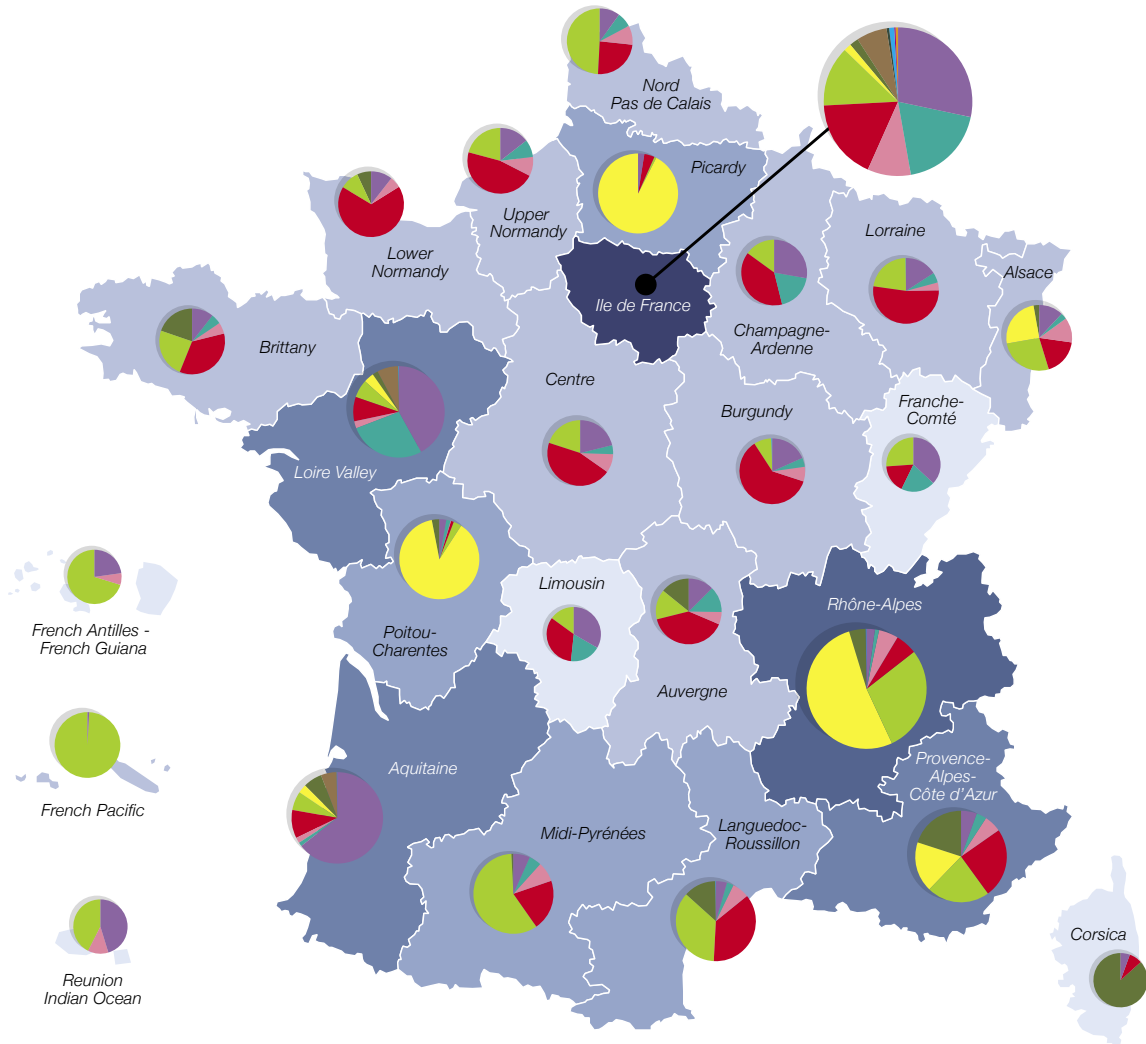
equality in the workplace, and work-life balance – in particular through signature of the Parenthood Charter – are central to the first amendment to the gender equality agreement.

These collective agreements, which are essential to the Group's social framework, offer employees an overview of issues that concern them.

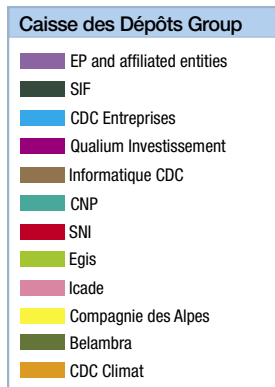
	Total employees at 31 December 2011	Outside France	Total employees in France at 31 December 2011
Caisse des Dépôts	5,682	0	5,682
Affiliated entities	758	0	758
CNP Assurances and subsidiaries	4,849	1,555	3,294
SIF	63	0	63
CDC Entreprises and subsidiaries	146	0	146
Qualium Investissement	32	0	32
CDC Climat and subsidiaries	67	0	67
Icade and subsidiaries	1,844	11	1,833
SNI and subsidiaries (including SCET)	4,675	0	4,675
Egis and subsidiaries	11,761	7,220	4,541
Compagnie des Alpes	5,055	1,298	3,757
Belambra	1,099	0	1,099
Informatique CDC	1,112	0	1,112
Total Caisse des Dépôts⁽¹⁾	37,143	10,084	27,059

(1) Excluding Veolia Transdev, which has almost 102,000 employees worldwide.

CAISSE DES DÉPÔTS IN FRANCE*



December 2011



*Excluding Veolia Transdev

COMMUNICATION: A KEY LINK IN THE GROUP'S EVER- STRONGER IDENTITY

The Group intensified its communications drive in 2011 and developed new tools and support mechanisms to respond to the challenges of visibility, transparency and attractiveness.

PROVIDING OUR VARIOUS AUDIENCES WITH AN INSIGHT INTO OUR GROUP AND RAISING OUR PROFILE

Regional forums held to explain the Group's role in the regions to points of contact such as elected representatives, institutional investors and company heads, were a resounding success. The Investments for the Future and *Grand Paris* programmes also provided opportunities for the Group to explain its positioning and put forward its achievements.

Finally, in 2011 the Group launched its first online TV channel, solutionsdu-

rables.tv, which serves to emphasise the Group's innovativeness and ability to develop projects across all regions (see Focus).

FORGING A GROUP CORPORATE CULTURE AND PROVIDING EMPLOYEES WITH A MEANS TO CONVEY THE GROUP'S ACTIONS

The Group's employees are its best ambassadors. Creating a genuine Group corporate culture is wholly complementary to other external communication initiatives.

The Group has thus developed and upgraded its corporate communication

FOCUS



solutionsdurables.tv: Caisse des Dépôts' online space for sharing interesting solutions

put in place in the regions. The site is openly accessible online and offers shows, reports and theme-based discussions on issues of major concern to society. Caisse des Dépôts structures its operations from a regional perspective and prides itself on being able to cater to all types of local and regional development

requirements and encourage regional economic development. The online TV project brings together a whole host of skills and know-how in fields such as engineering, funding and project management.

The purpose of solutionsdurables.tv is to shine a light on solutions implemented by the regions in areas as diverse as housing, transport, enterprise, tourism, energy, urban development, digital infrastructure, the elderly, the environment and universities. With 55,305 unique visitors, 40 guest speakers and 20 thematic reports since its launch in November 2011, solutionsdurables.tv is playing its part in spreading the Group's message. LCP, France's parliamentary channel, brings an additional audience, having broadcast 141 solutionsdurables.tv reports since 18 February 2012.

PATRONAGE

tools to include a business presentation kit and a new film introducing the Group.

The Trophées Élan awards, unveiled in April 2011, are the Group's first ever awards for sustainable development and innovation and highlight the many initiatives and projects undertaken to promote sustainable development. Of the 144 projects submitted for consideration, five won awards, in the following categories: "Cities and towns", "Innovative models", "Eco-citizen initiatives", "Responsible investment", and "Special jury prize". Some 1,660 employees came out to vote for their favourite project – a show of support that demonstrates not only an ownership of sustainable development issues and employees' willingness to adopt this way of thinking, but also an espousal of a unifying, Group-wide event.

A NEW GOAL TO MARK THE GROUP'S UPCOMING BICENTENARY

Although the Group enjoys a positive image, not a lot is known about the scope and sphere of its activities. As such, the Group is aware of the need to strengthen ties with all of the players with which it comes into contact by bolstering communication about its services. The upcoming bicentenary is an occasion for the Group to give special prominence to its specific expertise and strengths, using both words and actions to display its innovativeness and prove its aptitude to nurture key projects for the future.



(*Ligue de l'enseignement*) and the National Union of Family Associations (UNAF), to achieve its objective of quadrupling the number of children it reaches to one million. *Lire et faire lire* volunteers share their love of reading with children in schools and social centres around France. Apart from providing financial support, the Group is committed to spreading the word about this project throughout Caisse des Dépôts and its subsidiaries with a view to enlisting volunteers aged 50 years or over. Almost 55 volunteers have been recruited as a result of these efforts to date. The goal for 2012 is to increase awareness about the project among employees of the entire Caisse des Dépôts Group.

> CULTURE IS A PUBLIC ASSET

For almost 30 years the sponsorship of cultural events has been one of the main pillars of Caisse des Dépôts' patronage activities, with culture being seen as both a means of personal development and a way to strengthen social ties. Patronage activities are currently based around three major projects:

- (i) a reading programme designed to combat illiteracy and foster a love of reading,
- (ii) urban outreach initiatives and
- (iii) classical and contemporary music.

The reading programme, which was set up in 2007, aims to reduce the risk of early school dropout by helping young children learn to read and familiarising five- to seven-year olds with books, libraries and the pleasure of reading. This long-term investment for the future of the country is reflected in the Group's support of associations promoting reading

throughout France and its overseas territories. These associations include APFEE, which promotes equal opportunities among school pupils, AFEV, which recruits volunteer students to help youths from difficult neighbourhoods with their school work, the ATD Fourth World's street library programme, *Agir pour l'école*, which fights illiteracy, or indeed *Lire et faire lire*.

Caisse des Dépôts' human side is to the fore in its support of social housing and urban policy and regeneration. The Group supports initiatives that bring together young people and adults from urban areas with professional artists from all walks of the creative spectrum – video, photography, writing, theatre, dance, etc. – to produce creations that are then shared with the public at large. The parade at the Lyon Biennale's dance event is emblematic of the

projects that have received funding. Caisse des Dépôts, which owns the Théâtre des Champs-Élysées, has also launched a project to promote a love of classical and contemporary music among the general public. In concrete terms, this means providing financial support to almost 200 festivals or shows around France, and helping to raise awareness of classical and contemporary music among young people, students and families through events such as *Tous à l'Opéra* and *Orchestres en fête*. A number of choral music events also receive backing, as well as several major contemporary music institutions. Caisse des Dépôts is also patron of several major outdoor music events around France, including Lille 3000, Marseille Provence 2013, the Nuit Blanche event in Paris and Evento in Bordeaux.

> READING AND ENCOURAGING OTHERS TO READ

In 2011, Caisse des Dépôts entered into a new partnership with *Lire et faire lire*, an association aimed at encouraging children to take pleasure in reading and co-founded by French author Alexandre Jardin. Through its patronage, Caisse des Dépôts hopes to help the association, which is active through the French education league

THE CORPORATE SECRETARY'S OFFICE – GUARANTEERING RESPONSIBLE PERFORMANCE

MORE STRINGENT REQUIREMENTS REGARDING COMPLIANCE WITH SUSTAINABLE DEVELOPMENT CRITERIA

Caisse des Dépôts' sustainable development programme, Écotidien, has two main objectives: efficient use of the resources that the Group needs to operate with a view to reducing greenhouse gas emissions, and offsetting any and all emissions resulting from its operations.

In order to assess its situation and identify ways of reducing greenhouse gas emissions, in 2011 Caisse des Dépôts carried out a Bilan Carbone® in respect of 2010. This assessment showed total emissions of 31,500 tonnes of CO₂ equivalent, a reduction of 8% compared with the previous Bilan Carbone®, despite an increase in business and employee numbers. The average per-employee emission is thus down by 12%.

In 2011, the programme honed in on resources, through initiatives such as implementing energy-saving devices, ensuring across-the-board use of eco-label paper, digitising documents, introducing organic food in staff canteens, and reducing the average level of emissions by the vehicle fleet. Social commitment was also important and included favouring the purchase of sustainable products or the use of adaptive organisations.

IN 2011,
CAISSE
DES DÉPÔTS
OFFSET
26,140
TONNES
OF CO₂
EQUIVALENT

Some 26,140 tonnes of CO₂ equivalent were offset in 2011, giving rise to wind, water and biomass energy projects in developing countries.

TIGHTENING INFORMATION SYSTEMS

2011 was marked by a tightening of Caisse des Dépôts' information systems management as regards organisation, the monitoring of divisional projects and the development of group-wide tools to be used by all business lines. As regards organisation, the high points of the year were the creation of a strategic committee with respect to Caisse des Dépôts' information systems, the submission of a monthly report on strategic projects to the governance bodies and the setting up of new project platforms at 118 avenue de France in Paris. Towards the end of the year a central projects office was created with the aim of improving the management and monitoring of the Group's major projects in the IT domain. The plan to overhaul the information systems, which kicked off in 2009, was significantly ramped up with upgrades to information systems used in lending activities, in particular as regards the vetting and management of loans. Considerable progress was also made with the programme to update the banking services applications and a decision was taken to launch a project upgrading the entire investor services line.

A decisive step was taken in the first phase of the IT security plan, with the installation of a remote site enabling a disaster recovery plan for Caisse des Dépôts' applications.

ENHANCING REAL ESTATE MANAGEMENT

In 2011, Caisse des Dépôts continued to enhance the management of its real estate portfolio and bring all of its sites into compliance with sustainable development standards currently in force. A project was launched to renovate the entrance lobby of its headquarters at 56 rue de Lille in Paris, and to bring the headquarters into compliance from a technical point of view.

This work falls within the scope of Caisse des Dépôts' property development plan, the purpose of which is to enhance the Group's real estate portfolio, incorporate a sustainable development dimension and improve working conditions for employees.

This work will continue throughout 2012, improving the safety of access to various areas of the building, simplifying traffic flows, optimising space and enhancing reception areas. In early 2012, the headquarters' new entrance lobby was awarded *NF Bâtiments tertiaires* certification, a label awarded to tertiary-sector buildings in France in conjunction with the HEQ initiative.

The enhancement of the real estate portfolio is also continuing apace in the regions. The regional offices, some of which are located in historical buildings that are not really adapted for business activities, are continuing to relocate to mainly new, low-energy premises, allowing for greater modularity. Three regional offices invested in new premises in 2011.

STRENGTHENING TAX AND LEGAL CONTROLS TO SECURE BUSINESS AND PROJECTS

SECURING BUSINESS AND PROJECTS WITH TAX AND LEGAL CONTROLS

The Group carried out numerous governance and labour relations projects in 2011, as well as large-scale financial and real estate transactions.

To ensure that these projects are secure from a tax and legal point of view, the Group strengthened and developed its internal skills and expertise.

It was thus able to meet the challenges posed by the tax and legal arrangements for various projects such as the creation of Group subsidiary *CDC Générations*

or the social tourism investment fund (*Fonds tourisme social investissement – TSI Fund*), and the initial phases of the Investments for the Future and *Grand Paris* programmes.



The new entrance lobby of Caisse des Dépôts' headquarters

FOCUS

IS 2020: stronger synergies between Caisse des Dépôts and Informatique CDC

Caisse des Dépôts is planning on replacing 75% of its IT applications between 2009 and 2014. This is a huge undertaking, a major portion of which still remains outstanding. To fulfil this goal under the best possible conditions, the IS 2020 plan was implemented in 2008 to push forward structural developments with respect to the organisation and management of information systems. Establishing stronger synergies between Caisse des Dépôts and its service provider Informatique CDC is one of the main purposes of IS 2020, which covers three key areas:

- implementation of project platforms, to create cohesion between the business line, project management and contracting teams with efficiency gains estimated at 15% of the overall cost of a project;
- permanent management of the "Initial service offering", which concerns approximately 60 applications and consists of adapting availability and monitoring requirements in accordance with the degree of risk and criticality of the particular software;
- employee mobility between Informatique CDC and Caisse des Dépôts, enabling the Group to allocate resources efficiently and better meet project needs.

BACK OFFICES AND RISK CONTROL: TWO HIGH-VALUE ADDED FUNCTIONS FOR THE GROUP

A RANGE OF BACK OFFICE FUNCTIONS ENHANCED IN LINE WITH INDUSTRY BEST STANDARDS

AIMING FOR EXCELLENCE

The Back-Offices Division of Caisse des Dépôts instigated three major projects in 2011, with a view to improving the quality and cost of its services and the security of customer transactions. These projects included:

- setting up an EIG with Banque de France in order to share the mass processing of payments of small amounts.
- overhauling the Finance IT system, with a view to the end-to-end integration of the financial instrument processing chain.
- implementing a call for tenders on Caisse des Dépôts' currently outsourced custody account-keeping service, with the twofold aim of reducing the cost of the service and harmonising the processing method.

New actions for simplifying and streamlining the processing of Caisse des Dépôts' operating costs were implemented, in particular the digitisation and electronic archiving of certain supporting documents, within the scope of a protocol signed with the Court of State Auditors at the end of the year. A project to revamp the asset management applications was also undertaken.

In the context of its project to rejuvenate managerial identity and culture, the back offices set up performance dashboards in all units to examine production, quality, cost and operational risks in detail.

Against a background of considerable change, Caisse des Dépôts rolled out a medium-term strategic plan – “Target 2015” – for the cash, financial instruments and accounting functions of its back offices. This plan was approved

in early 2012 and its three priority goals are:

- to provide an enhanced range of services, in compliance with current industry standards;
- to make the back offices central to Caisse des Dépôts' performance;
- to give employees a key role in the Division's strategy.

This plan characterises the back offices' intention to place professionalism and value added at the service of the Group's sales policies and business line development strategies.

NEW AND REINFORCED RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITIES

Pursuant to the Law on Modernisation of the Economy (LME) of 4 August 2008 and its implementing decrees of 9 March 2009 and 27 April 2010, Caisse des Dépôts is now subject to several new obligations, including: (i) compliance with specific banking and financial regulations, in particular CRBF-97-02, (ii) definition of a prudential supervisory framework appropriate to Caisse des Dépôts, and (iii) obligation to provide accounting, financial, prudential and operational reports to the ACP.

In this context, the Supervisory Commission has entrusted control of Caisse des Dépôts' banking and financial activities to the ACP. The Risk and Internal Control department, in conjunction with the ACP, coordinates the implementation of prudential supervision in accordance with the prudential model of the Central Sector and the savings funds.

The five pillars of the Group's risk management strategy are ongoing control, financial risk supervision, prudential oversight, compliance with

ethical and anti money-laundering standards and information system security.

1 Ongoing control is designed chiefly to monitor and manage operational risk. In 2011, the Group's internal control system was strengthened and emphasis placed on information system security.

2 Commitments contracted by the various business lines are reviewed upstream as part of financial risk supervision. Financial supervision also plays a central role in monitoring credit and market risks on investment portfolios. The Risk and Internal Control department performs independent back-up reviews of financial risks according to the nature of the investment (loans, investments in projects or investment portfolios) and the amounts involved.

In 2011, oversight of financial risks on these portfolios was reinforced against the backdrop of the acute sovereign debt crisis. However, credit quality remained stable in comparison with 2010 due to Caisse des Dépôts' role as a long-term investor, including with respect to financial portfolios.

Although Caisse des Dépôts is not subject to regulation by the European Banking Authority, it nonetheless cal-

culated the potential impact of the crisis on sovereign debt within the eurozone for its management bodies and in accordance with its own stress scenarios.

3 Pursuant to LME implementing decree no. 2010-411 of 27 April 2010, Caisse des Dépôts is subject to a specific regulatory framework provided by the ACP and based on a prudential model intended to guarantee its liquidity and solvency vis-à-vis its depositors and third parties in general, as well as the stability of its financial structure. The prudential model put forward by the Chairman and Chief Executive Officer was reviewed by the ACP and approved by the Supervisory Commission which, for the first time, decided on the Group's levels of capital.

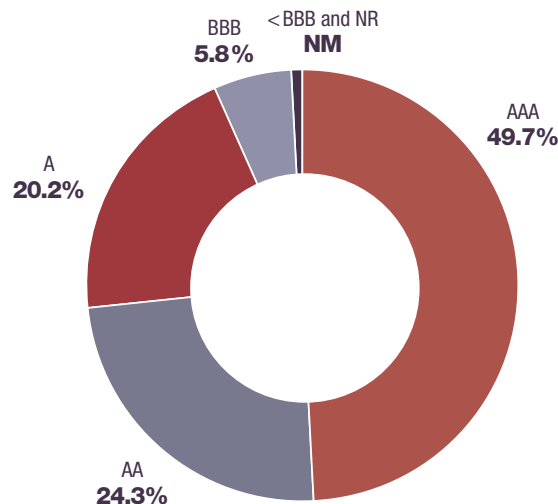
This decree also extends to Caisse des Dépôts, by adapting, to Caisse des Dépôts' specific activities, the decision of 20 February 2007 on capital adequacy requirements applicable to credit institutions and investment firms, as well as other laws regarding the monitoring of major risks, liquidity, the cost of refinancing and interbank risks. In 2011, the two Central Sector entities and the Savings Funds performed their first required statutory declarations, and are largely compliant with regulatory ratios.

4 The Group is legally bound to fight against money laundering. The scope of its obligation changed significantly with the implementation of the third EU Directive into French law. Ethical standards are designed to ensure the integrity of permanent and temporary employees in carrying out their duties.

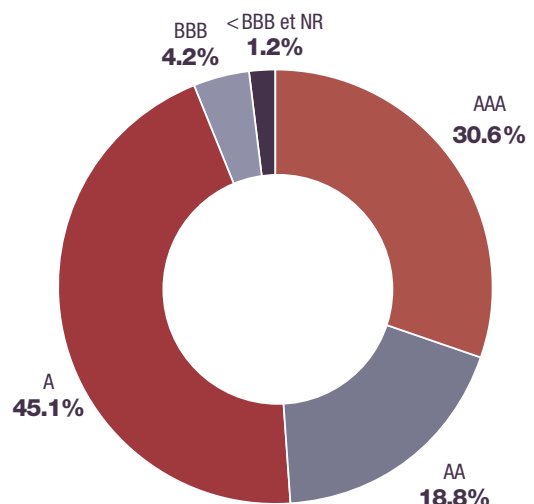
5 Information systems are central to the Group's operations and ensuring their security is becoming ever more important in light of said systems' increasing dependence on the Internet. The intrusion tests performed systematically on all of the Group's IT assets that are exposed to risk were stepped up in 2011.

BREAKDOWN OF LONG-TERM ISSUES HELD BY THE CENTRAL SECTOR AND THE SAVINGS FUNDS
BASED ON CREDIT RATING AGENCIES. ANALYSIS AT 31 DECEMBER 2011

CAISSE DES DÉPÔTS



SAVINGS FUNDS



CORPORATE SOCIAL RESPONSIBILITY

The Group's governance processes and reporting practices are evolving to ensure the effectiveness, transparency and verifiability of its commitments.

A FULL ASSESSMENT OF THE SUSTAINABLE DEVELOPMENT PRIORITY IS PERFORMED EACH YEAR

Sustainable development is a strategic priority for Caisse des Dépôts. It is highly cross-disciplinary in nature, which means that action rules and practices – including environmental, social and governance factors – can be incorporated into all of the Group's business lines.

INCORPORATING SUSTAINABLE DEVELOPMENT INTO GOVERNANCE PROCESSES

Sustainable development is incorporated into the Group's main governance processes. The medium-term plans and annual operating targets and strategies of the Group's various entities incorporate sustainable development objectives that are regularly monitored by the Strategy Division.

In addition, the Group Commitments Committee systematically includes a sustainable development opinion in its files to clarify decisions taken on major investment projects. The publication of a Responsible Investment Charter has equipped the Group with a public platform regarding its responsibilities with respect to governance, the Group's founding documents, public interest and, more generally, environmental, social and governance (ESG) criteria. This Charter is available to all and any stakeholders wishing to acquaint themselves with the core principles guiding Caisse des Dépôts' investment and asset management policies.

Each year the Strategic Management, Sustainable Development and Surveys

department presents a full assessment of actions taken with respect to the sustainable development priority to the Group's Management Committee and Supervisory Commission.

MANAGING THE SUSTAINABLE DEVELOPMENT PRIORITY

Within the Strategy Division, the Sustainable Development department is tasked with proposing and deploying sustainable development policies for the Group. The department receives support from contacts within all Caisse des Dépôts divisions and subsidiaries. A network of Sustainable Development managers has been put in place within the Group, and several cross-disciplinary working groups focusing on the Group's major challenges enable a more detailed approach to the main lines of action.

STRUCTURING SUSTAINABLE DEVELOPMENT PUBLICATIONS TO STAKEHOLDER REQUIREMENTS

As early as 2001, Caisse des Dépôts voluntarily undertook to publish its sustainable development reports and, in 2004, signed the United Nations Global Compact (see the statement of continued support from the Chairman and Chief Executive Officer). Caisse des Dépôts is involved in several other major initiatives such as the UN's Principles for Responsible Investment, of which it is a signa-

STATEMENT OF CONTINUED SUPPORT FOR THE PRINCIPLES OF THE GLOBAL COMPACT

Caisse des Dépôts has been a participant in the Global Compact since 2004. As Chairman and Chief Executive Officer, I declare my continued support for and personal commitment to Caisse des Dépôts' compliance with and implementation of the Global Compact's ten principles.

ANTOINE GOSSET-GRAINVILLE

ACTING CHAIRMAN AND CHIEF EXECUTIVE
OFFICER OF CAISSE DES DÉPÔTS

tory, or the WBCSD initiative for energy efficiency.

It is also committed to informing its various stakeholders of its labour and environmental impact through the publication of ambitious social reports. A compatibility scale measuring the Group's performance against French and international industry standards (Article 225 of the Grenelle 2 environmental law, GRI, etc.) is available on the Group's website to make the reports more accessible for expert stakeholders. The Group's various subsidiaries are also bolstering their social reporting at the request of Caisse des Dépôts and in accordance with regulatory requirements, based in particular on a shared Group benchmark.

THE 10 PRINCIPLES OF THE GLOBAL COMPACT

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

FINANCIAL

summary

FINANCIAL AND BANKING REGULATIONS

“Priority must be given to applying existing regulations across the board.”



To what extent is the current financial crisis due to a lack of regulation?

The current financial crisis was triggered by a shadow banking system crisis in 2007. Shadow banking is an unregulated banking system involving amounts which – even today – are just as great as those in the traditional banking system.

The absence of regulation in the shadow banking system renders it extremely pro-cyclical and especially vulnerable to liquidity crises such as the banking and financial crisis that erupted in 2007, which was more a crisis of supervision than one of regulation. Capital adequacy regulations were in place, however regulators – especially in the US – allowed a huge banking system to develop in which those regulations did not apply.

But can rules and capital adequacy regulations fix everything?

No, and I even believe that current banking sector reforms are worrying and potentially counter-productive. A plethora of new and complex regulations which are poorly understood and of secondary importance are being imposed on the established banks. These include liquidity ratios and the so-called “macro-prudential regulations”. However, little progress appears to have been made in terms of supervising shadow banking, and I am worried that these changes will simply drive

even more regulated banking business into the shadow banking arena.

I really believe that that this trend could increase overall financial instability. Priority should be given to supervision – meaning cross-the-board application of the spirit rather than word-for-word application of existing capital adequacy regulations – and not to producing new standards of dubious effectiveness or applicability.

Could specific regulations be devised for long-term investors like Caisse des Dépôts?

A long-term investor has the credibility needed to resist the influence of market-driven logic on its strategy, and such credibility must be underpinned by a more conservative financial structure than that of institutional investors from the banking and insurance sector. If, and only if this condition applies, then the short-term risk scenarios that dictate the capital adequacy regulations applicable to banks and insurance companies make little sense when applied to a long-term investor.

GUILLAUME PLANTIN is Professor of Finance at the Institute of corporate administration at Toulouse I-Capitole University. He previously lectured in finance at Carnegie Mellon University (Pittsburgh, Pennsylvania) and London Business School. His research focuses on the factors that determine market liquidity and financial stability and on accounting standards and capital adequacy frameworks. He is a member of the French Institute of Actuaries and a research associate at Toulouse School of Economics.

A SOUND MODEL

Excluding unrealised gains and losses, consolidated equity was €0.8 billion (or 4%) higher than the level recorded in the boom year of 2007 when the stock market peaked. This reflects an ability to withstand the two major crises of the 2008-2011 period, and is a testimony to the robustness of the Caisse des Dépôts Group's business model.

In a few words

Caisse des Dépôts Group's lending and investing activity hit record heights in 2011 and in spite of the challenging business environment, the Group still managed to turn a profit for the year. A number of major strategic initiatives were undertaken, including the acquisition of a stake in La Poste, the tie-up between Icade and Silic to create a major French player in real estate development for the tertiary sector, and the ongoing creation of a local government development bank in partnership with La Banque Postale. Long-term investment and financing using loans from the Savings Funds reached an all-time high (over €22 billion in new loans granted). This investment helped to build 120,000 units of social housing and to finance major infrastructure projects such as the LGV Sud Europe Atlantique high-speed railway line, the 2012 hospital development plan and university campus renovation projects.

This sustained support for the French economy was provided at a time of considerable financial and economic

upheaval, a severe bear market and the restructuring of Dexia. Caisse des Dépôts Group demonstrated the strength and resilience of its business model in the midst of this turbulence: the Group and the Savings Funds managed to turn profits of €206 million and €340 million, respectively, suggesting that Caisse des Dépôts appears to have weathered the economic storm pretty well. Its robustness was also borne out by the fact that attributable equity held firm at €20.2 billion, higher than in 2007.

Even as credit conditions tightened, Caisse des Dépôts Group – France's leading long-term investor – pumped record amounts of investment into the economy, while continuing to bolster its own financial solidity.

In 2012, the Group will focus on two key objectives:

- stepping up its support for regional and local development by financing the growing and frequently pressing needs of French local authorities and social housing;
- increasing its investment in French SMEs. Caisse des Dépôts Group is now

a key player in the French corporate finance sector and its services range from putting up venture capital through to helping well-established firms capture international markets. The signature of the *France Investissement 2020* programme and the deployment of the Regional Strategic Investment Fund are a further gauge of this commitment.

ANTOINE GOSSET-GRAINVILLE

ACTING CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
OF CAISSE DES DÉPÔTS

CONTRIBUTIONS OF THE DIVISIONS

CAISSE DES DÉPÔTS GROUP'S ATTRIBUTABLE NET PROFIT CAME IN AT €206 MILLION FOR THE YEAR

The Group's recurring profit was €1.62 billion in 2011 and, in spite of the slight year-on-year decline, profit has climbed 11% since 2007. This growth demonstrates the Group's financial solidity and ability to withstand the two major crises that have overshadowed this period.

Recurring profit is a measure of the Group's economic performance and corresponds to the recurring profit of the Central Sector as well as the Group's share in the recurring profit of the subsidiaries.

It does not include gains, losses and impairment of equity portfolios that are volatile by nature, or non-recurring items.

Net banking income for 2011 came in at €8.2 billion, up 2% on the 2010 figure which included €1.2 billion in gains on the disposal of Icade's Housing division. These results are all the more satisfying given that the Central Sector recognised impairment losses totalling €1.3 billion during the period. This increase reflected growth across all Group businesses in the wake of the Veolia Transport/Transdev and Egis/Iosis mergers in 2011, and 12.4% growth in CNP Assurances' premium income. The 32% increase in operating expenses reflected the growth in the Group as a whole: the Veolia Transdev and Egis-Iosis mergers added €1.4 billion to expenses. If changes in the scope of consolidation are excluded, operating expenses remained stable year on year at €4.5 billion, confirming the strong control over costs right across the Group.

Attributable equity remained stable year on year at €20.2 billion at 31 December 2011, excluding unrealised gains and losses and dividends paid.

The Caisse des Dépôts division (including its real estate and other subsidiaries) contributed €448 million to net profit in 2011, compared with €460 million in 2010.

These results reflect the fine operating performance and careful management of the Central Sector. Large additional impairment losses (€0.7 billion, after tax) recognised on equity portfolios in accordance with IFRS were partially offset by higher income and portfolio gains of €0.5 billion realised mostly in the first half of the year. The negative impact of the Greek sovereign debt crisis was relatively non-material at €38 million.

If the impact of the markets and impairment losses are factored out, Caisse des Dépôts (including its subsidiaries) contributed €529 million to net profit in 2011, compared with €376 million in 2010, a jump of 40.7%

The subsidiaries and long-term equity interests contributed a negative €242 million in 2011, compared with a positive contribution of €1,691 million in 2010, mainly due to the impact of Dexia.

- Dexia generated a negative contribution of €1 billion in 2011, against a negative contribution of €70 million in 2010. Following the decision to speed up the financial restructuring and the deterioration in the business environment, Dexia posted a loss of €11,639 million for the year. This figure reflects the disposal of Dexia Banque Belgique and certain non-strategic assets, the expected loss on the sale of Dexia Municipal Agency and major write-downs taken on Greek sovereign debt.

- CNP Assurances' contribution declined 18% to €326 million for the year, down from €399 million in 2010, reflecting the turmoil on the financial markets and the fall-out from the Greek sovereign debt crisis. Net profit was €872 million in 2011, against €1,050 million in 2010.

Operating profit (before adjustments for capital gains or losses) grew 15.4% year on year to €1,109 million in line with the 12.4% growth in premium income.

- La Poste contributed €48 million to the Group's net profit. The Group's €1.5 billion stake in La Poste was consolidated for the first time in the second-quarter of 2011.

- The Strategic Investment Fund (SIF) contributed €358 million to the Group's net profit, up from €320 million in 2010, mainly reflecting the higher disposal gains generated by the SIF during the reporting period and the positive contribution of STMicroelectronics, which was consolidated for the first time in 2011.

- Icade's contribution dropped from €678 million in 2010 to €53 million this year. The results for 2010 were greatly enhanced by €1.2 billion in gains generated on the disposal of the Housing division.

- The contribution of Société Nationale Immobilière rose 18%, from €117 million in 2010 to €138 million in 2011, thanks to stable operating income at €272 million and lower tax expense.

- Compagnie des Alpes (CDA) contributed €13 million to the Group's net profit, compared with €17 million in 2010. Despite the overriding economic gloom which hit leisure parks in particular, CDA was able to leverage its brands and business as a whole held up relatively well.

- Egis added €58 million to consolidated net profit (up from €41 million in 2010). This increase is mainly attributable to the combined impacts of the successful alliance with Iosis and organic growth of over 4%.

- Veolia Transdev generated a negative contribution of €291 million in 2011, against a positive contribution of €27 million in 2010 (prior to the merger with Veolia), due to the impact of asset write-downs totalling €545 million, including impairment losses of €159 million taken by SNCM. These non-recurring items knocked €265 million off Caisse des Dépôts' consolidated profit for the year.

Consolidated income statement, year ended 31 December 2011

(in millions of euros)	31.12.2011	31.12.2010
Interest income	4,920	5,017
Interest expense	(1,044)	(927)
Fee and commission income	81	75
Fee and commission expense	(64)	(56)
Gains and losses on financial instruments at fair value through profit or loss, net	729	860
Gains and losses on available-for-sale financial assets, net	912	1,350
Income from other activities	21,428	20,821
Expenses from other activities	(18,800)	(19,127)
Net banking income	8,162	8,013
General operating expenses	(5,343)	(4,053)
Depreciation, amortisation and impairment of property and equipment and intangible assets	(531)	(407)
Gross operating profit	2,288	3,553
Cost of risk	(69)	(15)
Operating profit (loss)	2,219	3,538
Share of profit (loss) of associates	(828)	140
Gains and losses on other assets, net	173	57
Change in value of goodwill	(225)	(5)
Profit (loss) before tax	1,339	3,730
Income tax expense	(580)	(494)
Net profit (loss) from discontinued operations	(1)	2
Net profit (loss)	758	3,238
Non-controlling interests	(552)	(1,087)
Net profit (loss) attributable to owners	206	2,151

Statement of comprehensive income

(in millions of euros)	31.12.2011	31.12.2010
Net profit (loss)	758	3,238
Exchange differences on translation of foreign operations	(27)	70
Fair value adjustments on remeasurement of available-for-sale financial assets	(3,275)	334
Fair value adjustments on remeasurement of hedging instruments	(121)	(22)
Actuarial gains and losses on defined post-employment benefit obligations	(9)	(11)
Share of gains and losses on investments in associates recognised directly in equity	(410)	(472)
Total changes in assets and liabilities recognised directly in equity	(3,842)	(101)
Net profit and total income and expense recognised directly in equity	(3,084)	3,137
Attributable to owners	(2,517)	1,986
Attributable to non-controlling interests	(567)	1,151

Consolidated statement of financial position, at 31 December 2011

(in millions of euros)	31.12.2011	31.12.2010
Assets		
Cash and amounts due from central banks and post office banks	5	6
Financial assets at fair value through profit or loss	31,794	33,001
Hedging instruments with a positive fair value	502	309
Available-for-sale financial assets	150,255	150,843
Loans and receivables due from credit institutions	11,880	4,670
Loans and receivables due from customers	12,807	31,060
Cumulative fair value adjustments to portfolios hedged against interest rate risk		
Held-to-maturity investments	20,970	20,171
Current and deferred tax assets	952	381
Prepayments, accrued income and other assets	11,121	8,244
Non-current assets held for sale	124	2,262
Deferred participation assets	249	
Investments in associates	5,734	5,123
Investment property	11,025	10,115
Owner-occupied property and equipment	2,584	1,611
Intangible assets	850	830
Goodwill	1,411	894
Total assets	262,263	269,520
Liabilities and equity		
Due to central banks and post office banks		
Financial liabilities at fair value through profit or loss	6,123	6,161
Hedging instruments with a negative fair value	1,444	1,046
Due to credit institutions	13,938	17,598
Due to customers	50,736	50,908
Debt securities	25,879	26,569
Cumulative fair value adjustments to portfolios hedged against interest rate risk		
Current and deferred tax liabilities	1,154	1,637
Accruals, deferred income and other liabilities	10,249	7,594
Liabilities related to non-current assets held for sale	109	1,686
Insurance company technical reserves	116,185	115,748
Provisions	867	788
Subordinated debt	1,025	901
Equity attributable to owners		
Reserves and retained earnings	20,125	18,924
Gains and losses recognised directly in equity	837	3,434
Profit (loss) for the year	206	2,151
Total equity attributable to owners	21,168	24,509
Non-controlling interests	13,386	14,375
Total equity	34,554	38,884
Total liabilities and equity	262,263	269,520

Consolidated statement of changes in equity, 1 January 2010 to 31 December 2011

(in millions of euros)

	Reserves and retained earnings	Gains and losses recognised directly in equity			Net profit (loss) attributable to owners	Equity attributable to owners	Non-controlling interests in reserves	Non-controlling interests in gains and losses recognised directly in equity	Non-controlling interests in profit (loss)	Non-controlling interests	Total equity
		Translation reserve	Cumulative fair value adjustments to available-for-sale financial assets	Cumulative fair value adjustments to cash flow hedges							
Equity at 1 January 2010	17,911	4	3,900	(314)	1,980	23,481	12,700	286	498	13,484	36,965
Effect of changes in accounting methods											
Appropriation of 2009 profit	1,980				(1,980)				(498)		
2009 dividend	(990)					(990)	(319)			(319)	(1,309)
Transactions with non-controlling interests	20					20	(48)			(48)	(28)
Other movements	3	(3)					106			106	106
Profit for the period					2,151	2,151			1,087	1,087	3,238
Gains and losses recognised directly in equity											
Exchange differences on translation of foreign operations		10				10		23		23	33
Fair value adjustments to financial instruments recognised directly in equity			199	(20)		179		75		75	254
Fair value adjustments to financial instruments reclassified to the income statement			(342)			(342)		(33)		(33)	(375)
Equity at 31 December 2010	18,924	11	3,757	(334)	2,151	24,509	12,937	351	1,087	14,375	38,884
Effect of changes in accounting methods											
Appropriation of 2010 profit	2,151				(2,151)				(1,087)		
2010 dividend	(839)					(839)	(378)			(378)	(1,217)
Transactions with non-controlling interests	2					2	189			189	191
Other movements	(113)	(7)	81	28		(11)	(233)	(2)		(235)	(246)
Profit for the period					206	206			552	552	758
Gains and losses recognised directly in equity											
Exchange differences on translation of foreign operations		(48)				(48)		5		5	(43)
Fair value adjustments to financial instruments recognised directly in equity			(2,148)	(195)		(2,343)		(1,053)		(1,053)	(3,396)
Fair value adjustments to financial instruments reclassified to the income statement			(307)	(1)		(308)		(69)		(69)	(377)
Equity at 31 December 2011	20,125	(44)	1,383	(502)	206	21,168	13,602	(768)	552	13,386	34,554

Central Sector statement of financial position

(in millions of euros)	31.12.2011	31.12.2010
Assets		
Interbank and similar transactions	28,461	12,692
Cash and amounts due from central banks	3	3
Public sector and similar securities	18,201	8,858
Loans and receivables due from credit institutions	10,257	3,831
Customer transactions	5,772	24,251
Ordinary accounts in debit	722	1,187
Other loans due from customers	5,050	23,064
Bonds, equities and other fixed- and variable-income securities	47,610	54,385
Bonds and other fixed-income securities	35,103	41,971
Equities and other variable-income securities	12,507	12,414
Long-term equity interests	21,110	20,066
Property and equipment and intangible assets	3,264	2,824
Prepayments, accrued income and other assets	11,671	10,092
Total assets	117,888	124,310
Liabilities and equity		
Interbank and similar transactions	7,011	10,827
Due to credit institutions – loans repayable on demand	997	1,133
Due to credit institutions – term loans	6,014	9,694
Customer transactions	49,984	51,831
Ordinary accounts in credit	42,806	44,768
Other amounts due to customers	7,178	7,063
Debt securities	28,945	29,585
Interbank and negotiable debt securities	28,945	29,585
Accruals, deferred income and other liabilities	12,651	12,140
Provisions	752	741
Guarantee deposits	1	1
Fund for General Banking Risks (FGBR)	473	473
Equity (excluding FGBR)	18,071	18,712
Reserves and other additional paid-in capital	17,873	17,594
Profit for the year	198	1,118
Total equity and liabilities	117,888	124,310

Central Sector off-balance sheet commitments

(in millions of euros)	31.12.2011	31.12.2010
Commitments given in respect of financing and guarantees		
Financing commitments	6,205	6,535
To credit institutions	20	34
To customers	6,185	6,501
Guarantee commitments	10,036	1,580
To credit institutions ⁽¹⁾	8,665	242
To customers	1,371	1,338
Doubtful commitments		
Commitments received in respect of financing and guarantees		
Financing commitments	7,563	18,119
From credit institutions ⁽²⁾	7,563	18,119
Guarantee commitments	12,439	2,097
From credit institutions ⁽¹⁾	9,084	39
From customers	2,146	2,050
From the State	1,209	8
Securities-related commitments		
Securities to be received ⁽³⁾	1,820	3,361
Securities to be delivered		241
Other commitments given and received		
Other commitments given ⁽⁴⁾	9,322	21,897
Other commitments received	396	441

(1) At 31 December 2011, this amount includes a guarantee given to Natixis for an amount of €8,418 million and a counter-guarantee provided by BPCE to Caisse des Dépôts for an amount of €8,418 million (see note 4.5 and the notes to the 2010 financial statements).

(2) Corresponds to a refinancing facility at Banque de France.

(3) Commitments to subscribe to venture capital funds FCPR.

(4) Including €9,201 million in securities and receivables in the form of pledges at Banque de France (Pool 3G).

Central Sector income statement

(in millions of euros)	31.12.2011	31.12.2010
Interest income	2,197	2,011
Treasury and interbank transactions	109	71
Customer transactions	249	357
Bonds and other fixed-income securities	1,590	1,331
Other interest income	249	252
Interest expense	(1,246)	(1,142)
Treasury and interbank transactions	(121)	(90)
Customer transactions	(441)	(377)
Bonds and other fixed-income securities	(358)	(335)
Other interest expense	(326)	(340)
Revenue from variable-income securities	1,137	1,238
Fee and commission income	20	20
Fee and commission expense	(40)	(34)
Gains or losses on trading securities	5	(20)
Gains or losses on available-for-sale and similar securities	(48)	(123)
Other net banking operating income and expense	(77)	12
Net banking income	1,948	1,962
General operating expenses	(359)	(334)
Depreciation, amortisation and impairment of assets	(83)	(79)
Gross operating profit	1,506	1,549
Cost of risk	(59)	10
Operating profit	1,447	1,559
Gains or losses on fixed assets	(1,020)	(101)
Profit from ordinary activities before income tax	427	1,458
Income tax expense	(229)	(340)
Net profit	198	1,118

Statement of financial position of savings funds centralised by Caisse des Dépôts

(in millions of euros)

	31.12.2011	31.12.2010
Assets		
Interbank and similar transactions	73,548	50,453
Cash and amounts due from central banks		
Public sector and similar securities	55,450	35,252
Loans and receivables due from credit institutions	18,098	15,201
Customer transactions	115,358	107,823
Ordinary accounts in debit		
Other loans due from customers	115,358	107,823
Bonds, equities and other fixed and variable-income securities	44,945	66,497
Bonds and other fixed-income securities	33,941	55,240
Equities and other variable-income securities	11,004	11,257
Prepayments, accrued income and other assets	153	117
Total assets	234,004	224,890
Liabilities and equity		
Interbank and similar transactions	223,113	212,554
Due to credit institutions	223,113	212,554
Customer transactions	65	62
Other amounts due to customers	65	62
Accruals, deferred income and other liabilities	2,834	2,935
Provisions	1,799	1,573
Guarantee deposits	11	11
Fund for General Banking Risks (FGBR)	893	1,841
Equity (excluding FGBR)	5,289	5,914
Reserves	4,710	4,190
Retained earnings	239	239
Unappropriated earnings	340	1,485
Total liabilities and equity	234,004	224,890

Off-balance sheet commitments of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2011	31.12.2010
Commitments given in respect of financing and guarantees		
Financing commitments	38,173	33,269
To credit institutions	9,829	8,904
To customers	28,344	24,365
Guarantee commitments		
To credit institutions		
To customers		
Doubtful commitments		
Commitments received in respect of financing and guarantees		
Financing commitments		
From credit institutions		
Guarantee commitments	111,521	101,184
From credit institutions	8,540	4,266
From customers	3,280	431
From the State	99,701	96,487
Securities-related commitments		
Securities to be received	181	342
Securities to be delivered	1	92
Other commitments given and received		
Other commitments given		
Other commitments received	52	37

Income statement of savings funds centralised by Caisse des Dépôts

(in millions of euros)	31.12.2011	31.12.2010
Interest income	7,642	6,990
Treasury and interbank transactions	675	364
Customer transactions	3,241	3,147
Bonds and other fixed-income securities	3,295	3,103
Other interest income	431	376
Interest expense	(5,406)	(4,114)
Treasury and interbank transactions	(4,576)	(3,200)
Customer transactions	(1)	(1)
Other interest expense	(829)	(913)
Revenue from variable-income securities	478	408
Fee and commission income	5	2
Fee and commission expense	(1,581)	(1,861)
Gains or losses on trading securities	2	1
Gains or losses on available-for-sale and similar securities	(1,179)	283
Other net banking operating income and expense	(1)	
Net banking income (loss)	(40)	1,709
General operating expenses	(111)	(104)
Gross operating profit (loss)	(151)	1,605
Cost of risk	(457)	59
Operating profit (loss)	(608)	1,664
Net additions to (reversals from) Fund for General Banking Risks	948	(179)
Net profit (loss)	340	1,485

OUR businesses

CAISSE DES DÉPÔTS PUBLIC INTEREST MISSIONS:

- transforming regulated savings accounts into long-term loans for social housing and other projects serving the public interest;
- acting as public banker to the judicial system, the social security system and public interest organisations;
- managing public pensions and social security schemes;
- partnering local and regional development programmes.

REGIONAL AND LOCAL DEVELOPMENT AND NETWORK

OVERVIEW

The Regional and Local Development and Network Division (*direction du développement territorial et du réseau* – DDTR) devises local development solutions in line with its enlightened long-term investor philosophy. Its ability to adapt to changing needs on the ground was once again apparent in 2011.

Caisse des Dépôts' public interest missions are intended not to supplant private sector initiatives but to stimulate these when they are insufficient or totally absent. Such shortcomings may be apparent at three different levels: geographical disparities (investments to boost economic activity in depressed regions); sector-based insufficiencies (investments to structure markets such as the energy sector with nascent businesses and a restricted number of market players); and social inequalities (DDTR devises investment solutions to build accommodation for disadvantaged populations that would find it difficult to attract investment from the for-profit sector). Consequently, in 2011, DDTR launched an investment

fund specialising in property development projects for the elderly via CDC Générations (building accessible intermediary accommodation for the elderly in poorly-equipped regions) and in the social tourism sector. Equity financing commitments in 2011 amounted to €388.9 million and will help to fund projects with a total outlay of €2.8 billion.

In addition to its steering role in the Investments for the Future programme being run by Caisse des Dépôts on behalf of the French State, DDTR is managing eight out of the ten projects entrusted to Caisse des Dépôts, representing a total budget of €7.4 billion. 2011 witnessed the launch of the operational phase: five permanent offices were set up and approximately 20 calls for proposals went out. The financing solutions available to firms were also deployed and streamlined, especially those available to SMEs.

www.collectivites-territoriales.caisse-desdepots.fr

KEY FIGURES

- €388.9 million invested in public interest projects in 2011.
- €1.153 billion in firm and conditional commitments within the scope of the Investments for the Future programme.
- 120,761 units of social housing built or acquired in 2011.
- 111.1 MW of electricity added in 2011.
- A total of €96.8 million invested in university property development plans.
- 4,400 associations employing over 90,000 people were partnered within the scope of local development initiatives.
- A Cyber-base® network comprising 752 sites and 1,800 coordinators was set up.
- A portfolio of 837 companies, including 471 private-public partnerships.
- 932 employees working on local and regional initiatives.

SAVINGS FUNDS

OVERVIEW

The Savings Funds are the key instrument for transforming the different types of passbook savings accounts (Livret A, LDD, LEP) into long-term loans for projects serving the public interest (social housing, infrastructure, etc.). Financing social housing remains the overriding priority of the Savings Funds and the offering is continually being developed to provide more effective customer solutions, notably in the area of sustainable development. The Savings Funds now have a wider investment brief to meet national modernisation imperatives, especially major sustainable infrastructure projects

such as high-speed railway lines, tramways, modernising hospitals, renovation of university buildings or the upgrading of waste water treatment plants. In both 2011 and 2012, Caisse des Dépôts will release an exceptional amount of loans out of the Savings Funds to finance regional and local development and public health initiatives amid the continuing financial crisis.

www.cdc-net.com/habitat

KEY FIGURES

- Centralised deposits from passbook savings accounts (LA, LDD, LEP): €222.5 billion.
- Portfolio of financial assets: €101 billion.
- Outstanding loans: €133 billion.
- New loans signed in 2011: €22.1 billion.

PENSIONS AND SOLIDARITY

OVERVIEW

The Pensions and Solidarity Division is tasked with Caisse des Dépôts' historical role of trusted manager of pensions and social security funds. It manages pension funds mainly in the public sector, as well as the funds of solidarity-based initiatives, e.g., integration of disabled people and compensation and prevention of work-related risks and accidents. It is the partner of choice for 75,000 public sector employers, including central government, regional and local government and public health authorities. The pension funds cover 7.3 million active employees and 3.4 million pensioners, or one French retiree in five. Its position as manager of a number of different funds means that it has unique expertise in administering basic pay-as-you-go

schemes and supplementary pension schemes, as well as annuity- and points-based plans. It also has financial expertise that has been nurtured by experience of socially responsible investment. The Pensions and Solidarity Division has devised a strategic plan covering the period 2012-2014. It is designed to cope with the changes in its businesses and to meet the needs and expectations of all stakeholders which include exemplary fund management in terms of new customer relations management and security challenges, and enhanced anticipation and innovation in the social protection arena.

www.cdc.retraites.fr

KEY FIGURES

- Number of funds managed: 47.
- Fund profile: 7.3 million active employees, 3.4 million retirees, 75,000 employers.
- Funding obtained: €28 billion.
- Benefits paid: €23.6 billion.
- Applicants for pension entitlements: 581,500.

BANKING SERVICES

OVERVIEW

Trusted banking services for managing legally protected funds

Since its creation, Caisse des Dépôts has been managing legally protected private funds. Banking services therefore form an integral part of the trust placed in it to provide transparent, secure management of deposits and escrow accounts. The Banking Services Division has four missions:

- Public banker to the judicial system. Funds related to court decisions must benefit from optimal security and transparency and this is why notaries, court appointed receivers and commercial court clerks are all obliged to place the sums with which they have been entrusted with Caisse des Dépôts. The same applies to sums that have been blocked in escrow accounts or the financial interests of protected adults when there is a court order to this effect.
- Banker to the social security system. Caisse des Dépôts acts as banker to ACOSS, the central body for France's social security system, providing essential treasury management functions for social security agencies responsible for collecting mandatory contributions: keeping accounting records; cash pooling in real time; providing short-term financing needs in addition to financial market issues, etc. It also provides social security agencies with tailored banking solutions, including mass processing of their financial flows (sending and receiving wire transfers, cashing cheques, etc.).

- Partnering Caisse des Dépôts' institutional customers. Many public interest organisations, semi-public and local development entities, social housing bodies, foundations and associations use Caisse des Dépôts as their banker for the security and reliability this gives them.

- Legal trustee and fiduciary role. Caisse des Dépôts delivers banking, administrative and financial services under numerous mandates entrusted to it by the French State, including income support (*Revenu de solidarité active* – RSA), the public service charge clearing mechanism, etc. It is also developing a fiduciary role which leverages its position as trusted manager of legally protected funds. Lastly, Caisse des Dépôts adds value through certain administration and financial services it provides, e.g., as paymaster for European funds.

Banking services constitute one of the pillars of the Caisse des Dépôts business model by generating stable deposits thanks to its role as public banker to the judicial and social security systems. These deposits represented an amount of €36 billion in 2011. Since 2010, the Group has been upgrading its services with the aim of delivering new tailored solutions with a higher value added component for its customers, based on a revamped e-banking business and a network underpinned by enhanced customer support and advisory services.

www.cdc-net.com

KEY FIGURES

- Average annual cash deposits: €47.9 billion, including €32.6 billion in funds entrusted by the legal profession and €3.7 billion in escrow accounts.
- Number of customers: 44,182.
- Number of accounts repayable on demand: 61,638.
- Portfolio securities: €10.2 billion.
- Number of securities accounts: 11,940.

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Caisse des Dépôts subsidiaries operate in key strategically important growth sectors: corporate finance, housing and property development, personal insurance, transport, engineering, infrastructure, tourism, leisure, digital infrastructure, sustainable development, the knowledge-based economy and local and regional development.

subsidiaries



GROUPE SNI

SNI is the Group's public interest real estate subsidiary and a key player in the French social housing sector. It is France's biggest social landlord and manages a portfolio of almost 300,000 housing units, including 200,000 units of social housing. Its offering covers all types of housing: sheltered accommodation; social, low-cost social and intermediate housing and affordable rented accommodation; student housing and accommodation for the elderly; and homes for first-time buyers. It is also involved in property asset outsourcing arrangements. It therefore helps to drive the Housing priority of Caisse des Dépôts' Élan 2020 strategic plan.

SNI's dynamic patrimonial development strategy and the breadth of its offering allow it to implement complex arrangements based around a mix of different types of housing. This means that it is able to deliver effective solutions for central and local government as well as providing its customers with tailored housing solutions.

As a key player in the French housing sector, SNI is committed to minimising the carbon footprint of all of its projects: the environmental quality of buildings – especially their energy efficiency – is a key component in its patrimonial development strategy. The group is a partner of choice for public sector development projects and it promotes balanced, sustainable neighbourhoods, particularly in projects involving the renovation of old military installations. SNI increased its stake in Adoma in 2011 and continued the process of getting it back on a sound financial footing.

In addition to building and renovation commitments for its rental accommodation portfolio and its efforts to enhance neighbourhood quality, SNI invests in promoting residential trajectories and easier access to property ownership. The group is developing a customer-centric management approach and, as part of its mission of social landlord and promoting home ownership, it is studying the possibilities for social housing joint-management boards.

KEY FIGURES FOR 2011

- Revenues: €1,430 million⁽¹⁾.
- Over 10,000 units of new social housing delivered.
- 4,200 employees⁽²⁾.

www.groupesni.fr

(1) Consolidated division plus aggregated activities.

(2) Excluding SCET.



SCET was created in 1955 and has been a wholly-owned subsidiary of Caisse des Dépôts since February 2012. Along with its network, it has three main objectives:

1. Developing expertise in the pre-project phase in order to safeguard and professionalise local and regional development projects.
2. Putting together strategic local and regional development projects and investments via SCET's associated network of operators.
3. Coordinating, pooling and providing expertise and support services for associated companies.

In order to actively create value in local and regional development projects, SCET has defined a number of key levers:

- forging closer ties with network entities by putting together co-development projects organised as "groups" under the SCET banner;
- taking up positions in certain target markets, including energy, urban mobility, economic development, tourism, digital infrastructure, etc.;
- enlarging its network to include all types of French local development entities: local development companies (SPL), social housing development entities (ESH), social housing observatories (OLS), etc.;
- developing its expertise and the original aspects of its offering;
- being part of a responsible development strategy, in line with CDC values;
- growth potential in terms of new activities for network entities;
- ability to unlock synergies with other Caisse des Dépôts entities;
- promoting R&D, innovation and experimentation.

SCET has taken up positions in certain target markets, including energy, urban mobility, economic development, tourism, universities, digital infrastructure, etc.

KEY FIGURES FOR 2011

- Revenues: €65.2 million.
- Net profit: €3.05 million.
- 500 employees.
- 240 network entities (bringing together over 5,000 employees).

www.scet.fr

Wholly-owned



CDC Entreprises is Caisse des Dépôts' AMF-accredited equity financing arm. Since 1994, it has been managing all of the Group's minority equity stakes in SMEs.

CDC Entreprises has also been chosen by the French State to manage its SME equity financing projects within the scope of the Investments for the Future programme via the FNA and the FSN-PME fund to sponsor digital projects for SMEs.

CDC Entreprises invests in the equity of unlisted SMEs either directly or through funds of funds. It steps in as an enlightened investor in sectors where there is insufficient private sector funding and invests in the start-up, expansion, development or buy-out phases of a business via venture capital and small private equity funds. It supports regional investment funds and invests in strategically important sectors such as digital infrastructure, life sciences, energy, cleantech, e-commerce, textiles, wood, etc.

CDC Entreprises was initially Caisse des Dépôts' proprietary trading arm before developing its SME equity financing business and going on to become an asset manager for both public and private sector companies. Since 2009, the SIF has been the leading underwriter of the funds it manages for a total amount of €3.7 billion. The other funds managed by CDC Entreprises are underwritten by the French State, the EIB, Caisse des Dépôts and various banks, insurers and industrial firms (which finance subsidiary funds).

CDC Entreprises has two subsidiaries:

- The Regional Strategic Investment Fund – formerly Avenir Entreprises – which is 80%-owned by CDC Entreprises and 20%-owned by Oséo.

In November 2011, both its resources and its brief were greatly increased (see below);

- Consolidation Développement Gestion, which is 49%-owned by CDC Entreprises and 51%-owned by leading French banks.

It manages the FCDE investment fund designed to get SMEs back on their feet.

KEY FIGURES FOR 2011

- Its managed assets totalled €5 billion at 31 December 2011, including €3.9 billion managed on behalf of Caisse des Dépôts and the SIF.
- Over 3,000 French SMEs are financed through the 250 funds managed or financed by CDC Entreprises.
- €1.214 billion pumped into 835 high potential SMEs in 2011, including 420 French start-ups.

www.cdcentreprises.fr

CDC Infrastructure was created in 2010 as Caisse des Dépôts' wholly-owned equity financing arm for infrastructure-type investments. It was intended as a long-term solution for financing the infrastructure necessary for economic growth and the emerging carbon-light economy.

CDC Infrastructure takes minority stakes in carbon-light infrastructure assets in the transport, energy, telecoms and environmental sectors.

It favours mature “brownfield” investments, however it may also invest in new “greenfield” assets financed by public-private partnerships or concession-type arrangements.

CDC Infrastructure is setting up a €5 billion platform to invest in projects over a five- to seven-year period. The platform will bring together a limited number of long-term investors (pension funds, sovereign debt funds), each wishing to invest around €1 billion in major infrastructure projects alongside Caisse des Dépôts.

This project is aiming to:

- attract long-term capital into France;
- grow CDC Infrastructure's investment potential by redeploying a part of the capital currently invested in mature infrastructure projects towards new investments;
- develop new capabilities managing infrastructure assets on behalf of third parties.

KEY FIGURES FOR 2011

- CDC Infrastructure manages a portfolio worth approximately €1 billion (14 investments).
- Net profit of €24 million.
- 12 employees, including 10 investment professionals.
- The portfolio mainly comprises investments in the road and rail transport and energy sectors.

www.cdcinfrastructure.com

subsidiaries



CDC Arkhinéo is a wholly-owned subsidiary of Caisse des Dépôts, created in 2001, specialising in third-party e-archiving of all types of documents. It aims to remain the technical and commercial market leader in probative e-archiving services and to differentiate its offering through the innovation and reliability of its electronic safe archiving system®.

In 2012 CDC Arkhinéo intends to:

- pursue its market leader strategy in probative e-archiving services;
- consolidate partnerships, particularly in the healthcare and aeronautics sector;

A few examples of its untapped potential:

- bank loans: only 1 million contracts are computerised;
- invoices: these account for the largest volumes of documents e-archived by CDC Arkhinéo. Only 10% of the 2 billion invoices sent out every year are in electronic form. Since 1 January 2012, French government services have been able to accept invoices from suppliers in computerised form.

KEY FIGURES FOR 2011

- 120 million documents archived in 2011, versus 90 million in 2010.
- CDC Arkhinéo has archived 360 million documents over the past eight years.
- A record was set in 2011 when 3 million documents were archived in a single day.
- E-archiving of invoices, payslips, loan and employment contracts, e-mails, timestamps and evidence files, etc.
- CDC Arkhinéo has helped to save over 3,000 tonnes of paper.
- 100 direct customers and several hundred customers via partners inside and outside France (major accounts, SMEs and local and central government departments).

www.cdcarphineo.com



CDC Climat was set up in 2010 to develop the Group's investments in the battle against climate change from an international perspective.

Missions:

- together with its subsidiary, CDC Climat Asset Management, it invests in carbon footprint reduction projects – primarily in the Mediterranean, Africa and Europe;
- to accelerate the transition to the post-carbon economy via equity financing and the provision of services;
- to produce public research into the climate change economy.

KEY FIGURES FOR 2011

- Share capital: € 81,962,244.
- 50 employees.
- Target for 2011 of cutting carbon emissions by 5.3 million tonnes (based on funds managed).

www.cdclimat.com

Wholly-owned



CDC Fast is a wholly-owned subsidiary of Caisse des Dépôts created in 2006 providing three types of service:

- secure document e-transmission (for local and regional government authorities, this involves online control of legality and computerisation of public accounting processes, convening of elected representatives, administration of social services, etc.);
- electronic signature of all types of documents (Word, pdf, xml, etc.);
- creation and archiving of e-evidence.

CDC Fast's services are approved by the French Ministry of the Interior and Ministry of Finance and hosted by Informatique CDC.

This business reflects one of Caisse des Dépôts' four strategic priorities, namely sustainable development and the environment.

Objectives for 2012:

- boost the development of e-administration;
- promote electronic signature of documents and related uses;
- partner local and regional government computerisation initiatives;
- consolidate our market leader position.

KEY FIGURES FOR 2011

- 4,000 customers – 15,000 users.
- 2 million e-documents.
- This saved 88 tonnes of paper in 2011 and 176 tonnes in all since 2008.
- Volumes processed are increasing by 30% every year.

www.cdcfast.fr



CDC International is a wholly-owned subsidiary of Caisse des Dépôts created in spring 2008 as part of the Group's European and international development strategy.

CDC International operates in two different ways to either develop existing initiatives (international lobbying to create the Long-Term Investors Club and the Marguerite and InfraMed infrastructure funds) or bring new initiatives to fruition (e.g., Franco-Chinese SME investment fund, French infrastructure joint investment platform):

- lobbying on behalf of the Group at international level and promoting its integrated solutions;
- deploying a range of financial products tailored to long term investors.

KEY FIGURES FOR 2011

- French joint-stock company with capital of €11 million.
- Marguerite Fund: €710 million.
- InfraMed Fund: €385 million.

www.groupecaissedesdepots.fr

subsidiaries



Qualium Investissement, financing majority buy-outs and acquisitions for SMEs and mid-caps.

Group subsidiary Qualium Investissement provides equity financing in the form of majority LBOs. It funds buy-outs and acquisitions for SMEs in all major business sectors.

Qualium Investissement's investment strategy is based on:

- Actively supporting companies and management to secure their long-term future;
- Forging a common strategic vision with management teams;
- Providing long-term support (five years on average, up to seven or eight years in some cases).

Qualium Investissement focuses on French companies that are leaders of their markets, have experienced management, are present in high-growth sectors and have genuine potential for consolidation and development going forward. Qualium Investissement takes majority stakes worth between €20 million and €75 million in companies valued at between €40 million and €250 million. It may acquire majority stakes of up to €500 million in enterprise value terms.

The Qualium Fund should be up and running in first-half 2012 and should enable Qualium Investissement to finance two or three new transactions a year.

KEY FIGURES FOR 2011

- 33 employees, of which 15 are investment professionals.
- A new investment fund, Qualium Fund, was set up in late 2011 in the form of a simplified venture capital fund with assets of €507 million.
- 2 divestments: Artesys and Maisons Pierre.
- A portfolio of 14 active investments representing over €4 billion in cumulative revenues and more than 40,000 jobs.
- €1.5 billion in assets managed on behalf of Caisse des Dépôts and more than 40 other investors.
- Investments in more than 50 companies in 12 years.

www.qualium-investissement.com



CDC Biodiversité

CDC Biodiversité, the leading financial operator on the biodiversity offset market, provides concrete, long-term preservation and offset solutions during infrastructure construction or urban expansion projects.

It manages the technical and financial aspects of initiatives to support both emblematic and more ordinary flora, fauna and natural habitats:

- it puts together and coordinates the skills required at each stage;
- it partners initiatives over the long term: 30 or 50 years, or even longer;
- it acts as guarantor of ecological objectives: restoration, management;
- it interfaces with local and regional actors: associations, managers of natural spaces, farmers, experts and research offices, government departments and local government bodies.

CDC Biodiversité is managed by Société Forestière.

KEY FIGURES FOR 2011

- 16 biodiversity offset projects since 2008 covering 4,000 hectares.
- 20 employees at end-2011 (six in 2008).
- 3,500 workdays contracted out (equivalent to 18 full-time jobs).

www.cdc-biodiversite.fr

Wholly-owned

Novethic, a wholly-owned subsidiary of Caisse des Dépôts, created in 2001, is both a media expert on sustainable development issues and a research centre dedicated to socially responsible investment (SRI) and corporate social responsibility (CSR).

In 2011, Novethic's website (www.novethic.fr) received an average of 150,000 hits per month and more than 75,000 people signed up to receive its newsletter "Novethic'Info". For the past ten years, Novethic's research centre has been publishing analyses and statistics as well as two trade publications focusing on major current SRI and CSR issues.

Since 2009, the SRI research centre has awarded an SRI label to funds that systematically apply environmental, social and governance criteria.

Novethic informs key players, investors and stakeholders about global environmental and social concerns by producing expert information on sustainable development.

In 2011, Novethic celebrated 10 years' service in providing information on sustainable development. In December, the Editorial Board published a magazine showing how the media treatment of themes such as climate change, psychosocial risks or the role of the financial sector has changed over these 10 years.

KEY FIGURES FOR 2011

- 156 funds were awarded the Novethic SRI label in 2011 (142 in 2010). Transparency is making headway: the number of candidates that were refused the label dropped by 7% based on a virtually identical number of applications.
- The in-house research centre published seven studies.
- Over 700 professionals from the sector attended the debates organised to coincide with the publication of Novethic's research reports in 2011.
- 300 people attended the fourth annual symposium – "ESG strategies for responsible investors" – focusing on the repercussions of environmental, social and governance risks on asset management.

www.novethic.fr

subsidiaries



The Strategic Investment Fund (*Fonds Stratégique d'Investissement* – SIF) is the French State and Caisse des Dépôts' answer to the capital needs of businesses key to France's future growth and competitiveness. The SIF is a public equity investor, taking minority stakes and a governance role in its investees but without seeking to control those investees.

The SIF assists management teams and finances their organic and external growth projects. As a long-term investor, the SIF adapts its investment horizon to industrial cycles. It adopts a prudent investment approach, in line with market practices. The SIF is attentive to public interest concerns, and these play a part in its investment decisions.

The SIF has come a long way in just three years. Although it was initially considered by some as an audacious move, the Fund has become a key market player and one of France's leading equity financing groups. 2011 was another busy year. FSI consolidated its influence and continued to deploy an ambitious programme to restructure French industrial sectors and partner regional and local firms through the preparation and launch of the Regional Strategic Investment Fund.

Several strategically important projects will be launched in 2012:

- extension of the consultation process concerning the creation of sector-based funds;

The creation of several new sector-based funds to structure the sectors concerned, notably a dedicated fund for the nuclear sector and a new aeronautics fund to replace Aerofund 1 and 2 which have reached the end of their investment terms;

- mobilisation of increased funding for SMEs via the new SIF *France Investissement 2020* programme;
- deployment of the Regional Strategic Investment Fund with a dual role of corporate investor and service provider.

KEY FIGURES FOR 2011

- Total assets of €20 billion.
- Annual investment capacity of €1.5 billion.
- A fresh allocation of €1.5 billion from the Savings Funds in 2011.
- €2.5 billion invested in 2011 either directly or via the *France Investissement* programme.
- Since 2009, the SIF and the funds it manages have pumped €7.1 billion euros into more than 1,800 enterprises.
- Between them, the companies partnered by the SIF employ more than one million people.

www.fonds-fsi.fr



CNP Assurances designs, produces and manages savings, pension and personal risk insurance policies. For more than 150 years, its aim has been to help policyholders secure their own future and the future of their families at reasonable cost.

CNP Assurances markets and sells most of its individual insurance policies through two large networks: La Banque Postale and Caisses d'Épargne regional banks. Products are also sold through its own network, CNP Trésor. Group insurance is sold through more than 300 partner banks and financial institutions. CNP also sells pension and personal risk products under group policies through large mutual insurance firms, 20,000 local authorities and 4,600 companies.

CNP Assurances has a broad international presence in 10 countries including Italy, Spain, Brazil and Argentina, to which it lends its expertise in bancassurance and personal insurance.

The company has been listed on the Paris stock market (*Premier Marché*) since 1998. Its shareholder base is stable, with four major shareholders: Caisse des Dépôts, La Banque Postale, BPCE and the French State.

KEY FIGURES FOR 2011

- **Premium income** (under IFRS): €30 billion, of which 20% is generated outside France.
- **EBIT**
At 31 December 2011: €2,243 million (up 17.4%), of which 37% is generated outside France.
- **Attributable net profit**
At 31 December 2011: €872 million (down 17%) – badly hit by asset writedowns.
- **Insurance and financial liabilities, excluding deferred participation** (under IFRS): €286,156 million.
- **Socially responsible investments (SRI) in France**
Mutual funds, socially or environmentally responsible investments (equity + unit-linked investments): €1.5 billion (€620 million at end-2010).
- **Number of policies**
Unit-linked with an SRI component: 82,000 (down 5% on 2010).
- **Direct and indirect CO₂ emissions in France**
Carbon assessment baseline year 2009: 22,000 carbon equivalent tonnes. A year-on-year drop of 2% on a like-for-like basis.
Forest carbon sinks in CNP Assurances assets: 172,219 tonnes of CO₂ in 2011.

www.cnp.fr



Mission: coming up with innovative, safe and sustainable mobility solutions in line with the needs of both local authorities and passengers and contributing to balanced local and regional growth.

2011 highlights: revenues in **France**, of over €1 billion were generated on contracts signed in Chambéry, Nancy, Le Havre, Mont-de-Marsan, Douai, Avignon and Longwy.

The group signed its biggest ever **American** public transport concession to operate Long Island Bus services in Nassau County in the New York suburbs. It is North America's largest private bus network and the concession covers a five-year period.

In **the Netherlands**, Connexion secured a ten-year concession to operate train and bus services in the Arnhem-Nijmegen region as well as a number of contracts in the demand-responsive transport sector.

In **Germany**, Veolia Transdev was awarded an eight-year contract to operate the bus network in the district of Hildburghausen.

In **Chile**, Redbus became one of the group's major international bus networks after securing operating concessions in the north and north-eastern suburbs of Santiago.

By creating a world leader in sustainable mobility – the most innovative and “multimodal” international and local transport operator – Veolia Transdev now has the means to be a big player in a rapidly changing sector and to leverage its role as partner of choice for regional and local governments to the full.

It is an ambitious but achievable strategy that fits with Veolia Transdev's new self-financing business model.

From a geographical perspective, the medium-term strategy is based on consolidating operations in four “core countries”, namely France, Germany, the Netherlands and North America (US and Canada), while continuing to deploy a pragmatic strategy in growth markets elsewhere such as Australia and East Asia.

From a business strategy perspective, the aim is to expand the traditional core businesses of bus, car and tramway services by focusing on three key sectors: demand-responsive transport, rail and digital mobility. As always, Veolia Transdev strives to anticipate passenger needs and provide tailored services that enhance quality of life and balanced local and regional development.

KEY FIGURES FOR 2011

- 102,000 employees.
- Operations in 27 countries across 5 continents.
- 3.3 billion passenger-trips a year.
- 60,000 vehicles.
- 25 tramway networks.
- 13 different transport modes.
- 2011 revenues: €7.8 billion.
- World leader in sustainable mobility.

www.veoliatransdev.com

Property investor-developer, and city builder for the past 150 years, Icade is a major player in the property and sustainable urban development sectors. Icade combines the best aspects of the public and private sectors and strives to create more “liveable” cities in liaison with a broad range of customers and stakeholders.

The merger in progress between Icade and Silic will create France's biggest developer of business parks and leverage a unique portfolio of properties as part of the *Grand Paris* building programme.

A solid base for effectively anticipating future developments. Icade is listed on the SBF 120 stock market index and, with the backing of a powerful shareholder – and in spite of the current unstable business environment – it derives its strength from its steady revenue streams, a large and diversified asset portfolio and constant vigilance, allied to effective management, a controlled level of debt, anticipation and innovation and long-term vision.

Performance nurtured by shared values.

Being a property investor-developer also requires a spirit of openness and solid convictions: daring and solidarity are the keys to collective performance. Icade insists on architectural quality, cost control and environmental efficiency in developing better-designed, less costly and more human urban spaces.

In the wake of the successful transactions of 2010 and 2011 – including the disposal of the Housing division and the acquisition and consolidation of Compagnie la Lucette – Icade has pursued the same strategy via its merger with Silic. This transaction makes Icade the leading French player in real estate development for the tertiary sector and enhances its stock market profile, but still leaves it with a sound financial base.

Icade's long-term strategy is based on leveraging the development potential of its business parks within the scope of the *Grand Paris* building programme. This unique portfolio of properties – which will be enhanced by the merger with Silic – will enable Icade to offer customers a complete range of products and to develop them in sync with market demand.

KEY FIGURES FOR 2011

- Revenues: €1,492 million.
- Net operating cash-flow: €224 million.
- Value of asset portfolio: €6.7 billion.
- 4,900 units of housing property development.
- 432,000 sq.m of commercial property development.
- 5,500,000 sq.m managed by the services division.
- 210,989 sq.m of public infrastructure and healthcare facilities.

www.icable.fr



Egis is a consulting and engineering group working in the fields of transport, urban development, construction, industry, water, environment and energy. In the road and airport sectors, the group is also involved in project financing, turnkey-contract projects and facility operation.

Egis is 75%-owned by Caisse des Dépôts and 25%-owned by Iosis Partenaires (holding company for executive and employee shareholders). In early 2011, the merger with Iosis, French leader in construction engineering, expanded the group's expertise and know-how, allowing it to develop a new comprehensive offering and to gain a foothold in new markets and regions. Egis works hand in hand with local and national players to offer comprehensive urban development, local and regional development and mobility solutions: hospitals, offices, towers, sports stadia, museums, train stations, airports and tramway lines, etc.

It is internationally renowned for handling major projects, including high-speed train lines, motorways, port terminals, factories, nuclear plants, airport infrastructure, etc.

Egis also has leading-edge expertise in water, environmental landscaping and energy facilities.

Acquisition-led growth continued apace in 2011 and Egis acquired stakes in a number of companies, notably Vega, a Brazilian company specialised in rail freight engineering, providing the group with fresh expertise in this domain as well as a foothold in Brazil, and GSI, an Indian urban development specialist. In 2012, Egis will continue to deploy its international development strategy and to consolidate its position in various markets, notably in Brazil, India, the Gulf States, Indonesia and Eastern and Central Africa. The group will also continue to consolidate its sustainable development offering, particularly in international markets.

KEY FIGURES FOR 2011

With 12,000 employees, including 7,400 in engineering, and revenues of €858 million in 2011, Egis has a footprint in more than 100 countries and some 50 sites in France.

www.egis.fr



Compagnie des Alpes is a major player in the European active leisure industry. It operates 26 different sites, including 11 major Alpine ski resorts (including Tignes, Val-d'Isère, Les Arcs, La Plagne, Les Menuires, Les Deux Alpes, Méribel and Chamonix) and 15 leisure parks (including Parc Astérix, Grévin, Walibi and Futuroscope), and is present across Europe in France, the Netherlands, Belgium and Germany. Compagnie des Alpes also holds stakes in four ski resorts and seven leisure parks in France, Switzerland, Belgium and the UK.

In 2011, Compagnie des Alpes conducted a major external growth operation with the acquisition of a controlling interest in Futuroscope. It also began providing services on behalf of CDA Management and entered into two major international agreements in Sochi in Russia and Sindbad in Morocco.

A branch of the Musée Grévin is scheduled to open in Montreal in early 2013 marking the first milestone in the international development of the Grévin brand.

KEY FIGURES FOR 2011

During its financial year (ended 30 September 2011), Compagnie des Alpes played host to around 23 million visitors and reported consolidated revenues of €642 million and attributable net profit of €31 million.

www.compagniedesalpes.com



Belambra's business model is based on two complementary businesses: tourism and accommodation real estate. Belambra pioneered holiday clubs in France and now offers contemporary holidays adapted to parents, toddlers and teenagers alike: hotel accommodation, quality catering, sports and organised activities and clubs for kids from three months to 17 years of age. Belambra organises 80% of holidays directly (up to 2 million people a month visit its website) and a network of travel agencies has rounded out its offering since 2010.

Corporate congresses and seminars, organised by "Belambra Business" also helped swell revenues and they generated 40% more business than in 2010.

Belambra has recognised expertise in renovating tourist facilities in France, and its real estate division can handle complex property development and financial arrangements tailored to its tourism business.

The group has just finished upgrading its properties and will invest over €300 million between 2005 and 2014.

In 2011 Belambra consolidated its financial performance with 7% year-on-year growth in holiday revenues. This increase was split evenly between a positive 3.5% volume effect and a positive 3.5% price effect. Revenues generated by non-French customers grew 10% while web-based revenues surged 50%.

The group has confirmed its development potential with the acquisition in 2011 of a holiday club with 133 accommodation units in Alvernac-Rocamadour in the Lot *département*, and Riviera Beach Club, a new club with 148 units of accommodation on the Giens peninsula which will open for business in April 2012. Work is also in progress on a number of new clubs in La Toussuire en Maurienne and Saint-Valéry-en-Caux in Normandy, as well as a number of other promising developments.

KEY FIGURES FOR 2011⁽¹⁾

- 54 holiday clubs, (including associated clubs in 2011) representing 37,000 beds and 9,000 units of accommodation.
- 500,000 customers, of which 80,000 come from outside France.
- 2,000 groups welcomed each year (seminars and leisure groups).
- 3 million overnight stays and 2.8 million meals served each year.
- 2,400 employees at the height of the peak season.
- Sale of real estate in 2011: €43 million.
- Investment in real estate in 2011: €57 million.
- Business volumes in 2011 based on scope of operations: €159 million.
- Consolidated net profit: €5.5 million.
- Operating profit from the tourism business in 2011: €10 million.

www.belambra.com

Informatique CDC has a unique position as a global operator of IT and digital security services. As an EIG and Caisse des Dépôts' preferred service provider, Informatique CDC has a unique monopoly in its market. It acts as contractor in line with the strategies of all members of the partnership to maintain and secure their IT facilities on a long-term basis.

Highlights

2011 was dominated by an unprecedented recasting of the Caisse des Dépôts IT network as well as by the large-scale Roadmap Finance programme conducted on behalf of CNP Assurances.

One aim

In 2011, Informatique CDC adopted its *Plan stratégique@venir* for 2016 comprising two main strategic goals:

- to support the Group's digital development strategy; and
 - to use its position as Caisse des Dépôts preferred service provider to reach other public sector customers.
- Informatique CDC's business model, based on pooling, securing and long-term management of IT systems, is fully in keeping with public sector goals of rationalisation and the quest for excellence.

KEY FIGURES FOR 2011

- 4,000 sq.m of high-security data rooms.
- 100% of data hosted exclusively in France.
- 10 million documents computerised annually and half a million documents archived in line with probative e-archiving standards.

www.icdc.caissedesdepots.fr

(1) 2011 financial statements are currently being finalised.



Société Forestière
Faire de la nature une valeur sûre

Société Forestière works to promote sustainable environmental management.

It specialises in forestry investment, timber and the environment and its offering strikes a balance between the development needs of contemporary society and preserving the environment:

- **services to forestry investors and forest owners:** investment expertise and assistance, sustainable and profitable management of forests and natural spaces;
- **services to the timber industry:** production and distribution of sustainable, renewable timber and materials.
- **services to contractors:** initiatives to promote biodiversity and landscape development.

Société Forestière has ISO 9001 certification and it has also obtained PEFC certification for all of the forests it manages and factored the effects of climate change into its approach.

KEY FIGURES FOR 2011

- 232,000 hectares of forest under management at 31 December 2011.
- 1 million cu.m of timber marketed every year.
- 1,900 hectares preserved by CDC Biodiversité (owned and run by Société Forestière) at 31 December 2011.
- 153 employees.

www.forestiere-cdc.fr

French Patents Fund (France Brevets)

France Brevets is Europe's leading patent investment and development fund. It was set up in March 2010 and Caisse des Dépôts and the French State have put a total of €100 million into the fund (i.e., €50 million each) as part of the Investments for the Future programme.

France Brevets aims to help both private and public research bodies to showcase their patent portfolios more effectively on the international stage. **France Brevets** invests selectively based on patents' strategic potential and the expectation of French innovators in terms of both patent profitability and protecting the development of their innovations.

It deploys a wide range of legal, financial, technical and commercial resources and mobilises its teams and network of top international experts for the purpose of showcasing patents or acquiring the licences necessary to develop innovative eco-systems.

France Brevets favours investments in the following sectors: IT and communications, aeronautics and aerospace, new energies, chemicals, materials, the life sciences and the environment.

www.francebrevets.com

Solutions Durables.tv

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