

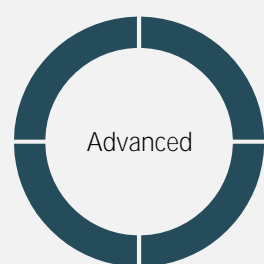
# SECOND PARTY OPINION

on the sustainability of Caisse des Dépôts' Green, Social, and Sustainability Bonds Framework

Moody's ESG Solutions considers that Caisse des Dépôts' Green, Social and Sustainability Bonds Framework is aligned with the four core components of **the ICMA's Green Bond Principles 2021 ("GBP")**, **Social Bond Principles 2021 ("SBP")** and **Sustainability Bond Guidelines ("SBG")**.

## Framework

Contribution to Sustainability:

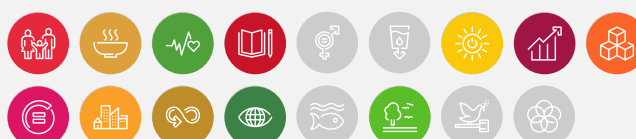


Legend for Contribution to Sustainability:

- Advanced (Dark Blue)
- Limited (Light Blue)
- Robust (Medium Blue)
- Weak (Very Light Blue)

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

SDG Mapping



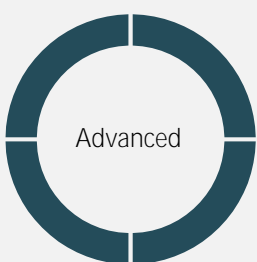
Based on the information provided by the Issuer and the Scope of our work, Moody's ESG Solutions considers that the criteria of the 5 Eligible Categories covered by Annex I of the Climate Delegated Act are defined in accordance with the Technical Screening Criteria of that Act, as well as the Minimum Safeguards of the EU Taxonomy Regulation.

Characteristics of the Framework

Green and Social Project Categories	⇒ 7 Green Categories ⇒ 5 Social Categories
Target Populations	Clearly defined for all the social categories
Project Locations	France (except for soil remediation projects, which may be in the rest of the EU)
Existence of Framework	Yes
Share of Refinancing	Communicated before each bond issuance
Look-back Period	24 months maximum

## Issuer

ESG Performance as of February 2022



Legend for Issuer ESG Performance:

- Advanced (Dark Blue)
- Limited (Light Blue)
- Robust (Medium Blue)
- Weak (Very Light Blue)

	Weak	Limited	Robust	Advanced
Environment				
Social				
Governance				

Controversial Activities\*

The Issuer appears to be involved in 5 of the 17 controversial activities screened under our methodology:

<input checked="" type="checkbox"/> Alcohol	<input checked="" type="checkbox"/> Fossil fuels industry	<input type="checkbox"/> High interest rate lending	<input type="checkbox"/> Pornography
<input type="checkbox"/> Animal welfare	<input type="checkbox"/> Coal	<input type="checkbox"/> Human embryonic stem cells	<input type="checkbox"/> Reproductive medicine
<input type="checkbox"/> Cannabis	<input type="checkbox"/> Gambling	<input checked="" type="checkbox"/> Military	<input type="checkbox"/> Tobacco
<input type="checkbox"/> Chemicals of concern	<input type="checkbox"/> Genetic engineering	<input checked="" type="checkbox"/> Nuclear power	<input checked="" type="checkbox"/> Unconventional oil and gas
<input type="checkbox"/> Civilian firearms			

\* Of note, all controversial activities individually account for less than 5% of CDC's revenues. The involvement in Unconventional Oil and Gas is due to CDC's participation in GRTgaz, which transports LNG. Please refer to the detailed section on page 44 for further information on the implication and thresholds.

ESG Controversies

Number of Controversies	8 (1 attributed to CDC and 7 to its subsidiaries)
Frequency	Occasional
Severity	High
Responsiveness	Reactive

## Coherence

Coherent
Partially coherent
Not coherent

Moody's ESG Solutions considers that the contemplated Bonds Framework is coherent with Caisse des Dépôts' strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

## Key findings

Moody's ESG Solutions considers that Caisse des Dépôts' **Bond Framework** is aligned with the four core components of the GBP, SBP and SGB.

### Use of Proceeds - aligned with the GBP and SBP and best practices identified by Moody's ESG Solutions

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of Eligible Projects for all categories, as well as the target population for Social Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories.
- The Expected Environmental and Social Benefits are clear, precise, relevant and measurable and will be quantified for all Eligible Categories in the reporting. In addition, an ex-ante estimate of the extra-financial benefits will be provided at issuance and will be publicly available on the Issuer's<sup>1</sup> website.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each bond issuance. The look-back period for refinanced Eligible Projects will be equal to or less than 24 months from the issuance date, in line with good market practices.

### Evaluation and Selection - aligned with the GBP and SBP and best practices identified by Moody's ESG Solutions

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Categories/Assets/Projects). The roles and responsibilities are clear and include relevant internal and external expertise. The process is publicly disclosed in the Framework.
- Eligibility and exclusion criteria for project selection have been clearly defined and detailed by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in and considered advanced (see detailed analysis on pages 34 - 36).

### Management of Proceeds - aligned with the GBP and SBP and best practices identified by Moody's ESG Solutions

- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be 12 months or less.
- The net proceeds of the Bonds will be placed in a separate accounting section and will be tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Projects.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the Framework within 12 months.

<sup>1</sup> <https://www.caissedesdepots.fr/vous-etes-investisseur> for the French version et <https://www.caissedesdepots.fr/en/you-are-investor> for the English Version

#### Reporting - aligned with the GBP and SBP

- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be publicly available on the Issuer's website<sup>2</sup> until Bond maturity.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond proceeds and the expected benefits of the Eligible Categories. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until bond maturity, and the verification will be publicly available. The reporting on the environmental and social benefits of Eligible Categories will be verified internally by the Issuer.

## Contact

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<sup>2</sup> <https://www.caissedesdepots.fr/vous-etes-investisseur> for the French version et <https://www.caissedesdepots.fr/en/you-are-investor> for the English Version

# SCOPE

Moody's ESG Solutions was commissioned to provide an independent Second Party Opinion ("SPO") on the sustainability credentials and management of the Sustainable Bonds<sup>3</sup> (the "Bonds") to be issued by Caisse des Dépôts (CDC) (the "Issuer") in compliance with the Green, Social and Sustainability Bonds Framework (the "Framework") created to govern their issuance(s).

Our opinion is established according to Moody's ESG Solutions' Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the voluntary guidelines of the International Capital Market Association's (ICMA) Green Bond Principles ("GBP") - edited in June 2021 - and Social Bond Principles ("SBP") - edited in June 2021 (referred together as the "GBP & SBP").

Our opinion is built on the review of the following components:

- Framework: We assessed the Framework, including the coherence between the Framework and the Issuer's environmental and social commitments, the Bond's potential contribution to sustainability and its alignment with the four core components of the GBP & SBP.
- Issuer<sup>4</sup>: We assessed the Issuer's ESG performance, its management of potential stakeholder-related ESG controversies and its involvement in controversial activities<sup>5</sup>.

Our scope of work also includes an informative opinion whether certain Eligible Categories are defined in accordance with the EU Climate Delegated Act (EU 2021/2139), the Minimum Safeguards defined in the Taxonomy Regulation (EU 2020/852) and the structure's apparent consistency with the proposed European Green Bond Standard ("EU GBS") (EU 2021/0191). Our work does not constitute a verification or audit of Taxonomy Alignment nor does Moody's ESG Solutions act as a registered external reviewer as defined in the EU GBS.

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from our exclusive ESG rating database, and (iii) information provided from the Issuer through documents and interviews conducted with the Issuer's managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

Our opinion and work has been carried out in good faith. Moody's ESG solutions has not performed any audit, site visit, inspection, nor other tests to establish the accuracy of the information provided by the Issuer. The Issuer is solely responsible for the correctness of the information it has provided and its compliance with, and implementation of, its commitments.

We carried out our due diligence assessment from February 18<sup>th</sup> to April 22<sup>nd</sup>, 2022. We consider that we were provided access to all documents and interviewees we solicited. For this purpose, we made reasonable efforts to verify the accuracy of all data used as part of the assessment.

## Type of External Reviews supporting this Framework

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

<sup>3</sup> The "Sustainability Bond" is considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Sustainability Bond" has been decided by the Issuer: it does not imply any opinion from Moody's ESG Solutions.

<sup>4</sup> The Issuer is part of our rating universe - the last ESG rating was performed in February 2022.

<sup>5</sup> The 17 controversial activities screened by us are: Alcohol, Animal welfare, Cannabix, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

# COHERENCE

Coherent
Partially coherent
Not coherent

We consider that the contemplated Framework is coherent with Caisse de Dépôts' strategic sustainability priorities and sector issues, and that it contributes to achieving the **Issuer's sustainability commitments**.

Public-sector financial institutions play a critical role in the transition towards sustainable economies and the achievement of the UN Sustainable Development Goals (SDGs) by financing environmental and social projects, improving financing opportunities, and enhancing employment in the countries where they operate.

Through the integration of environmental and social risks into the assessments of bonds and project financing, as well as **investment activities, development banks can influence clients' strategies** and operations towards more sustainable activities and products. In addition, public-sector financial institutions can develop channels to stimulate private-sector investments towards a more green and equitable economy. These efforts can provide direct contributions towards slowing climate change, improving human development and social well-being, and more broadly, support for the fundamental objectives underlined in the UN SDGs.

The CDC, which is at the intersection of the public and private sectors, implements a global strategy with the objective of enabling France's economic development to be sustainable, inclusive and responsible. Therefore, it contributes to the sustainable development of the country with the mission of accelerating its transition toward a resilient and low-carbon economic model that is respectful of biodiversity, while considering the social dimension of the transition. **The Issuer's sustainability strategy aligns the organization's activities and financial planning** with its sustainable development objectives across five key areas:

1. Accelerating the transition to a climate and biodiversity neutral economy
2. Fostering inclusive local development
3. Promoting the balanced development of territories and promoting housing for all
4. Accelerating and modernizing the implementation of social policies
5. Ensuring that activities and practices are conducted in a responsible and exemplary manner

In 2019, CDC integrated the UN SDGs into its sustainable development policy to better monitor its contribution to society **and support national and international objectives. The Issuer's SDG road map defines eight priority and five significant UN SDGs** to which all its business activities should directly contribute, and outlines action plans to meet its medium-term objectives in four main areas: ecological transition, social cohesion, economic development and territorial cohesion and habitat. These four areas are also consistently reflected in its Framework.

**CDC's environmental commitments** focus on making its financing and investments compatible with low-carbon, climate-resilient development and are aligned with the Paris Climate Agreement and France's low-carbon strategy. To that end, the Issuer intends to facilitate the green transition by steering **€60 billion in funding towards projects in sectors dedicated to decarbonizing the economy between 2020 and 2024**, which is presented in the Framework.

In addition, CDC plans to finance, through the Banque des Territoires, energy renovations to improve the thermal efficiency of 20 million m<sup>2</sup> of public and tertiary buildings and more than 500,000 social housing units by 2024.

CDC also aims to achieve carbon neutrality for its portfolios by 2050 and is collaborating with members of the Net Zero Asset Owner Alliance (supported by the UNEP-Fi and the PRI) to establish a methodology and pathway for aligning its portfolios with a 1.5°C scenario. Moreover, the Issuer plans to eliminate its exposure to coal-fired power generation exposure across the OECD by 2030 and globally by 2040.

In 2021, CDC became a member of Act4Nature, an international alliance of businesses and stakeholders that have undertaken to integrating biodiversity into their global strategy and activities. As a signatory of the Finance for Biodiversity Pledge, the Issuer commits to **measuring the biodiversity footprint of its portfolios by 2024**. **The Banque des Territoires, one of the Issuer's subsidiaries, aims to integrate biodiversity criteria into the analysis of its investment projects and will mobilize €3 billion** over the period 2020-2024 for biodiversity preservation projects. These initiatives are notably reflected in the Issuer's Framework with the inclusion of eligible project categories related to the decontamination and remediation of polluted soils and the transition of food systems to make them more sustainable. In addition, the Issuer aims to maintain its certifications for 100% of its forestry assets from either the Forest Stewardship Council or The Programme for the Endorsement of Forest Certification.

CDC is, by nature, at the service of the general interest. **It's mission is** underpinned by its commitments to social cohesion and the economic development of local authorities, while reducing geographical inequalities. CDC intends to finance projects in education, health, and senior economy sectors with specific goals to build 26,000 beds in nursing homes between 2021 and 2025 as well as to finance 500,000 additional social housing units between 2020 and 2024, ambitions reflected in the Social Categories of its Framework. The Issuer will also provide access to finance and aid the development of small-and-medium size enterprises, micro enterprises and intermediate-sized enterprises (ETIs for the abbreviation in French) as well as fund innovation and sustainable infrastructure.

By creating the Framework to finance green and social projects, the Issuer is aligning its strategy with its environmental and social commitments in a coherent manner, and is responding to the main challenges of the sector in terms of sustainable development.

# FRAMEWORK

The CDC has described the main characteristics of the Bond within a formalized Green, Social and Sustainability Bonds Framework that covers the four core components of the GBP, SBP and SGB 2021 (the last updated version was provided to Moody's ESG Solutions on April 20<sup>th</sup> 2022). The Issuer has committed to making this document publicly accessible on its website,<sup>6</sup> in line with good market practices.

The CDC intends to apply the Technical Screening Criteria (TSC) defined in Annex I of the Climate Delegated Act, as well as the Minimum Safeguards of the EU Taxonomy Regulation, to the 5 (out of 12) Eligible Categories covered by the Act. As defined under Scope of work, we have provided an informative opinion on whether these specific Eligible Categories are **defined in accordance with the regulatory requirements, and the structure's apparent consistency with the proposed EU GBS**, in a detailed section on pages 37-40.

## Alignment with the Green Bond Principles and Social Bond Principles

### Use of Proceeds



The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under 12 Green or Social Project Categories ("Eligible Categories"), as indicated in Table 1.

- The Eligible Categories are clearly defined and detailed. The Issuer has communicated the nature of the expenditures, eligibility criteria and location of Eligible Projects for all categories, as well as the target population for Social Categories.
- The Environmental and Social Objectives are clearly defined, relevant and set in coherence with sustainability objectives defined in international standards for all Eligible Categories.
- The Expected Environmental and Social Benefits are clear, precise, relevant and measurable and will be quantified for all Eligible Categories in the reporting. In addition, an ex-ante estimate of the extra-financial benefits will be provided at issuance and will be publicly available on the Issuer's<sup>7</sup> website.
- The Issuer has committed to transparently communicate to investors the estimated share of refinancing prior to each bond issuance. The look-back period for refinanced Eligible Projects will be equal to or less than 24 months from the issuance date, in line with good market practices.

### BEST PRACTICES

- ⇒ The definition and eligibility criteria (selection and exclusion) are clear and in line with international standards for all categories.
- ⇒ Relevant environmental and social benefits are identified and measurable for all project categories.
- ⇒ The expected benefits have been estimated ex ante for each bond issuance and publicly available.
- ⇒ The Issuer has committed to transparently communicate the estimated share of refinancing in advance of each bond issue.

<sup>6</sup> <https://www.caissedesdepots.fr/vous-etes-investisseur> for the French version and <https://www.caissedesdepots.fr/en/you-are-investor> for the English version.

<sup>7</sup> *ibid*

Table 1. Our analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of expenditures: Equity or quasi-equity financing;<sup>8</sup> loans, bonds and mezzanine debt (not already identified as sustainable financing - green/social)
- Location of Eligible Projects: France (except for soil remediation projects, which may take place in the rest of the EU)

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Renewable Energy	Renewable electricity generation: <ul style="list-style-type: none"> <li>- Solar photovoltaic</li> <li>- On shore and offshore Wind farms</li> <li>- Marine energy<sup>9</sup></li> <li>- Micro-hydraulic<sup>10</sup></li> <li>- Geothermal<sup>11</sup></li> <li>- Biomass</li> </ul>	Construction or operation of electricity generation facilities using renewable energy. Projects meeting the EU Taxonomy alignment criteria for relevant economic activity as defined in Appendix 1. <sup>12</sup>	<u>Climate change mitigation</u> Greenhouse gas (GHG) emissions reduction Increase in renewable energy capacity Increased energy storage capacity	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.  The Issuer has confirmed in internal documentation that: <ul style="list-style-type: none"> <li>• Deep geothermal energy from fractured reservoirs is excluded.</li> <li>• Pumped-storage power plants can only store electricity from low-carbon energy sources.</li> </ul> Regarding Hydrogen : <ul style="list-style-type: none"> <li>• Renewable energy projects coupled with storage or green hydrogen production projects using water electrolysis as an energy storage vector are eligible.</li> <li>• Blue hydrogen is excluded.</li> </ul> The expected environmental objectives are relevant and consistent with the objectives defined in international standards.  The expected benefits are clear, relevant and measurable. The Issuer has undertaken to
	Renewable energy storage : Intermittent renewable energy storage: <ul style="list-style-type: none"> <li>- Mechanical technology: pumped hydroelectric energy storage (PHES), compressed air energy storage (CAES)</li> <li>- Thermal and thermochemical technology: sensible heat or latent heat, energy by sorption</li> <li>- Chemical technology: storage in the form of hydrogen gas</li> </ul>	Construction and operation of facilities that store renewable energy and return it at a later time in the form of electricity or renewables such as hydrogen or thermal energy. Projects meeting the EU Taxonomy alignment criteria for relevant economic activity as defined in Appendix 1.		

<sup>8</sup> Partners' current accounts, convertible bonds, equity loans

<sup>9</sup> Production of electricity from the natural flows of currents and tides, and marine matter.

<sup>10</sup> Development and operation of new installations with an electrical power between 1 MW and 4.5 MW that are not subject to the hydraulic concessions regime pursuant to Article L. 511-5 of the Energy Code, or in-closes within the perimeter of an existing hydraulic concession. The installations comply with the following criteria: run-of-river plant with no artificial reservoir. Quantified life-cycle GHG emissions are verified by an independent third party.

<sup>11</sup> Projects with life cycle GHG emissions < 100 gCO<sub>2</sub>e/kWh and quantified life-cycle GHG emissions verified by an independent third party

<sup>12</sup> The eligibility criteria comply with the EU classification system for sustainable economic activities (the "EU Taxonomy") for Climate Change Mitigation and Climate Change Adaptation as of June 2021 as published in the Delegated Act.



ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
				quantify the environmental benefits in its annual report.
Energy Efficiency	Efficient heat production: Rehabilitation or construction of: <ul style="list-style-type: none"> <li>- Heating or cooling networks</li> <li>- Cogeneration biomass, geothermal, gas or solar thermodynamic</li> <li>- Downstream of industrial units</li> </ul>	Construction, refurbishment and operation of pipelines and associated infrastructure for heating, cooling, and cogeneration units holding the French label "Ecoréseau de chaleur" or aiming to achieve such labelling.	<u>Climate change mitigation</u> GHG emissions reduction	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses. <ul style="list-style-type: none"> <li>• The Issuer has confirmed in internal documentation that gas-fired plants are excluded.</li> </ul> The expected environmental objectives are relevant and consistent with the objectives defined in international standards. The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the environmental benefits in its annual report.
Green Real Estate	Green Buildings: New construction and thermal rehabilitation: <ul style="list-style-type: none"> <li>- Tertiary real estate</li> <li>- Residential real estate</li> <li>- Commercial real estate</li> <li>- Leisure, sport and cultural real estate</li> <li>- Tourist residences</li> <li>- Resorts</li> </ul>	Development of eco-efficient buildings projects and civil engineering works for residential and non-residential buildings located in France.  <b>For new construction:</b> <ul style="list-style-type: none"> <li>- The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures. In France, it corresponds to RE2020 -10% after 2022. Before January 2022 for residential buildings and July 2022 for commercial buildings, the regulation in force is RT2012.</li> </ul> For buildings larger than 5,000 m² : <ul style="list-style-type: none"> <li>- Air-tightness and thermal integrity testing with any deviation in the levels of performance set at design stage/defects in the building envelope disclosed to investors /clients or</li> </ul>	<u>Climate change mitigation</u> GHG emissions reduction Energy consumption reduction	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses. The expected environmental objectives are relevant and consistent with the objectives defined in international standards. The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the environmental benefits in its annual report.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
		<p>demonstration that robust and traceable quality control processes were in place during the construction process.</p> <p>- life-cycle Global Warming Potential (GWP) calculated for each stage in the life cycle and disclosed to investors and clients on demand.</p> <p><b>For renovation of existing buildings:</b></p> <p>Improved energy efficiency from renovation(s) resulting in a reduction of PED of at least 30% within a maximum of three years in comparison to the energy performance of the building before the renovation(s). Alternatively, the building renovation complies with the applicable requirements for major renovations.<sup>13</sup></p>		
Clean Transportation and Mobility	<p>Sustainable mobility infrastructure and services:</p> <p><u>Rail transport</u></p> <ul style="list-style-type: none"> <li>- Infrastructure</li> <li>- Passenger transport</li> </ul> <p><u>Inland water transport</u></p> <ul style="list-style-type: none"> <li>- Infrastructure</li> <li>- Passenger transport</li> </ul> <p><u>Sea and coastal freight water transport</u></p> <p><u>Urban and suburban road transport</u></p> <ul style="list-style-type: none"> <li>- Infrastructure (electricity charging, hydrogen-based refuelling ...)</li> <li>- Passenger (and/or freight) transport: fleets of clean rolling materials</li> <li>- Operators of smart and sustainable mobility services based on clean rolling materials</li> </ul>	<p>Projects related to the purchase, financing, leasing, rental, construction, operation or maintenance of transport with zero direct (tailpipe) CO<sub>2</sub> emissions or dedicated infrastructure supporting such transport.</p> <p>For purchase, financing, chartering (with or without crew) and operation of vessels designed and equipped for transport of freight or for the combined transport of freight and passengers on sea or coastal waters: until 31 December 2025, hybrid and dual fuel vessels derive at least 75% of their energy from zero direct (tailpipe) CO<sub>2</sub> emission fuels or plug-in power for their normal operation at sea and in ports.</p> <p>Where relevant, the vehicles and/or infrastructure are not dedicated to the transport or storage of fossil fuels.</p>	<p><u>Climate change mitigation</u></p> <p>GHG emissions reduction</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <ul style="list-style-type: none"> <li>• The Issuer has confirmed in internal documentation that "intermodal hubs" are intended only for modes of transport with zero direct tailpipe CO<sub>2</sub> emissions.</li> </ul> <p>The expected environmental objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the environmental benefits in its annual report.</p>

<sup>13</sup> In 2022, NZEB in France corresponds to RE2020. The environmental regulation for new buildings, known as RE2020, came into force on 1 January 2022 and replaces the thermal regulation (RT2012). It applies to single-family houses and multi-family dwellings for which the building permit is submitted from 1 January 2022 and to office and educational buildings for which the building permit is submitted from 1 July 2022.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
	<u>Gentle Mobility</u> (pedestrians and bicycles): infrastructure, equipment, and services <u>Intermodal exchange hubs</u> enabling transfers (Combined transport platforms rail-road, or rail-in-river ; multimodal platforms allowing access to clean modes (train station))			
Decontamination and Remediation of Sites	Soil decontamination: Decontamination of grounds and basements for all types of sites to make them suitable for a new industrial, commercial or residential use: <ul style="list-style-type: none"> <li>- Physical treatment</li> <li>- Chemical treatment</li> <li>- Biological treatment</li> <li>- Thermal treatment</li> </ul>	Landscapes located in Europe, mostly in France (>50%)  Targeted sites of small or medium size (from 1 to 20 hectares), significantly polluted (soil and building) with a strong redevelopment potential, located near major urban areas suffering a shortage of building land.  Cost of decontamination very important compared to the overall budget of the development operation.	<u>Climate change mitigation</u> GHG emissions reduction  <u>Prevention and reduction of pollution</u> Reduction of land artificialisation Soil decontamination	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses. <ul style="list-style-type: none"> <li>• The Issuer has confirmed in internal documentation that this category concerns industrial wastelands, i.e., artificialized sites. Polluted natural sites are excluded.</li> </ul> The expected environmental objectives are relevant and consistent with the objectives defined in international standards. The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the environmental benefits in its annual report.
Digital Infrastructures	Eco-efficient data centres: Territorial data centre	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres.  Projects with a Global warming potential (GWP) of refrigerants used in the data centre cooling system not exceeding 675.  Projects having implemented all relevant practices listed as "expected practices" in the most recent version of the European Code of Conduct on Data Centre Energy Efficiency, or in CEN-CENELEC document CLC TR50600-99-1 "Data centre facilities and infrastructures - Part 99-1: Recommended practices for energy management".	<u>Climate change mitigation</u> Data centre energy efficiency	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.  The expected environmental objectives are relevant and consistent with the objectives defined in international standards.  The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the environmental benefits in its annual report.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
		The implementation of those practices is verified by an independent third-party and audited at least every three years. <sup>14</sup>		
Food Transition	Sustainable production and supply chains: <ul style="list-style-type: none"> <li>- Processing units: vegetable factories, canneries</li> <li>- Distribution units: logistics or distribution platforms, alternative distribution channels with an ecological vocation</li> <li>- Resilient and innovative food production units: integrated farms (permaculture, agroforestry, aquaponics etc.)</li> </ul>	<b>Investment structure :</b> SSE (Social and Solidarity Economy) structure within the meaning of the law of 31 July 2014 (association, cooperative, SIC, SAS ESS, SAS ESUS, socially useful company within the meaning of Article 2 of the law of 31 July 2014 respecting an aim other than the sole sharing of profits) acting on French territory, in the food transition sector. The activity meets one of the following criteria: (a) Products from a farm certified as organic according to the EU organic standard on production and labelling. (b) Products complying with the following principles of circular economy :  (i) <b>Products' primary</b> packaging is designed or demonstrate its usability over 10 rotations	<u>Climate change mitigation</u> GHG emissions reduction  <u>Protection and restoration of biodiversity and ecosystems</u> Reduction in the use of pesticides Increase in organic farming Reduction of water consumption	The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses. <ul style="list-style-type: none"> <li>• The Issuer has confirmed in internal documentation that neither forest areas nor arable land are burned or converted for the funded processing units.</li> <li>• The term "local" refers to the short food chains of proximity as defined by the European Commission and the five criteria of the RMT Local Food.<sup>16</sup></li> </ul> The expected environmental objectives are relevant and consistent with the objectives defined in international standards. The expected benefits are clear, relevant and measurable. The Issuer has undertaken to

<sup>14</sup> In France, the 2021 Finance Act puts in place counterparts to the strengthening of the eco-conditionality of the reduced TICFE tariff for data centres. From 1 January 2022, this amendment makes the reduced rate conditional on (i) the implementation by data centres of an ISO 50001 certified energy management system, and (ii) membership of a programme for the sharing of good energy management practices, recognised by a national or international public authority. To date, the only international reference is the European Commission's code of conduct.

<sup>16</sup> RMT Alimentation Locale is a central participant in the research on this subject in France, stemming from the European referendum project Glamur. Summary of the 5 criteria: (1) Two intermediaries between the producer and the consumer; (2) A sub-regional scale; (3) The development of local resources and artisanal processes; (4) Governance that involves or respects the producers and, at the very least, takes into account the expectations of consumers, even to the point of involving them in the operation; and (5) Products whose origin is well identified and known to consumers. For more information: <https://www.rmt-alimentation-locale.org/>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
		<ul style="list-style-type: none"> <li>(ii) At least 95% of the packaging is recyclable or the packaging holds a recognized certification of composability<sup>15</sup></li> <li>(iii) A food waste and packaging reduction strategy is demonstrated</li> <li>(c) Food products are marketed in a short circuit: <ul style="list-style-type: none"> <li>(i) Maximum two intermediaries between the producer and the consumer</li> <li>(ii) A sub-regional scale</li> <li>(iii) The use of local resources and artisanal processes</li> <li>(iv) Governance involving or respecting producers and at least taking into account the expectations of consumers, even to the point of involving them in the operation</li> <li>(v) Products whose origin is well identified and known to consumers</li> <li>(vi) Implementation of a plan to optimise logistics (especially transport) to reduce environmental impact</li> </ul> </li> </ul>		quantify the environmental benefits in its annual report.

<sup>15</sup> 95 % of the total weight and the remaining minor components are compatible with the recycling process.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
Digital Infrastructures	<p>Access to digital: FTTH optic fiber networks connecting the territories to the end-users:</p> <ul style="list-style-type: none"> <li>- Public Initiative Networks (PIN): PIN for collecting, unbundling, or serving companies, PIN for sharing optical fiber up to the subscriber</li> <li>- Private Initiative Infrastructures</li> </ul> <p>Burial of fiber optic cables</p>	<p>Projects established in a territory where:</p> <p>(i) The deployment of optical fibre is not profitable for a private operator, because of low population density and / or deployment difficulties</p> <p>(ii) GDP per capita is below the national average</p> <p><u>Target populations:</u> Residents, local companies, public services (educational institution, public health, environmental services ...) of digital deserts (peri-urban, rural).</p>	<p><u>Affordable basic infrastructure</u></p> <p>Bridging the digital divide</p> <p>Support for employment in the target territory</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <p>The target population has been clearly defined.</p> <ul style="list-style-type: none"> <li>• The "digital deserts" refer to the PIN zones,<sup>17</sup> located in the Less Dense Zones.</li> <li>• L'Emetteur a précisé que l'enfouissement des câbles de fibre optique est également une mesure d'adaptation au changement climatique, en améliorant la résilience de ces infrastructures face aux catastrophes naturelles.</li> </ul> <p>The expected social objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the social benefits in its annual report.</p>
Education and Professional Integration	<p>Access to training: Training organisations:</p> <ul style="list-style-type: none"> <li>- Private technical education institution delivering state recognized professional diplomas</li> <li>- Professional training, including qualification, reconversion and retraining</li> <li>- Training programs</li> <li>- Training for new jobs (digital, information technology system...)</li> </ul>	<p>Free, qualifying and/or professionalizing training accredited by the State:</p> <ul style="list-style-type: none"> <li>- Professional diplomas</li> <li>- Certified Labels (e.g. Grande Ecole du Numérique)</li> <li>- Professional qualification certificate (PQC)</li> </ul> <p><u>Target populations:</u> People with social and professional integration difficulties (all ages), without training or professional experience, who are far from employment (long-term unemployment)</p>	<p><u>Access to essential services</u></p> <p>Training and professional integration of young people and people who are long-term unemployed</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <p>The target population has been clearly defined.</p> <ul style="list-style-type: none"> <li>• The terms "socio-professional integration difficulties" and "sensitive or priority areas" are clearly defined in an internal document.</li> <li>• "Long-term unemployment" refers to someone who has been unemployed for at least a year.</li> </ul>

<sup>17</sup> <https://www.arcep.fr/collectivites/les-reseaux-dinitiative-publique-rip.html>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
	<ul style="list-style-type: none"> <li>- Training for sectors experiencing shortages of workforce</li> </ul>	<ul style="list-style-type: none"> <li>- Young people under 18 with educational difficulties (deschooling, learning difficulties)</li> <li>- Young workers between 16 and 25/30</li> <li>- Young people not in employment, education or training (NEET)</li> <li>- People in sensitive or priority areas or in a vulnerable situation (peri-urban and rural areas, migrants ...)</li> </ul>		<p>The expected social objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the social benefits in its annual report.</p>
Social Solidarity Economy	Investments in any companies of the Social and Solidarity Economy (SSE): existing structures, structures in the process of creation, rapidly developing structures.	<p>All SSE companies within the meaning of the law of July 31, 2014 (association, cooperatives, mutual, foundation, commercial SSE companies) active in France, particularly in the health, medico-social, Silver Economy, energy transition, short circuits and circular economy, social tourism, culture sectors.</p> <p>Companies with social utility within the meaning of article 2 of the law of July 31, 2014 and which respect a goal pursued other than the sole sharing of profits.</p> <p><u>Target population:</u> SSE companies</p>	<p><u>Job creation and socio-economic development of territories</u></p> <p>Emergence, scaleup and diversification of SSE enterprises based in France</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <p>The target population has been clearly defined.</p> <p>The expected social objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the social benefits in its annual report.</p>
Social Real Estate	<p>Social housing: Support of project managers in the production of social housing for people experiencing social and economic difficulties:</p> <ul style="list-style-type: none"> <li>- Through building acquisition or long-term location by 'perpetual lease' or through renovation;</li> <li>- Through financial assistance with participative loans</li> </ul>	<p>Project manager with Social Utility Company certification (ESUS)</p> <p><u>Target populations:</u> person living without adequate housing, household in position of insecurity and exclusion</p>	<p><u>Access to housing</u></p> <p>Improving social housing supply</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <p>The target population has been clearly defined.</p> <ul style="list-style-type: none"> <li>• The Issuer has clarified in internal documentation that the housing covered are owned by HLM (Habitation à Loyer Modéré) organizations or other social housing lessors (e.g., housing owned by semi-public real estate companies - SEMs) and which are subject to HLM legislation for setting their rents, or (ii)</li> </ul>

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
				<p>housing outside the scope of HLM organizations but charging an HLM rent.</p> <p>The expected social objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the social benefits in its annual report.</p>
Healthcare and Social-Healthcare	<p>Reduction in medical deserts:</p> <ul style="list-style-type: none"> <li>- Construction/renovation/extension of multi-disciplinary health centres</li> <li>- Investments in the development of local investment companies (mixed-economy company) in the health sector</li> <li>- Support to health professionals through the purchase of materials, mobility and training</li> <li>- Equipment of medical and health establishments in the deployment of e-medicine</li> </ul>	<p>Projects established in a territory:</p> <ul style="list-style-type: none"> <li>- Where the population is more than 20 minutes away from at least one local health service*</li> <li>- Depending on the rate of availability of medical services in a territory</li> <li>- of medium size, peri-urban and/or rural</li> </ul> <p><u>Target population:</u> People from peri-urban/rural areas considered medical deserts (areas with health offer shortages).</p> <p>* According to INSEE Permanent Facilities Database</p>	<p><u>Access to essential services</u></p> <p>Improved availability of medical care and health status of the population</p> <p>Reduction of territorial and social inequalities in health, particularly in terms of access to local care and the distance travelled (medical deserts)</p>	<p>The definition of the category is clear and detailed, and the Issuer has communicated the nature, eligibility criteria and location of eligible expenses.</p> <p>The target population has been clearly defined.</p> <ul style="list-style-type: none"> <li>• The Issuer has clarified in internal documentation that it defines a medical desert as an area characterized by a high and/or higher than national average access time to local care (20 minutes).<sup>18</sup></li> </ul>


<sup>18</sup> Source provided by the Issuer : [http://carto.observatoire-des-territoires.gouv.fr/#v=map33:i=acces\\_soin:pl=fr](http://carto.observatoire-des-territoires.gouv.fr/#v=map33:i=acces_soin:pl=fr)







ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES	DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	MOODY'S ESG SOLUTIONS' ANALYSIS
	Supporting the Ageing of the Population <ul style="list-style-type: none"> <li>- Construction/renovation/extension of retirement home, EHPAD and senior health homes</li> <li>- Support to health professionals in the elderly care sector</li> </ul>	<ul style="list-style-type: none"> <li>- Projects for people over 60 years old</li> <li>- Professionalisation projects, home help development and improvement of empowerment jobs</li> </ul> <p><u>Sanitary and social real estate:</u> Buildings located in France to build, restructure or rehabilitate, with at least the environmental label NF Habitat HQE 6 stars</p> <p><u>Target population</u> : Elderly people</p>	Improvement of autonomy (dependency issue) and health status of the senior population Reduction of social inequalities in health	<ul style="list-style-type: none"> <li>• The Issuer has clarified in internal documentation its definition of "Projects for the professionalization and development of home care workers and independent living professions".</li> </ul> <p>The expected social objectives are relevant and consistent with the objectives defined in international standards.</p> <p>The expected benefits are clear, relevant and measurable. The Issuer has undertaken to quantify the social benefits in its annual report.</p>

### SDG Contribution

The Eligible Categories are likely to contribute to 12 of the 17 United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Social and Solidarity Economy Social Real Estate	 <b>1</b> No Poverty	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
Food Transition	 <b>2</b> Zero Hunger	2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
Healthcare and Social Healthcare	 <b>3</b> Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Education and Professional Insertion	 <b>4</b> Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.
Renewable Energy Energy Efficiency Green Buildings Healthcare and Social Healthcare	 <b>7</b> Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
Access to Digital Infrastructure Social and Solidarity Economy	 <b>8</b> Decent Work and Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
Transportation and Sustainable Mobility Eco-Efficient Data Centres Access to Digital Infrastructure	 <b>9</b> Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
Access to Digital Infrastructure Education and Professional Insertion Social and Solidarity Economy Social Real Estate Healthcare and Social Healthcare	 <b>10</b> Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Social Real Estate Transportation and Sustainable Mobility Social Real Estate	 <b>11</b> Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons. 11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
Food Transition	 <b>12</b> Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
Green Buildings Renewable Energy Energy Efficiency Transportation and Sustainable Mobility	 <b>13</b> Climate Action	Eligible projects broadly contribute to SDG 13, which is to take urgent action to combat climate change and its impacts. 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2 Integrate climate change measures into national policies, strategies and planning.
Pollution Prevention and Control Food Transition	 <b>15</b> Life on Land	15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world. 15.6 Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed.

## Evaluation and Selection of Eligible Projects



- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps (including the proposal, selection, validation and monitoring of Eligible Projects). The roles and responsibilities are clear and include relevant internal and external expertise. The process is publicly disclosed in the Framework.
- Eligibility and exclusion criteria for project selection have been clearly defined and detailed by the Issuer for all Eligible Categories.
- The process applied to identify and manage potentially material ESG risks associated with Eligible Projects is publicly disclosed in and considered advanced (see detailed analysis on pages 34-36).

### Process for Project Evaluation and Selection

- The Evaluation and Selection Process is structured in three steps:
  - Identification and eligibility analysis: Caisse des Dépôts' investment teams identify projects that meet the Framework's eligibility criteria. These teams are trained and responsible for conducting an analysis of the extra-financial risks of the projects, as well as a review of the territorial context, and a pre-identification of potential positive externalities. These teams are also responsible for verifying that projects have the required social and environmental approvals, as well as their alignment with the "Do No Significant Harm" (DNSH) criteria.
  - Confirmation of eligibility: The Commitment Committee is responsible for the second step, which is a second review of the identified projects' documents to confirm their compliance with the eligibility criteria. The Commitment Committee consults business experts and the risk department, who may express reservations about the extra-financial risks. These are then discussed by the Commitment Committee, which may request additional information before deciding on the eligibility. The composition and operation of the Commitment Committee is described in the Framework's appendix.
  - Allocation decision: The Green, Social and Sustainable Bond Committee ("the Committee") makes the final decision on the projects selected for the bond funds' allocation. The composition of the group is described in the Framework's appendix, and includes the Head of the Group Finance Department (Chairman of the Committee) and the Manager of the Risk Assessment and Data Management Department (Secretary).
- The Committee is responsible for:
  - Deciding the allocation of bond funds to Eligible Projects
  - Reviewing the monitoring of the portfolio of Eligible Projects over the life of the Bonds. The Committee will be responsible for replacing an Eligible Green Project if it no longer meets the eligibility criteria or if the Eligible Project has expired
  - If necessary, supplementing the portfolio of projects allocated to a program
  - Tracking the amount of unallocated funds to potential Eligible Projects, and specifying to the treasury the amount to reinvest in case of unallocated funds
  - Updating the Framework's eligibility criteria
- The traceability and verification of the project selection and evaluation is ensured throughout the process:
  - The Issuer commits to ensuring the continued compliance of the selected projects with the selection and exclusion criteria specified in the Framework throughout the life of the Bond, and has provided details of the content, frequency and duration as well as the procedure adopted in case of non-compliance.

- The Issuer is committed to monitoring potential ESG controversies associated with projects until the bond matures and has provided details on the frequency, content and procedures in the event of a project controversy.
- The traceability of the decisions taken concerning the evaluation, selection and monitoring of projects is ensured: the Committee will meet at least annually, with the possibility of organizing additional committees if necessary. A documented list of Eligible Projects is provided upon issuance of a bond.

### Eligibility Criteria

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental and social objectives defined for the Eligible Categories.

- The selection and exclusion criteria are based on the definitions in the Eligible Categories defined in Table 1 of the Use of Proceeds section.
- Any project with a significant unresolved environmental or social controversy would be excluded.

### BEST PRACTICES

- ⇒ Eligibility and exclusion criteria for Project selection are clearly defined and detailed for all of the Eligible Categories.
- ⇒ The Issuer reports that it will monitor compliance of selected and financed Projects with eligibility criteria specified in the Framework throughout the life of the instrument and has provided details on the procedure adopted in case of non-compliance.
- ⇒ The Issuer reports that it will monitor potential ESG controversies associated with the financed Projects throughout the life of the instrument and has provided details on the procedure in case a controversy is found.

## Management of Proceeds



- The Process for the Management and Allocation of Proceeds is clearly defined and is publicly available in the Framework.
- The allocation period will be 12 months or less.
- The net proceeds of the Bonds will be placed in a separate accounting section and will be tracked by the Issuer in an appropriate manner and attested to in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- For as long as the Bond is outstanding, the Issuer has committed to periodically adjust the balance of tracked net proceeds to match allocations to Eligible Projects.
- The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and has committed to reallocate divested proceeds to projects that comply with the Framework within 12 months.

## Management Process

- The net proceeds of the Bonds will be credited to a separate account and will be managed as cash.
- The minutes of the Green, Social and Sustainable Bonds Committee, which include disbursement decisions for selected projects, serve as the basis for accounting and financial reports that are reviewed by external auditors to ensure effective allocation to Eligible Projects.
- Funds are managed on a bond-by-bond basis. Fund transfers are made through the CDC's financial management system, ensuring that the net proceeds of the bonds are equivalent to the disbursements made to Eligible Projects.
- In the event of postponement, cancelation, divestment or ineligibility of projects, or in case an Eligible Project has matured, the Issuer has committed to replace the project that is no longer eligible with a new Eligible Project within 12 months.

### BEST PRACTICES

- ⇒ The allocation period is 12 months or less.
- ⇒ The Issuer has committed not to invest temporarily unallocated net proceeds in GHG intensive activities or controversial activities.
- ⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the Bond Framework within 12 months.

## Reporting



- The Issuer has committed to report on the Use of Proceeds on an annual basis, until full allocation and on a timely basis in case of material developments. The report will be **publicly available on the Issuer's website**<sup>19</sup> until Bond maturity.
- The Issuer has committed to include in the reports relevant information related to the allocation of Bond proceeds and the expected benefits of the Eligible Categories. The Issuer has also committed to report on material developments and controversies related to the Eligible Projects.
- The reporting methodology and assumptions used to report on environmental and social benefits of the Eligible Categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds to Eligible Categories until bond maturity, and the verification will be publicly available. Reporting on the environmental and social benefits of Eligible Categories will be verified internally by the Issuer.

## Indicators

The Issuer has committed to transparently communicate on an obligation-by-obligation basis at the eligible project level on:

- Allocation of proceeds: The indicators selected by the Issuer to reports the allocation of proceeds are relevant and comprehensive.

### REPORTING INDICATORS

- ⇒ An exhaustive and nominative list of financed eligible green and social projects
- ⇒ The amount of funds allocated to Eligible Categories
- ⇒ The portion of unallocated funds
- ⇒ The share of financing and refinancing (% of net proceeds)
- ⇒ The share of co-financing for eligible green and social projects

It should be noted that the auditors' certificates verify the proper allocation flows of sustainable bonds, including the temporary investment of unallocated funds.

<sup>19</sup> <https://www.caissedesdepots.fr/vous-etes-investisseur> for the French version and <https://www.caissedesdepots.fr/en/you-are-investor> for the English version.

- Environmental and social benefits: The indicators selected by the Issuer to report the environmental/social benefits are clear, relevant and comprehensive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy	<ul style="list-style-type: none"> <li>- Installed electricity capacity in MW</li> <li>- Electricity production in MWh/year</li> <li>- Amount of stored energy / storage capacity</li> </ul> <p>Social co-benefits:</p> <ul style="list-style-type: none"> <li>- Number of jobs directly supported in Full Time Equivalence (FTE)/year</li> <li>- Number of households equivalent covered</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>- Installed heat capacity in MW</li> <li>- Heat production in MWh/year</li> </ul> <p>Social co-benefits:</p> <ul style="list-style-type: none"> <li>- Number of jobs directly supported in FTE/year</li> <li>- Number of households equivalent covered</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>
Green Real Estate	<ul style="list-style-type: none"> <li>- Average energy consumption in kWh/m<sup>2</sup>/an</li> </ul> <p>Social co-benefits:</p> <ul style="list-style-type: none"> <li>- Jobs directly and indirectly supported by construction work and renovation in FTE/year</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided relative to local baseline<sup>20</sup> in tCO<sub>2</sub>eq/year</li> <li>- Energy savings relative to local baseline in kWh/m<sup>2</sup>/year</li> </ul>
Decontamination of Sites	<ul style="list-style-type: none"> <li>- Number of sites to be decontaminated</li> <li>- Surface area to be decontaminated in ha</li> <li>- Nature of use of decontaminated sites in %</li> </ul> <p>Social co-benefits:</p> <ul style="list-style-type: none"> <li>- Number of jobs directly and indirectly supported in FTE/year</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>
Sustainable Transport and Mobility	<ul style="list-style-type: none"> <li>- Number of users</li> <li>- Number of alternative refuelling points under construction</li> </ul> <p>Social co-benefits:</p> <ul style="list-style-type: none"> <li>- Number of jobs directly and indirectly supported in FTE/year</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>

<sup>20</sup> In France, this corresponds to RT 2012 until RE 2020 goes into effect on 1 January 2022 for residential buildings. Offices and educational buildings will follow soon after, on 1 July 2022, and other types of buildings on 1 January 2023.



ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Food Transition	<ul style="list-style-type: none"> <li>- Number of cultivated hectares with the EU organic label (EU-Eco-regulation)</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of water consumption</li> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>
Eco-Efficient Datacentres	<ul style="list-style-type: none"> <li>- Datacenter power consumption in kWh/year</li> <li>- Power consumption of IT equipment in kWh/year</li> <li>- Consumption of green electricity from the network/from on-site renewable energy infrastructures in kWh/year</li> </ul>	<ul style="list-style-type: none"> <li>- Power Usage Effectiveness / Carbon Usage Effectiveness / Renewable Energy Factor</li> </ul>
Access to Digital Infrastructure	<ul style="list-style-type: none"> <li>- Coverage rate of the public initiative area</li> <li>- Connection rate</li> <li>- Number of jobs directly supported in FTE/year</li> <li>- Number of beneficiaries of training programmes created per year</li> <li>- Number of training hours per year</li> </ul>	
Education and Professional Integration	<ul style="list-style-type: none"> <li>- People receiving training per year</li> <li>- Positive output rate<sup>22</sup></li> <li>- Departure for employment</li> <li>- Departure for training</li> <li>- Number of training hours per year</li> <li>- Number of jobs directly supported in FTE/year</li> </ul>	
Social and Solidarity Economy	<ul style="list-style-type: none"> <li>- Number of beneficiaries per year</li> <li>- Number of supported entrepreneurial projects per year</li> <li>- Number of jobs directly supported in FTE/year</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions avoided in tCO<sub>2</sub>eq/year</li> </ul>
Social Real Estate <sup>23</sup>	<ul style="list-style-type: none"> <li>- Number of beneficiaries per year</li> <li>- Number of new places created per year</li> <li>- Number of jobs directly supported in FTE/year</li> <li>- Number of jobs directly supported during renovation in FTE/year</li> </ul>	<ul style="list-style-type: none"> <li>- Energy cost savings after renovation in €/year</li> </ul>

<sup>21</sup> The Social and Territorial Cohesion department of Banque des Territoires, assisted by an external expert, is currently conducting a study to identify and develop ESG indicators to objectivize the environmental and social impacts of investments directed toward food transition projects.

<sup>22</sup> This indicator is defined and specified in the annual report (Rapport 2020 page 51 <https://www.caissedesdepots.fr/sites/default/files/2021-09/21%20058%20Rapport%20obligations%20V%20et%20D%2030%209%20c.pdf>): (number of beneficiaries entering into sustainable employment, transitional employment or skills training) ÷ (total number of people supported)

<sup>23</sup> Pour les actifs de l'immobilier social et de la santé, les mêmes indicateurs d'impact que pour la catégorie de l'immobilier vert s'appliquent.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Healthcare and Social Healthcare	<ul style="list-style-type: none"> <li>- Number of health centres built / renovated</li> <li>- Number of beneficiaries</li> <li>- Number of medical consultations / year</li> <li>- Number of sheltered accommodation for senior beneficiaries</li> </ul> <p>For health and social real estate:</p> <ul style="list-style-type: none"> <li>- Same indicators as Green Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in % of the population served by local medical care</li> <li>- Reduced access time for residents to health care</li> </ul>

An area for improvement is to commit to an external verification of the indicators that report the environmental and social benefits of Eligible Projects.

BEST PRACTICES
<p>⇒ The Issuer will report on the Use of Proceeds until bond maturity.</p> <p>⇒ The Issuer report will be publicly available.</p> <p>⇒ The indicators selected by the Issuer are clear and relevant with regard to allocation indicators and cover all expected benefits associated with the Eligible Categories. The Issuer has also committed to report on material developments related to the Eligible Projects, including ESG controversies.</p> <p>⇒ The reporting methodology and assumptions used to report environmental and social benefits of the Eligible Categories will be disclosed publicly.</p>

# CONTRIBUTION TO SUSTAINABILITY

## Expected Impacts

The potential positive impact of the Eligible Projects on environmental and social objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable Energy Generation	ADVANCED	<p>According to the International Energy Agency (IEA),<sup>24</sup> low-carbon energy represented 91% of the electricity produced in France in 2019, and coal-fired power plants will be closed by 2026. The decarbonation of the electricity mix is not the main lever to reduce the country's environmental footprint, nevertheless the development and renewal of installed capacities ensuring the production of electricity currently remains an important issue in France,<sup>25</sup> in particular due to the future electrification of certain uses. This category includes the following technologies: solar panels (photovoltaic and thermal), wind turbines, marine energy, hydroelectricity, geothermal energy and bioenergy. Details on the panels' origin and their installation (roof or ground) could be useful to assess the potential negative impacts. Solar panels, wind turbines and marine energy follow the June 2021 Delegated Act on Climate-related Technical Criteria of the European Union Taxonomy, hereafter the "EU Delegated Act". With respect to hydroelectricity, the Issuer has committed to financing only run-of-river dams and dams with reservoirs meeting an emissions threshold of &lt;100g CO<sub>2</sub>/kWh or an energy density threshold of 5W/m<sup>2</sup>. The Issuer has also committed to a threshold of &lt;100g CO<sub>2</sub>/kWh for geothermal energy. Note that deep geothermal energy from fractured reservoirs will not be financed through this Framework. With respect to bioenergy projects, the Issuer has stated that these projects will provide an 80% reduction in greenhouse gas (GHG) emissions compared to fossil fuels, and biomass sourcing criteria have also been specified, with the exception of facilities below 2 MW. Therefore, the category is aligned with the most demanding industry standards to contribute to the <b>project's</b> intended objective.</p>

<sup>24</sup> <https://www.iea.org/countries/France>

<sup>25</sup> RTE : Energy Futures 2050: Production Mix Scenarios Under Review to Achieve Carbon Neutrality by 2050

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable Energy Storage	ADVANCED	<p>The RTE report of February 2022<sup>26</sup> describes different potential scenarios for the French energy mix and, depending on the chosen scenario, the relative needs in terms of electricity storage. The development of pumped storage power plants is considered independently of the scenario, while the deployment intensity of other technologies varies greatly depending on the scenario. An analysis by the IEA suggests that hydrogen is expected to play an important role in achieving global decarbonization goals.<sup>27</sup> The development of electricity and heat storage is considered crucial to support the deployment of intermittent renewable energies ("grid-following") on the grid and to reduce the consequences of local variations.<sup>28</sup> These investments allow increased penetration of intermittent renewable energies, especially solar. The Issuer plans to finance: (i) pumped hydropower (ii) compressed air storage (iii) underground heat storage (iv) as well as hydrogen production. The Issuer has committed that technologies (i), (ii) and (iii) will only store electricity from low-carbon energy. For the production of hydrogen, only water electrolysis is being considered, for which the electricity used respects the threshold of &lt;100g CO<sub>2</sub>/kWh. The projects will be located in France, a country that respects this threshold and is not prone to fresh water overuse, the risk of water stress inherent to hydrogen production is de facto limited. The Issuer targets an average of 54 MWh/tH<sub>2</sub> for the efficiency of the electrolyzers, the category thus seems to follow the most demanding standards<sup>29, 30, 31</sup>, and to reach by design the eligibility threshold of the EU Delegated Act fixed at 3 tons of CO<sub>2</sub> eq/tH<sub>2</sub>.</p>
Efficient Heat Production	ADVANCED	<p>Heat represents nearly 50% of the final energy consumed (including in industry, residential and offices) in France in 2015, i.e., more than 915 TWh,<sup>32</sup> and is heavily dependent on fossil fuels.<sup>33</sup> This is also the case for heating networks, with 35% of the heat distributed coming from natural gas.<sup>34</sup> Therefore, the decarbonization of heat production is a major challenge in France. The Issuer intends to finance heat networks respecting the thresholds of the EU Delegated Act, for the financing of either new networks or the renovation of existing networks. Waste heat recovery devices may be financed, the Issuer has not specified which industries may be subject to the deployment of these devices. Also included in this category is financing for the cogeneration capacity of heat and/or cold and electricity from gaseous and liquid renewable fuels of non-fossil origin that maintain the threshold of &lt;100g CO<sub>2</sub>/kWh, in line with the EU Delegated Act. It should be noted that the installation of carbon capture and sequestration devices can be financed, a technology that currently has several limitations. The financing of natural gas-fired power plants is excluded from the Framework.</p>

<sup>26</sup> Ibid

<sup>27</sup> <https://www.iea.org/reports/hydrogen>
<sup>28</sup> International Energy Agency, RTE, Conditions and Requirements for the Technical Feasibility of a Power System with a High Share of Renewables in France Towards 2050

<sup>29</sup> Low carbon energy and feedstock for the European chemical industry, Dechema 2017

<sup>30</sup> Study on development of water electrolysis in the EU, E4tech and Element Energy Ltd or the Fuel Cells and Hydrogen Joint Undertaking: Appendix 2

<sup>31</sup> TEG final report on the EU taxonomy (2020)

<sup>32</sup> <https://negawatt.org/scenario/sankeys/2015-simplifie>
<sup>33</sup> Ibid

<sup>34</sup> 2019 Energy Balance Sheet for France - January 2021, "3.5 Commercial heat generation: the share of renewable energies continues to grow".

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Green Buildings	ADVANCED	According to the Ministry of Ecological Transition, <sup>35</sup> the real estate sector accounts for 44% of the energy consumed in France, mainly due to the heating needs of the residential sector, and about 25% to 30% of the country's total GHG emissions. The construction of energy-efficient buildings is an important priority in France. The 2018 <sup>36</sup> Multi-Year Energy Program has set a goal to reduce the final energy consumption of buildings (TWh) by 15% between 2016 and 2028. According to the National Low-Carbon Strategy, <sup>37</sup> 370,000 buildings must be completely renovated each year between 2015 and 2030 and 700,000 buildings per year between 2030 and 2050, compared to less than 300,000 buildings currently. By financing both the construction, which nevertheless has an absolute impact on energy consumption, and the renovation of buildings, both of which meet the thresholds and criteria set by the EU Delegated Act, this category responds to relevant issues identified at the national level and is aligned with the most demanding criteria in the project's context.
Sustainable Mobility Infrastructure and Services	ADVANCED	According to the Ministry of Ecological Transition, <sup>38</sup> transportation accounts for 31% of the energy consumed in France and about 30% of the country's total GHG emissions. Except for ships, which will represent a minority of the projects financed, the majority of the projects will be located in France. The planned projects will have positive impacts both in the medium term by financing road transport with zero CO <sub>2</sub> emissions and their recharging infrastructures, as well as in the long term, notably through the construction of infrastructures allowing the development of (i) electrified rail networks, which has a heightened relevance in France with its electricity mix that respects the threshold of 100 gCO <sub>2</sub> /kWh - (ii) soft mobility and (iii) multimodal platforms dedicated to vehicles with zero CO <sub>2</sub> emissions; These projects follow the criteria set by the EU Delegated Act. According to the International Chamber of Shipping, shipping plays a central role in the global economy and requires an enormous amount of energy, accounting for approximately 2% of the total CO <sub>2</sub> emissions of the global economy. <sup>39</sup> To reduce total annual GHG emissions by at least 55% by 2030 from 1990 levels and achieve climate neutrality by 2050, <sup>40</sup> considerable investment and intensive R&D will be needed to promote and catalyse new propulsion systems, modernized ships and an entirely new global refuelling network linked to low-carbon fuels. Other measures, such as reducing the growth of maritime flows and reducing speed, will be necessary for the sector to reduce its environmental footprint. <sup>41</sup> The Issuer intends to finance vessels that derive at least 75% of their energy from fuels with zero direct CO <sub>2</sub> emissions (exhaust) or power on load during their normal operation at sea and in port, a more stringent criterion than the one set by the EU Delegated Act (25%). It should be noted, however, that this category includes "lock-in effects" due to the consumption of fossil fuels during the long life of the vessels. <sup>42</sup>

<sup>35</sup> <https://www.ecologie.gouv.fr/energie-dans-batiments>

<sup>36</sup> <https://www.ecologie.gouv.fr/sites/default/files/20200422%20Programmation%20pluriannuelle%20de%20l%27e%CC%81nergie.pdf>

<sup>37</sup> [https://www.ecologie.gouv.fr/sites/default/files/2020-03-25\\_MTES\\_SNBC2.pdf](https://www.ecologie.gouv.fr/sites/default/files/2020-03-25_MTES_SNBC2.pdf)

<sup>38</sup> <https://www.ecologie.gouv.fr/energie-dans-batiments>

<sup>39</sup> <https://www.ics-shipping.org/wp-content/uploads/2020/11/Catalysing-the-fourth-propulsion-revolution.pdf>

<sup>40</sup> [https://ec.europa.eu/info/sites/default/files/revision-eu-ets-with-annex\\_en\\_0.pdf](https://ec.europa.eu/info/sites/default/files/revision-eu-ets-with-annex_en_0.pdf)

<sup>41</sup> Is the maritime industry sailing towards decarbonization? A status report, Bertin Energie Environnement, Carbone 4 (2019)

<sup>42</sup> The Shipping Criteria for the Climate Bonds Standard & Certification Scheme, Climate Bond Initiative (2020)

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Soil Decontamination	ROBUST	The 2018 Biodiversity Plan <sup>43</sup> set a goal of zero net artificialization in France. In this context, the rehabilitation of industrial wastelands is a major issue: approximately 2,400 industrial wastelands <sup>44</sup> (not including commercial and administrative wastelands <sup>45</sup> ) were identified in France in 2020, with high estimates reaching 150,000 hectares, i.e., more than 0.27% of French territory. In Wallonia, Belgium, 3,720 hectares have been identified, i.e., 0.22% of the Walloon territory. <sup>46</sup> There is a lack of data concerning the identification of brownfields at the European level. Site depollution is part of one stage of the four stages of a revitalization project that is the core of this category. The Issuer has provided us with further details on the technologies (e.g., biological, aerobic or anaerobic treatments, venting, bioventing, dual phase extraction, in-situ thermal desorption, washing, flushing, chemical reduction, chemical oxidation, dehalogenation by zero iron) used and the territorial distribution of the projects. The remediation fund should allow the rehabilitation of sites, of which more than 50% will be located in France and the rest will be distributed between Belgium and other countries of the European Union. The fund will be focused only on brownfields, not on natural sites. It is difficult to estimate the magnitude of the expected impact for this category, however it appears to follow the most stringent standards and environmental impact studies will be routinely conducted to ensure the benefits of decontamination and the future use of the land.
Eco-Efficient Data Centres	ROBUST	The digital sector (including the hardware footprint) accounts for an estimated 3% - 4% of global energy consumption. <sup>47,48</sup> Data centres play a central and growing role in data storage: traffic passing through data centres has drastically increased by more than 35% per year between 2016 and 2021. <sup>49</sup> Data centres account for 19% of the digital sector's energy consumption. <sup>50</sup> The development of energy-efficient data centres should play a role in reducing the carbon footprint of the digital sector. The development of a local ecosystem could lead to a smaller digital footprint, especially if the electricity used to power data centres is low-carbon. It is challenging at this stage to estimate the <b>category's</b> magnitude of the impact, particularly given that a large part of the carbon footprint comes from the production of the equipment and the large role that the reduction in the number of digital devices will play in the future. <sup>51</sup> Nevertheless, the Issuer follows the criteria set by the EU Delegated Act for the deployment of data centres.

<sup>43</sup> <https://www.ecologie.gouv.fr/plan-biodiversite#:~:text=Le%20Plan%20biodiversit%C3%A9%20vis%C3%A0,celui%20des%20g%C3%A9n%C3%A9rations%20%C3%A0%20venir.>

<sup>44</sup> [https://www.assemblee-nationale.fr/dyn/15/rapports/micfri/15b3811\\_rapport-information#\\_Toc256000005](https://www.assemblee-nationale.fr/dyn/15/rapports/micfri/15b3811_rapport-information#_Toc256000005)

<sup>45</sup> <https://www.vie-publique.fr/rapport/278382-revalorisation-des-friches-industrielles-commerciales-administratives>

<sup>46</sup> <https://www.iveps.be/indicateur-statistique/sites-a-reamenager/>

<sup>47</sup> <https://theshiftproject.org/wp-content/uploads/2021/04/TSP-PTEF-V1-FL-Numerique.pdf>

<sup>48</sup> <https://theshiftproject.org/wp-content/uploads/2018/11/Rapport-final-v8-WEB.pdf>

<sup>49</sup> *ibid*

<sup>50</sup> *ibid*

<sup>51</sup> *ibid*

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Sustainable Production and Supply Chains	ROBUST	<p>The issue for this project category is transversal since the agricultural production activity and the resulting distribution networks have significant impacts of various types. In metropolitan France, agricultural ecosystems cover approximately 54% of the territory.<sup>52</sup> Yet, changing farming practices have several negative impacts on the diversity of species in the agricultural ecosystems. Bird, insect and bat populations are particularly affected. In addition, the average organic carbon content of cultivated soils and their biological activity have decreased in several regions. Although it is important to note that the impact of organic farming is still debated, several studies have highlighted its ecological value. The longest comparative study conducted on the subject (21 years) shows that this type of agriculture consumes up to 50% less fertilizer than the "conventional" approach and no pesticides (with rare exceptions), which has a positive impact on the ecosystems concerned.<sup>53</sup> Although the consumption of organic products has more than tripled in the last ten years in France (7% of total food consumption in 2020 compared to 2% in 2010)<sup>54</sup> and, according to Agence Bio, two-thirds of these products originate from France,<sup>55</sup> the production of organic products currently represents only 9.5% of the useable agricultural areas in the country.<sup>56</sup> Therefore, there is a real challenge for the protection and regeneration of ecosystems. As far as climate change is concerned, however, it is not so obvious in this context. In 2020, 19% of France's GHG emissions came from agricultural activity. However, according to a report by the European Commission (2019),<sup>57</sup> the main ways in which the sector could reduce its GHG emissions are related to certain spraying systems and self-steering devices for agricultural machinery and are not related to organic farming per se. The objective of the fight against global warming as identified by the CDC is not particularly relevant to short supply chains either: even if, according to a Senate report, France imports 20% of its food,<sup>58</sup> the organization Climate Action Network explains that the transport of food products represents only 13.5% of the GHG emissions of the French diet (compared to 67% from the production phase).<sup>59</sup> However, financing short supply chains has several advantages: these initiatives avoid food imports with production methods that use substances banned in the EU, they promote seasonal fruit and vegetables (essential for preserving biodiversity) and they support the structuring of agricultural sectors by creating jobs that cannot be relocated, thus revitalizing the territories. As for products that meet the circular economy criteria, they are particularly relevant considering that a person produces an average of 354kg of household waste per year in France,<sup>60</sup> well above the global average. We can expect that this category will have a positive impact on local stakeholders and that there will be no lock-in effects. Apart from the environmental considerations of this category, we feel it is important to emphasize the social co-benefit of this category, which is to allow the greatest number of people to access quality food and to support local jobs.</p>

<sup>52</sup> <https://biodiversite.gouv.fr/les-ecosystemes-agricoles>

<sup>53</sup> <https://www.letemps.ch/societe/lagriculture-biologique-deux-dengrais-un-rendement-presque-equivalent>

<sup>54</sup> <https://www.agencebio.org/vos-outils/les-chiffres-cles/>

<sup>55</sup> <https://www.agencebio.org/vos-outils/les-chiffres-cles/>

<sup>56</sup> *ibid*

<sup>57</sup> <https://publications.jrc.ec.europa.eu/repository/handle/JRC112505>

<sup>58</sup> <http://www.senat.fr/rap/r18-528/r18-5289.html#:~:text=La%20France%20importe%20sans%20doute,sanitaires%20minimales%20requis%20en%20France.>

<sup>59</sup> <https://reseauactionclimat.org/manger-local-permet-il-de-reduire-les-impacts-environnementaux-de-son-alimentation/>

<sup>60</sup> <https://www.cniid.org/Les-dechets-en-France-quelques-chiffres,151>

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Access to Digital	ROBUST	According to Europe's 2021 Sustainable Development Report, <sup>61</sup> France is on track to achieving the Sustainable Development Goal 9, particularly for access to a high-speed Internet connection indicators, and differences in Internet access in urban versus rural areas. However, there are still areas in France where the optical fiber has not yet been deployed, as it is not profitable for a private operator. It is therefore relevant for public-sector entities to intervene to ensure the investment and deployment conditions for these infrastructures. In addition, the health crisis has highlighted the importance of access to a good Internet connection, which allows access to work, education, public services, as well as culture. The category targets the most relevant populations, i.e., those without access to fiber optic (including digital deserts) and where the GDP per capita is below the national average. In addition, the underground installation of the cables integrates climate change adaptation issues, ensuring that access to these digital infrastructures is resilient to climate disasters. Finally, the inclusion of training and support for local employment helps to ensure long-term benefits from these Eligible Projects.
Access to Training	ADVANCED	The Ministry of Solidarity and Health clearly recognizes the link between work and social integration. <sup>62</sup> It states that the prevention and fight against poverty aims at transforming the French social model to better support vulnerable people towards securing employment. Social empowerment through employment is one of the major ambitions of the poverty reduction strategy. However, a 2022 study shows that the vast majority of unemployed people in France have been unemployed for more than a year <sup>63</sup> and that the people most affected are young people (under 24 years old). <sup>64</sup> Financing training for these populations is particularly relevant since it provides them with skills to (re)integrate socially, which leads not only to long-term gains but also to increased empowerment for these individuals. The definitions of the target populations identified by the Issuer are clear, and most of them are specified according to regulations.
Social Solidarity Economy	ROBUST	With the health crisis, the social and solidarity economy (SSE) has been both a response to the crisis as well as an affected sector. The latter represents 14% of private employment. In the second quarter of 2020, 52,000 jobs disappeared, which represents 6.5% fewer establishments. <sup>65</sup> However, in the private sector, excluding the SSE, these closures are much less significant, representing approximately 1% of establishments. <sup>66</sup> Financing these enterprises is therefore particularly relevant. Moreover, the SSE is formally defined by a 2014 French law that refers to a set of enterprises organized as cooperatives, mutual societies, associations or foundations. The target population is not only well-defined but also acts as a virtuous circle: by supporting these enterprises, the Issuer promotes jobs and SSE activity, which by definition aims to have social impact. The expected impact is considered to be long-term.
Social Housing	ADVANCED	According to a study by the National Institute of Statistics and Economic Studies: "Housing Conditions in France, 2017 Edition", <sup>67</sup> rent indices have risen faster than consumer prices and gross disposable household income since the 1980s, leading to a sharp increase in the share of income devoted to housing expenses in recent years. The same study highlights that between 1984 and 2013, the social housing stock became scarcer, leading to a queue effect: households have to wait longer for housing, and in particular, their chances of obtaining housing before the age of 30 are reduced. Housing difficulties remain in France. The definition is clear and targets populations for whom it may be difficult to find adequate housing. Facilitating access to housing is considered to have positive long-term impact.

<sup>61</sup> <https://eu-dashboards.sdgindex.org/profiles/france>

<sup>62</sup> [https://solidarites-sante.gouv.fr/IMG/pdf/note\\_de\\_cadrage\\_travail\\_social\\_et\\_insertion\\_socioprofessionnelle.pdf](https://solidarites-sante.gouv.fr/IMG/pdf/note_de_cadrage_travail_social_et_insertion_socioprofessionnelle.pdf)

<sup>63</sup> <https://www.journaldunet.com/management/conjoncture/1038148-chomage-en-france-la-baisse-se-poursuit-en-janvier-les-derniers-chiffres/>

<sup>64</sup> *ibid*

<sup>65</sup> <https://www.franceculture.fr/emissions/la-bulle-economique/leconomie-sociale-et-solidaire-face-a-la-crise>

<sup>66</sup> *ibid*

<sup>67</sup> Institut national de la statistique et des études économiques (« INSEE »)



ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Reduction in Medical Deserts	ADVANCED	According to the WHO universal health coverage indicator, France is ranked 32nd in terms of access to health care. <sup>68,69</sup> In 2018, the density of doctors was 317 per 100,000 inhabitants compared to 347 for the average of EU-15 countries. <sup>70</sup> France also seems to be proportionally better resourced in terms of general practitioners than specialized physicians. <sup>71</sup> In addition, there is an unequal geographical distribution of health professionals, an inequity that is mainly concentrated in rural areas, <sup>72</sup> particularly within regions. <sup>73</sup> Access to health services remains a challenge in France, particularly due to (i) multiple professional licensing boards that can limit the number of doctors as well as the number and distribution of specialists in the territory, and (ii) the variation in attractiveness among the territories. There are various criteria for defining a medical desert, <sup>74</sup> the one selected by the CDC is "areas characterized by a high and/or above average access time to local care of 20 minutes". Therefore, the target population is precisely defined. It is important to note that in 2018, 98% of the population in France resided in a town located less than 10 minutes from a general practitioner. <sup>75</sup> Thus, the CDC seems to target rural areas and particularly mountainous areas. By financing health centers as well as devices and equipment allowing the establishment of doctors, the CDC may respond to the territories' lack of appeal. <sup>76,77</sup> The CDC also intends to finance the development of telemedicine, whose impact on the reduction of medical deserts remains uncertain.
Supporting the Ageing of the Population	ROBUST	The COVID-19 crisis has highlighted important shortcomings in the French health system, making the topic of healthcare more relevant than ever. This is particularly relevant in regard to the elderly population, whose lack of support and mistreatment is at the centre of several controversies. <sup>78</sup> In this respect, CDC states that it has established a project selection and evaluation process to exclude any funding linked to controversies, including an annual audit of the projects' compliance with eligibility criteria by an independent third party. The malfunctions affecting the Establishment of Accommodation for Dependent Elderly People (EPHAD) in France are recurrent: in an opinion from May 2018, the National Consultative Ethics Committee had already warned of the treatment of elderly people in France deemed "ghettoized". <sup>79</sup> Beyond these factors, the aging population is an important issue in France, particularly regarding their isolation (in 2013, the proportion of people aged 65 and over living alone was 33.5% <sup>80</sup> ) and the lack of access to EPHAD. To meet these challenges, CDC plans to finance: (i) medico-social real estate including senior residences that will need to meet at least the requirements of the "NF Habitat HQE 6 Stars" certification, shared habitats and EPHADs; (ii) services in the field of ageing including, among others, digital and security services; and (iii) social impact companies in the field of ageing. Through the diverse projects being financed, the CDC seems to be responding to the isolation of the elderly in France and their need for support. It should be noted that by virtue of the environmental certification criteria, the construction or renovation of senior service residences have environmental co-benefits.
OVERALL ASSESSMENT	ADVANCED	

<sup>68</sup> <https://unstats.un.org/sdgs/dataportal/countryprofiles/FRA#goal-3>

<sup>69</sup> <https://www.indexmundi.com/facts/indicators/SH.UHC.SRVS.CV.XD/rankings#:text=UHC%20service%20coverage%20index%20%2D%20Country,scale%20of%200%20to%20100>

<sup>70</sup> <https://drees.solidarites-sante.gouv.fr/sites/default/files/2021-01/11%20Comparaisons%20internationales%20des%20m%C3%A9decins%20et%20infirmiers.pdf>

<sup>71</sup> *ibid*

<sup>72</sup> ONDPS (Observatoire National de la Démographie des Professions de Santé)

<sup>73</sup> How do physicians choose where to practice? Dumontet et al 2016

<sup>74</sup> « Déserts médicaux » en France : état des lieux et perspectives de recherches, Chevillard et al., (2018)

<sup>75</sup> *ibid*

<sup>76</sup> *ibid*

<sup>77</sup> Determinants of the general medicine interns ambulatory installation project, Munck et al., 2015

<sup>78</sup> The Gravediggers: Revelations about the system that mistreats our seniors, Victor Castanet, 2022

<sup>79</sup> <https://www.ccne-ethique.fr/fr/publications/enjeux-ethiques-du-vieillissement-quel-sens-la-concentration-des-personnes-agees-entre>

<sup>80</sup> [https://www.observatoire-des-territoires.gouv.fr/sites/default/files/2019-11/le\\_vieillissement\\_de\\_la\\_population\\_et\\_ses\\_enjeux\\_0.pdf](https://www.observatoire-des-territoires.gouv.fr/sites/default/files/2019-11/le_vieillissement_de_la_population_et_ses_enjeux_0.pdf)

## ESG Risks Identification and Management Systems in Place at Project Level

The identification and management of the environmental, social, and governance risks associated with the Eligible Projects are considered advanced.

The measures implemented include a combination of identification, management, mitigation, monitoring and control. The corrective measures are limited, but their absence does not affect our opinion: indeed, the identification and management processes are particularly exhaustive, and consequently, the relevance of corrective measures is diminished.

The project selection is based on the CDC "rating tool", which is designed to feed into and inform the internal decision-making process. The extra-financial rating (EFR) is an integral part of the overall rating tool. Each of the three pillars of the extra-financial rating – "Environment and Climate", "Social and Territorial" and "Governance" – is rated according to qualitative and quantitative indicators. The qualitative indicators are rated on a scale from A (best performance) to E (strong negative impact), thus indicating the nature and level of the expected impact. The format of the extra-financial rating is the result of continuous exchanges with the investor business lines, leading to the definition of qualitative and quantitative, mandatory and optional, common and specific indicators for the different types of projects. The responses to these indicators are filled in by the investment teams in a self-assessment mode, thus forming an integral part of the project appraisal. A blank field is provided to include a qualitative summary of explanations and contextual elements, thus enriching the ratings given to the indicators. The synthesis highlights the extra-financial impacts of the project, both positive and negative. Projects are expected to maximize their positive impacts while optimizing and managing the negative impacts generated.

The Banque des Territoires informs the project sponsors and its partners in advance of its requirements in terms of sustainable development, as well as of its desire to obtain information on the ESG characteristics of operations (in particular prior impact studies). From the time of the contract signing through the life cycle of an investment project, it requires the appropriate information to control new risks and ensure that the project is consistent with its sustainable development requirements. As it does for itself, the Banque des Territoires expects its partners to take into account, measure and communicate the societal impacts resulting from the projects or activities financed or supported. It places these requirements in a process of continuous progression, through their gradual integration into the different types of projects/activities it supports, according to the dynamics and constraints specific to the sector concerned.

CDC has chosen to voluntarily comply with the Extra-Financial Performance Declaration Framework ("déclaration de performance extra-financière" or DPEF for its abbreviation in French) introduced by the French Decree No. 2017-1265. In 2020, 27 significant risks were identified, including the 15 main ones under the DPEF. This DPEF is presented in the Annual and Sustainable Development Report (ASDR) as well as in the Social Commitment Report, which details the methodology and risk control measures. The DPEF has been subject to third-party verification, and the verified indicators are highlighted by grey areas in the indicator tables throughout the report.

### Integration of Environmental and Social Factors in the Evaluation and Selection of Projects

All projects with environmental benefits backed by Caisse des Dépôts' green or sustainable bonds benefit, through Banque des Territoires, from dedicated monitoring and reporting on their impacts, including avoided GHG emissions, jobs supported, energy performance, energy savings and green energy production.

For real estate projects, environmental ambition and energy performance must be integrated and specified from the project study stage. The extra-financial rating tool completes the analysis with requests for specific indicators (GHG emissions, energy consumption, etc.). If the entity decides to pursue its investment in the project, commitments with environmental prerequisites are progressively integrated in most Sale in Future State of Completion ("VEFA" for the French abbreviation) contracts, through certification, label, green leases. In the event of non-compliance with these requirements, financial penalties may be applied in certain cases, depending on the size of the project. During the monitoring of the investment, discussions are held to verify that the environmental requirements indicated in the VEFAs are respected.

For infrastructure projects, new investments are only made in projects that have all the necessary authorizations and permits, are not controversial, and are free of any administrative and regulatory appeals. The analysis is completed by the extra-financial rating tool. For transportation-related investments, the projects prioritized contribute to the transition of the transportation system towards cleaner and more inclusive mobility. Afterwards, there is a systematic analysis of the environmental impacts of the projects (pollution or GHG emissions) and for the largest projects, a documented assessment of the ESG impacts is carried out (e.g.: impact study).

For projects related to the Social and Solidarity Economy, the analysis has been done via the extra-financial rating tool since 2020, which allows for a more systematic analysis of indicators such as: the targeting of beneficiaries (number of people supported, targeted, trained or reintegrated during the duration of the project), the measurement of environmental impact (surface area reconverted to organic farming, number of consumers, targeted clients in short supply chains), as well as good governance practices. As part of its investment monitoring, CDC ensures that good shareholder practices and compliance with CSR issues are observed, in particular through its active role in governance bodies. Some shareholder agreements include

non-financial commitments in the form of performance indicators, such as the number of products sold through short distribution channels, or in the form of targets to be met, such as the completion of a carbon assessment.

### Environmental Risks

CDC has carried out an alignment analysis with the requirements of the Do Not Significantly Harm (DNSH)<sup>81</sup> criteria for the categories covered by the Delegated Acts relating to climate change mitigation and adaptation to identify any gaps with respect to these requirements. In particular, the eco-design approach of projects at different stages of their life cycle is covered by the DNSH "Transition to a Circular Economy". The analysis carried out shows that the required criteria are a priori covered by the French legislative and regulatory framework, and if necessary supplemented by additional measures. An environmental impact assessment is carried out systematically for certain types of projects (transport-related projects are systematically subject to an analysis of pollution and related GHGs) and on a case-by-case basis for others, in line with the Environmental Code.<sup>82</sup>

In addition, CDC is strongly committed to the protection of biodiversity, not only in the projects it finances that aim to restore ecosystems, but also in the biodiversity-related risks it identifies for its other projects. In accordance with the regulatory framework, it has confirmed that it respects the monitoring of artificial areas and the implementation of compensatory measures in the context of the "avoid, reduce and compensate" sequence. In addition to the legal framework, the Banque des Territoires also contributes financially on a voluntary basis to the CDC Biodiversité Nature 2050 scheme for all its infrastructure investment projects according to predefined criteria: a percentage of subsidy is calculated from the amounts **committed to infrastructure projects. For every 5€ (excluding taxes) paid, 1 m<sup>2</sup> is restored and preserved until 2050.** For investments requiring wood supply (e.g., in the case of forest biomass, eligible under Caisse des Dépôts' Sustainable Bonds Framework for bioenergy projects), the wood is sourced from forestry operations with PEFC forest management certification. The biomass is also sourced within a 500km radius of the production unit to avoid having to transport it over long distances, thus favouring local production while avoiding additional GHG emissions.

To ensure that its projects anticipate and are adapted to climate change and its main consequences, the Issuer aims to implement the recommendations of the Task-Force on Climate-related Disclosures and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) for climate risk management. The Group monitors both the impacts of its activities on climate change (carbon footprint of its portfolios, measurement of GHG emissions from its activities) and the impacts of climate change on its activities (assessment of balance sheet climate risks and climate stress test). The Group integrates physical climate risks into its risk management in four ways: integrating climate issues into risk management policies, integrating climate risks into the internal ratings of counterparties by the risk management department, mapping the exposure of the entire balance sheet to climate risks and assessing the impact of global scenarios.<sup>83</sup>

### Social and Governance Risks

The consideration of human rights is materialized by various policies and in particular by the responsible investment policy, the anti-money laundering and combating the financing of terrorism (AML/CFT) policy and the ethical framework for the consideration of human rights in its investments through their ESG analyses. In this respect, shareholder activist actions may also be taken in the event of a breach. In addition, since 2019 CDC has ensured through its Permanent Control and Compliance Department that the due diligence is effectively implemented in subsidiaries subject to the law. Human rights issues are also generally integrated into the reporting mechanisms, including various reporting systems that must be deployed by all entities. CDC is committed to upholding the ten principles of the United Nations Global Compact, which are grouped into four areas, including human rights. These issues are dealt with and monitored by the departments and businesses concerned. In particular, the financial businesses include these issues in their ESG analysis and monitoring and take action to promote shareholder engagement in the event of non-compliance. These issues are dealt with and monitored by the departments and businesses concerned. In particular, the financial businesses include these issues in their ESG analysis and monitoring and take action to promote shareholder engagement in the event of non-compliance. As far as the Banque des Territoires is concerned, its Investment Department must respect the Doctrine of intervention of the Banque des Territoires and in particular this statement: "It respects the major principles recognized by the international community, including the respect of human rights, freedom of association and the right to collective bargaining, and the elimination of forced labor and child labor and discrimination in employment." In certain shareholder agreements, the Issuer indicates obligations or commitments in terms of ESG and in particular on labor.

<sup>81</sup> Please refer to the following section of the SPO for more information on this topic.

<sup>82</sup> Article R122-2, section 39

<sup>83</sup> NB: The Group is currently developing a climate change adaptation plan to broaden the assessment of physical risks to its operations and to take appropriate protective measures.

With regard to its responsible purchasing policies and those of its suppliers and subcontractors, CDC ensures, through its AML/CFT policy and its ethics system, that it is not directly or indirectly complicit in human rights violations within its subcontracting chain. The General Secretariat shall ensure that its subcontractors and suppliers implement measures to identify and prevent violations of human rights and fundamental freedoms, human health and safety, and the environment. In 2020, 100% of its contracts for general and real estate purchases will include responsible purchasing criteria or clauses.<sup>84</sup> For the Banque des Territoires, to ensure that companies account for ESG criteria in their investments and in the monitoring of their holdings, extra-financial commitments are included in the shareholders' pacts such as performance indicators (e.g., the number of tons of products sold in short supply chains), objectives to be reached by a given date (e.g., achieving a carbon footprint target), or a statement that the company has been informed of CDC's commitment as a signatory of the PRI. CDC is also subject to the public procurement code and its stipulated rules of equal treatment of suppliers. It has also adopted a plan to promote socially responsible purchasing.<sup>85</sup> Finally, regarding the responsible management of post-sale relations (particularly in the event of complaints, disputes or litigations), the Issuer has, within the Banque des Territoires management network, a department dedicated to customer relations and more broadly to customer complaint monitoring with dedicated tools, a mediator dedicated to stakeholder relations and dispute resolution, and a legal department largely responsible for managing disputes and complaints, which, in conjunction with the mediator, seeks a pre-litigation settlement of disputes whenever possible and relevant.

Through its aforementioned code of ethics, CDC also implements a personal data protection policy and system, in accordance with the national and European legislative and regulations, as well as the deliberations and recommendations of the supervisory authority, a system that is particularly relevant to the Issuer's energy-efficient data center projects. Finally, this code is fully in line with the legal and regulatory requirements that the Issuer must comply with, namely to fight against corruption, fraud, money laundering and the financing of terrorism. In addition, it also establishes the Issuer's duty to respect the intellectual property of third parties and to ensure that the independence of its employees cannot be called into question in relations with third parties (see the scheme for promoting responsible purchasing). The LCB-FT, anti-corruption regulations and the code of ethics are present in all of the Issuer's contracts: non-compliance with the regulations is grounds for exclusion.

<sup>84</sup> NB : CDC's objective is to involve service providers in the CSR approach and aims to have 80% of its contracts include responsible purchasing criteria or clauses in the area of general purchasing and real estate.

<sup>85</sup> Plan for the promotion of socially responsible procurement available here: <https://www.caissedesdepots.fr/sites/default/files/2021-01/SPASER%20-%20Sch%C3%A9ma%20de%20promotion%20des%20achats%20publics%20socialement%20responsables%202021-2023.pdf>

# EU TAXONOMY AND PROPOSED EU GBS

## EU Taxonomy

The Eligible Categories in the Issuer's Framework covered by Annex I of the EU Climate Delegated Act are outlined in the table below.

The assessment against substantial contribution criteria is based on the definition and eligibility criteria defined for the Eligible Categories in the Issuer's Framework. The assessment against the minimum safeguards and DNSH criteria is based on information shared by the Issuer.

The CDC has done a detailed screening of the DNSH requirements for each of the economic activities, and identified where the existing applicable national law is likely to cover the DNSH requirements, and where it needs to be complemented by additional measures. This process is described in the SPO, and the Issuer has also provided us with the outcome of this review for all Eligible Categories below. The Issuer has committed to implementing these additional measures to align with the DNSH requirements. In addition, as mentioned in the "Evaluation and Selection" pillar, the analysis by Caisse des Dépôts' investment teams of compliance with DNSH criteria is integrated into the identification of Eligible Projects.

With regards to the minimum safeguards, the projects under the listed categories are located in France, and as part of the selection process, the Issuer ensures that they comply with the French legislative framework, which we consider covers the minimum safeguards defined in the EU Taxonomy regulation. In addition, the Issuer has stated their aim to reinforce their screening of environmental and social controversies, and the Green, Social and Sustainability Bond Committee is responsible for regular review of the assets allocated to verify their continued compliance with the eligibility criteria and that they are not facing major controversies.

Moody's ESG Solutions considers that the criteria of the listed categories are defined in accordance with the EU Taxonomy criteria,<sup>86</sup> namely the minimum safeguards and the Technical Screening Criteria ("TSC"), which consists of the criteria for substantial contribution to climate change mitigation, and Do No Significant Harm ("DNSH") criteria.

ELIGIBLE CATEGORY	CORRESPONDING EU TAXONOMY ECONOMIC ACTIVITIES <sup>87</sup>	ASSESSMENT AGAINST SUBSTANTIAL CONTRIBUTION CRITERIA	ASSESSMENT AGAINST DO NO SIGNIFICANT HARM CRITERIA	OPINION ON THE TSC
Renewable Energy (Renewable Electricity Generation and Renewable Energy Storage)	4.1, 4.3, 4.4., 4.5, 4.6, 4.8, 4.10, 4.11, 4.12.	The criteria of the category are defined in accordance with the criteria for substantial contribution to climate change mitigation.	The criteria of the category and selection process are defined in accordance with the DNSH criteria.	The criteria of the category are defined in accordance with the technical screening criteria for Eligible Projects under this category.
Energy Efficiency	4.15, 4.17, 4.18, 4.19, 4.20, 4.25.	The criteria of the category are defined in accordance with the criteria for substantial contribution to climate change mitigation.	The criteria of the category and selection process are defined in accordance with the DNSH criteria.	The criteria of the category are defined in accordance with the technical screening criteria for Eligible Projects under this category.
Green Real Estate	7.1, 7.2	The criteria of the category are defined in accordance with the criteria for substantial contribution to climate change mitigation.	The criteria of the category and selection process are defined in accordance with the DNSH criteria.	The criteria of the category are defined in accordance with the technical screening criteria for Eligible Projects under this category.

<sup>86</sup> Our view of taxonomy is binary: "are defined according to" or "are not defined according to"

<sup>87</sup> In the EU Taxonomy Climate Delegates Act - <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN>

Clean Transportation and Mobility	6.1, 6.3, 6.4, 6.5, 6.7, 6.10, 6.13, 6.14, 6.15, 6.16.	The criteria of the category are defined in accordance with the criteria for substantial contribution to climate change mitigation.	The criteria of the category and selection process are defined in accordance with the DNSH criteria.	The criteria of the category are defined in accordance with the technical screening criteria for Eligible Projects under this category.
Digital Infrastructures	8.1	The criteria of the category are defined in accordance with the criteria for substantial contribution to climate change mitigation.	The criteria of the category and selection process are defined in accordance with the DNSH criteria.	The criteria of the category are defined in accordance with the technical screening criteria for Eligible Projects under this category.

## EU GBS

In this section we give our opinion on the observed consistency of the Issuer's Framework with the requirements of the European Commission's proposed regulation on European green bonds (EU Green Bond Standard or "EU GBS") (2021/0191), including the European green bond factsheet. This assessment does not constitute a pre-issuance review of the European green bond factsheet as envisioned in the proposed regulation and is solely based on the Issuer's Framework and our questionnaire on the specific requirements detailed in the proposed regulation. For further information, please refer to the Scope section.

Moody's ESG Solutions considers that the Framework as a whole appears to be partially consistent with the proposed EU GBS. However, MESG also recognizes that as of today it would not be possible to be fully consistent with the proposed standard, as certain requirements will not be possible to adhere to until the regulation is enacted. To the extent that it is possible to follow the proposed requirements, we consider that the Framework, as it applies to the 5 Eligible Categories covered by Annex I of the EU Climate Delegated Act, is largely consistent with the proposed EU GBS.

For the elements that are found to not be consistent, the Issuer has shared with us their concerns with the associated requirements in the legislative proposal, which they have communicated through the European Commission stakeholder consultation. In addition, for future issuances (outside the scope of this Framework) the Issuer has communicated in internal documentation how they intend to address the elements of the EU GBS that will apply once the regulation has been adopted. While this work will not have any impact on the current Framework and debt offering, MESG views positively that the Issuer has begun to prepare for the future regulation and issuance.

### Requirements from the EU GBS that can be followed and are included in the current Framework

We consider that the Issuer's commitments made in the Framework for the following elements appear to be consistent with the proposed EU GBS:

- Use of Proceeds: the lookback period is two years, which is consistent with Article 4.
- Taxonomy-alignment: The Issuer has confirmed that they intend on financing only projects that currently meet the EU Taxonomy requirements for climate change mitigation, and do not plan on using Taxonomy-alignment plans.
- Allocation reports and post-issuance review of allocation reports: the Issuer has committed in its Framework to report annually until maturity of the bonds, on the allocation of proceeds.
- Impact report: The Issuer has committed in its Framework to report annually and until maturity of the bonds, on the environmental impacts of funded projects.
- Factsheet: several items listed in the European green bond factsheet template in the proposed EU GBS are covered by the Issuer's current Framework and processes, notably:
  - The Issuer has included information on how the bond aligns with its broader environmental strategy in Section 1 and 2 of its Framework.

- For each eligible category, the Issuer has identified the associated environmental objectives referred to in Article 9 of Regulation 2020/852 in the Use of Proceeds Table, in section 3.1 Use of Proceeds of its Framework.
- The Issuer has specified in their Framework that the proceeds of the bond will be allocated to Eligible Projects within 12 months following the date of issuance.
- The Issuer has described in the Framework the process for selection and evaluation, under section 3.2, which includes the process by which the Issuer will determine how projects align with the taxonomy requirements.
- The Issuer already published on its website its methodologies and assumptions for impact indicators, and commits to do this in accordance with the delegated acts.
- The Issuer has communicated that, as part of its evaluation and selection process, an estimate of the expected positive and adverse environmental impact is assessed for each eligible project, and that this will be publicly available prior to bond issuance.
- The Issuer has specified, in section 3.1 Use of Proceeds of its Framework, relevant information on the intended qualifying projects, namely: the environmental objectives referred to in Article 9 of Regulation 2020/852; the location of Eligible Projects (France, except for depollution projects, which will also be in Belgium and other EU countries); and that the share of co-financing and share of refinancing will be disclosed in the reporting for each bond.
- The Issuer has specified in the Framework that **"Investments in GHG intensive activities or controversial activities are excluded."**

We consider the Issuer's commitments made in the Framework for the following elements appear to be partially consistent with the proposed EU GBS:

- Taxonomy-alignment of the use of proceeds, and application of the taxonomy requirements: for the Eligible categories that are covered by the Climate Delegated Act, the Issuer's commitments appear to be consistent with the requirements under this article of the proposed EU Green Bond Standard. However, given that the Framework includes categories that are outside the scope of the Climate Delegated Act, the Framework overall is only partially consistent with the requirements of the EU GBS.
- Potential future amendments of the delegated acts: the Issuer has clarified that they have responded to the consultation of the European Commission to express their concerns about this requirement, arguing for the importance of maintaining the green label until maturity of the bond. Nevertheless, the Issuer has further specified that their evaluation and selection process allows them some flexibility in the allocation of proceeds, to adapt to regulatory evolutions. The Issuer has also specified that their selection criteria in some cases are more stringent than those currently included in the Climate Delegated Act, potentially anticipating some amendments to these delegated acts.
- Information in the allocation report: the Issuer has communicated that it will communicate information on amounts disbursed, expected positive impacts at the eligible category level, and bond by bond. In addition, the Issuer has communicated that they will publicly share information on the expected positive and negative environmental impacts of projects at bond issuance. This is partially consistent with annex I of the proposed EU GBS, on the European green bond factsheet, which requires allocation reports to include project-by-project information on amounts disbursed and the expected positive and negative environmental impacts. The Issuer has communicated that they have expressed concerns about this requirement in the stakeholder consultation of the European Commission, due to confidentiality and reporting burden.

We consider the Issuer's commitments made in the Framework for the following elements appear to be not consistent with the proposed EU GBS:

- Regarding the timeframe for publishing allocation reports and post-issuance reviews (paragraph 6 of Article 9), the Issuer's commitments are not consistent with the Proposed Regulation. The Issuer has expressed their concerns as to the feasibility of this requirement, and stated that they have shared these concerns with the European Commission in their stakeholder consultation.



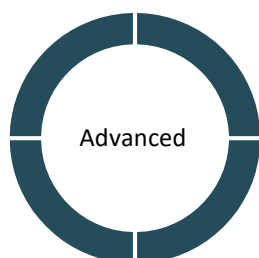
#### Requirements of the EU GBS to be followed once the regulation is adopted and on future issuances outside the scope of this Framework

The Issuer has communicated in internal documentation how they intend to address the following requirements of the EU GBS once the regulation has been adopted. These plans will apply only to future issuances, outside the scope of the current Framework.

- Designation: The Issuer has confirmed that they do not intend on naming issuances under the current Framework as **"European Green Bonds" as defined under the proposed EU GBS**. The Issuer has expressed its intention to study **the possibility to issue "European Green Bonds" that follow all the requirements of the EU GBS once it has been approved and adopted**. They have also communicated that they do not intend to convert their historic green bonds to European green bonds, as their outstanding bonds are sustainability bonds.
- Use of Proceeds: The Issuer has communicated that all bond proceeds will be allocated to Eligible Projects and assets. **In the current Framework, only the "total net proceeds" of the bonds will be allocated to Eligible Projects.**
- Allocation reports and post-issuance review of allocation reports: The Issuer has communicated that it intends to follow the allocation report template included in the regulation, once it has been adopted. In the reporting, the Issuer has communicated its intention to demonstrate that the proceeds of the concerned European green bond have been allocated in accordance to Articles 4 to 7, and that this allocation report will receive a post-issuance review by an external reviewer, following the requirements of article 9. In case of changes in the allocation of proceeds after publication of the allocation report, the Issuer has communicated its intention to amend the allocation report, and obtain a post-issuance review by an external reviewer of the amended allocation report.
- Impact report: The Issuer has communicated its intention to follow the report template included in the regulation once it has been adopted.
- Prospectus: the Issuer has communicated its intention to include the required language in the bond prospectus.
- **Publication on the Issuer's website and notification to ESMA and national competent authorities:** For the issuance of future European green bonds, the Issuer has communicated its intention to publish the documentation required under article 13 in a distinct section of their website, and keep that information available free of charge until maturity of the bonds, in both French and English. The Issuer has communicated its intention to notify ESMA and the National Competent Authority, in accordance with the enacted regulation.
- Green Bond Factsheet: For the issuance of future European green bonds, the Issuer has communicated its intention to create a green bond factsheet, following the requirements set out in the adopted EU GBS, The Issuer intends to create one factsheet for each future European green bond issuance.



# ISSUER



Caisse des Dépôts et Consignations (CDC), founded in 1816 and headquartered in France, is a public Institution that serves the public interest and economic development of the country. Amongst others, it offers protection of savings, loans, banking services, social housing financing, mobility, retirement schemes management, insurance, business solutions and support to local economic development. Mandated by the French State, local authorities and hospitals, it manages 65 pension and solidarity funds, and plans and serves clients in France.

## Level of ESG performance

The Issuer's ESG performance was assessed through a complete process of rating and benchmark.

As of February 2022, CDC displays an overall advanced ESG performance, ranking 1st in our "Specific Purpose Banks & Agencies" sector which covers 22 companies. CDC's ESG performance is considered advanced for the Environmental, Social and Governance pillars.

DOMAIN	COMMENTS	OPINION
Environment	<p><u>CDC's performance on the Environment pillar is considered advanced.</u></p> <p>The Charter for Responsible Investment and the Climate Finance Policy outline CDC's five key strategies to support the transition to a low-carbon economy, including a commitment to mobilize €16 billion by 2020, in the form of loans and equity investments to support projects with positive climate impacts. The Issuer has a strong environmental strategy covering both its direct and indirect impacts and including quantitative targets for reducing energy consumption in its buildings. Environmental criteria are integrated into lending and investment activities. CDC has adopted a policy of restricting the financing assets that are exposed to thermal coal and has created a strategic steering committee (including external experts) specifically for its contribution to the ecological and energy transition. The carbon footprint of the held listed equity portfolio decreased between 2014 and 2018. In 2017, there were concerns among stakeholders about financing fossil fuel projects. However, in 2019, CDC reported divestment from the coal industry to focus on "green" projects.</p> <p>Through its Responsible Investment Charter, which covers all financing activities and assets under management, including private equity activities, CDC is committed to integrating environmental and social criteria in all activities. The Issuer has set several relevant objectives in this regard: to increase green financing through Banque des Territoires, Bpifrance, SFIL, and La Poste Group, thus devoting €60 billion to a green economic recovery plan between 2020 and 2024, including investments to preserve biodiversity; to invest €3 billion through Banque des Territoires for waste collection and recycling, water management and sanitation, brownfield</p>	Advanced
		Robust

	<p>redevelopment, and similar activities between 2020 and 2024; address two business sectors a year to integrate biodiversity criteria into its selection processes for funded projects by 2024; measuring 100% of the biodiversity footprint of its portfolios (real estate, equities and bonds) <b>by 2024; investing €8 million in research through the "Economy of Biodiversity" program</b> entrusted to CDC Biodiversité, its subsidiary between 2020 and 2024.</p> <p>In addition, CDC has set quantified targets for emissions related to its energy consumption that cover all of its activities. It seeks – among other things – to achieve carbon neutrality for its internal business processes and subsidiaries' activities by 2050, offset 100% of its manageable residual emissions via certified low-carbon projects by 2025, and increase the share of renewable energy in its energy supply to 75% by 2025. CDC is also committed to contributing to the gradual decarbonization of the economy through its financial activities, starting with the group's investment portfolios and gradually extending to its financing portfolios. CDC is also committed to contributing to the ongoing decarbonization of the economy through its financial activities, starting with the group's investment portfolios and progressively extending to financing portfolios. In this regard, sector guidelines updated or issued in 2021, including coal, oil and gas, and real estate, apply to all financing and investment activities. Sector guidelines on transportation are being developed.</p> <p>Furthermore, CDC is a signatory of the Montreal Carbon Pledge. In addition, CDC has joined the Climate Action 100+ collaborative initiative, is a founding member of the Net-Zero Asset Owner Alliance for the decarbonization of portfolios, and is a signatory of the French Public Investor Charter for the Climate.</p>	Limited
		Weak
Social	<p><u>CDC's performance on the Social pillar is considered advanced.</u></p> <p>In line with the social nature of the institution, CDC supports local socio-economic development by financing key sectors such as social housing. The Issuer has signed the Pact for Social Housing with the French State for the implementation of the French Housing Investment Plan. The commitment to local economic and social development is rooted in the Issuer's historical mission of general interest and is deployed through a wide range of measures, including partnerships with the State and certain associations. It is reinforced by quantified objectives on social housing for the elderly and the exclusion of the Issuer's investments in non-cooperative territories.</p> <p>The Issuer has also formalized a commitment to health and safety issues. The public institution has an internal psychosocial risk unit (MIRPS), created in 2010, which focuses on improving individual and collective aspects of the work environment. Representative bodies play a decisive role in examining and monitoring the actions taken as part of the quality-of-life-at-work approach. In this respect, the Social and Economic Committee is involved in promoting the prevention of occupational risks and detecting risks, while ensuring the improvement of working conditions. Ultimately, CDC takes steps to reduce or eliminate sources of stress inherent in the work environment through employee assistance and hotline programs, occupational disease tracking, measures to improve ergonomics, overtime avoidance, and employee-driven flexibility, among others.</p> <p>With regard to human rights, a stakeholder committee involved in the responsible investment strategy has been established and the share of women in management positions has increased over the past three years. Human rights criteria continue to be integrated into CDC's investment choices, supported by global measures such as annual ESG surveys or ESG scores. In addition, CDC's strategy and advanced agreements to promote diversity in its workforce continue to be strengthened through extensive means, including an external gender pay gap assessment, support mechanisms that go beyond the regulatory framework, as well as child care facilities and subsidies.</p>	Advanced
		Robust
		Limited
		Weak
Governance	<p><u>CDC's performance on the Governance pillar is considered advanced.</u></p> <p>CDC's performance in the area of Corporate Behavior is advanced. Relevant measures are implemented to ensure fair and responsible client relations, including the presence of an ombudsman to handle complaints. The commitment to preventing corruption and money laundering is comprehensive and supported by training programs. The group has an anti-</p>	Advanced

	corruption policy, an anti-money laundering and anti-terrorist financing (AML/CFT) policy and a policy for the prevention and management of conflicts of interest (although it does not appear to be publicly available). There is a confidential reporting system and the Issuer reports certain indicators on suspicious activities. The Issuer is very transparent about its institutional relationships and a special internal committee is in place to monitor and control the lobbying budget.	Robust
	It is worth noting that 50% of the directors are women, in addition to the fact that the Sustainable Development Goals (SDGs) are included in the variable compensation of executive committee members, although additional details do not appear to be disclosed. The internal control system covers all CSR risks, including environmental and social risks related to its activities, impacts of funded projects on local communities, business ethics and human capital, which are managed through relevant processes, such as key risk indicators or global risk mapping.	Limited
	The supervisory board is 92.3% independent and the roles of chairman and chief executive officer are separate. In addition, 38.5% of the directors are women, and two employee representatives sit on the board. The internal control system covers the CSR risks inherent in the institution's business operations; in addition, CDC is committed to promoting good governance practices in invested companies. All the details of executive compensation are disclosed on an individual basis, but information on the performance conditions attached to the granting of variable compensation is partial. The report on the tax contribution is complete.	Weak

## Management of ESG Controversies

As of April 2022, CDC faces eight stakeholder related ESG controversy, linked to three of the six domains we analyse:

- Business Behaviour, in the criteria of "Working Contracts", "Sustainable Relationships with Suppliers", "Environmental Factors in the Supply Chain", and "Influence Strategies and Practices"
- Human Resources, in the criteria of "Social Dialogue", "Responsible management of restructurings", "Career Management", and "Quality of remuneration systems"
- Environment, in the criteria of "Green Products", "Climate Change", and "Protection of Biodiversity"

**Frequency:** The controversy faced is considered "occasional";<sup>88</sup> in line with the sector.

**Severity:** The severity of the case, based on the analysis of the impact on both the Issuer and its stakeholders, is considered "high"<sup>89</sup>; in line with the sector.

**Responsiveness:** CDC is considered overall "reactive";<sup>90</sup> in line with the sector.

Among the eight controversies identified in the screening, 6 concern La Poste Group, which includes CNP Assurances and La Banque Postale, 1 concerns Transdev, and 1 concerns the Issuer, Caisse des Dépôts Etablissement Public. The Issuer of Green, Social and Sustainable Bonds is the Central Division of the Public Institution CDC. There is no liquidity pool within the Group: CDC does not manage the liquidity of its subsidiaries, which do not have privileged access to the liquidity of the parent company. The Issuer has communicated that the risk borne by an investor in a CDC debt security is limited to the balance sheet of the Central Division.

## Involvement in Controversial Activities

The Issuer appears to not be involved in five of the 17 controversial activities screened under our methodology, namely:

<sup>88</sup> Scale of assessment: Isolated / Occasional / Frequent / Persistent.

<sup>89</sup> Scale of assessment: Minor / Significant / High / Critical.

<sup>90</sup> Scale of assessment: Non-communicative / Reactive / Remediative / Proactive.

Minor involvement in alcohol: CDC has an estimated turnover from alcoholic beverages which is less than 5% of total turnover. This turnover is derived from the sale of alcoholic beverages through Compagnie des Alpes (40% held since mid-2021) with its leisure parks which have restaurants and hotels. These include the Parc Astérix, the Futuroscope, the Walibi parks, and the Bellewaerde park. The CDC communicated to us that Compagnie des Alpes derived 0.3% of its 2018-2019 revenues from alcoholic beverages sales. It is therefore reasonable to estimate that these alcohol sales represented only a very tiny proportion of CDC's total turnover in FY2021.

Minor involvement in the fossil fuel industry: CDC has estimated revenues from fossil fuel activities that are less than 5% of total revenues. This revenue is derived from midstream gas activities. Since December 2021, it has held a 38.6% stake in GRTgaz, whose business is natural gas transmission and gas networks. In France, GRTgaz operates more than 32,000 km of underground pipelines to transport gas from suppliers to consumers connected to its network. Its subsidiaries include GRTgaz Deutschland, the operator of the MEGAL transmission system in Germany, and Elengy, which provides LNG terminal services.

Minor involvement in unconventional oil and gas: The CDC's associate GRTgaz processes Liquefied Natural Gas (LNG). Since December 2021, the CDC holds a 38.6% stake in GRTgaz whose subsidiary Elengy operates 3 LNG terminals in France, as well as Pakistan's first LNG Terminal at Port Qasim, operated by Engro Elengy Terminal Limited (EETL, a JV with Engro). Elengy services include cargo unloading and regasification, reloading, transshipment, loading of LNG tanker trucks, etc. (Note: LNG is a controversial technology used to ship internationally natural gas from conventional as well as unconventional sources.).

Major involvement in the military sector: CDC is a minor shareholder in a company involved in the production of key parts of delivery platforms capable of firing cluster munitions: CDC is a 3.62% shareholder in Saint-Gobain SA (as of April 2022), a French company and world leader in the production and distribution of building materials. Saint-Gobain has produced transparent armour for U.S. Army multiple rocket launchers, considered under MESG's methodology as a key part of delivery platforms capable of firing cluster munitions. In 2012, Saint Gobain won a 3-year, \$20m contract to supply the US Army with sapphire engineered armour and tooling to make bulletproof windshields and door windows for M142 High Mobility Artillery Rocket Launchers (HIMARS). This contract was completed in September 2016. Further contracts were signed between 2017 and 2021 for transparent armour for combat vehicles. When asked about this contract, Saint Gobain said that the aim of the programme was to develop a transparent armour system for a military vehicle to protect the crew, and that the ammunition payload that may or may not go on the vehicle is not part of the Saint-Gobain programme. Saint-Gobain also stated that its sapphire armour is a product with mainly non-military applications, such as medical vehicles, and not specifically developed for combat vehicles. Finally, Saint-Gobain stated that the turnover generated by these sales represented a very negligible percentage of the Company's total annual turnover. Nevertheless, MESG's methodology does not take into account revenue thresholds for determining involvement in controversial weapons. Of note, the financing of companies involved in key parts or services of delivery platforms capable of firing cluster munitions is always reported in MESG's methodology as "major" military involvement, as long as the stake in the company is greater than 3%.

Minor involvement in nuclear energy: CDC's revenues from nuclear energy are estimated at less than 5% of total revenues. This revenue comes from the associated company RTE (29.9% owned), which provides grid connection services to nuclear power producers in France. This activity is classified as the supply of "conventional parts and services" for the nuclear industry.

The Issuer does not appear to be involved in any of the other 12 controversial activities examined in our methodology, namely: Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from Moody's ESG Solutions.

# METHODOLOGY

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In our view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, we provide an opinion on the **Issuer's ESG** performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review.

## COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

## ISSUANCE

### Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by Moody's ESG Solutions **according to the ICMA's Green Bond Principles - June 2021 ("GBP") and the Social Bond Principles - June 2021 ("SBP")**, the Proposal for an EU Green Bond Standard - July 2021, EU Taxonomy Climate Delegated Act - June 2021, and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

### Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. Moody's ESG Solutions evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

### Process for evaluation and selection

The evaluation and selection process is assessed by Moody's ESG Solutions on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

### Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by Moody's ESG Solutions on their transparency, traceability and verification.

### Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by Moody's ESG Solutions on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

## Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

Our assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental/social objectives, as well the management of the associated potential negative impacts and externalities.

### Expected positive impact of the activities on environmental/social objectives

The expected positive impact of activities on environmental/social objectives to be financed by the Issuer or Borrower is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental/social objective for the sector of the activity;<sup>91</sup>
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the Issuer, its value chain, local and global stakeholders);
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental/social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) for environmental objectives only: the extent to which the activity is adopting the best available option.

### ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of Moody's ESG Solutions' ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

## ISSUER

### Issuer's ESG Performance

Scale of assessment of ESG Performance: Weak, Limited, Robust, Advanced

**NB: The Issuer's level of ESG performance (i.e. commitments, processes, results of the Issuer related to ESG issues), has been assessed through a complete process of rating and benchmarking developed by us. The Issuers' ESG performance has been assessed by us on the basis of its:**

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders' feedbacks and controversies.

<sup>91</sup> The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

## Management of Stakeholder Related ESG Controversies

Moody's ESG Solutions defines a controversy as public information or contradictory opinions from reliable sources that incriminate or make allegations against an Issuer regarding how it handles ESG issues as defined in Moody's ESG Solutions' ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures or non-proven claims.

We reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

We provide an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- **Frequency:** reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- **Severity:** the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, our controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

## Involvement in Controversial Activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

## OUR ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of ESG risk management & using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the <b>LMA/APLMA/LSTA's</b> Green and/or Social Loan Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of ESG risk management or an advanced expected impact combined with a limited level of assurance of ESG risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the <b>LMA/APLMA/LSTA's</b> Green and/or Social Loan Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of ESG risk management; or a robust expected impact combined with a limited to weak level of assurance of ESG risk management; or an advance expected impact combined with a weak level of assurance of ESG risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the <b>LMA/APLMA/LSTA's</b> Green and/or Social Loan Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of ESG risk management or a limited expected impact with a weak level of assurance of ESG risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the <b>LMA/APLMA/LSTA's</b> Green and/or Social Loan Principles.

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