

PRESS RELEASE

ERAFP teams up with Cedrus AM and amLeague to extend its work on decarbonisation

Paris, Thursday 1st October 2015 – The French public service additional pension scheme (ERAFP) has decided to extend its work on decarbonisation by teaming up with Cedrus AM and amLeague to establish, at the beginning of November, a virtual platform that managers can use to demonstrate their capacity to reduce the carbon intensity of a portfolio of international equities.

Fully-invested in SRI since its creation ten years ago, ERAFP was one of the first major investors to publish, in 2014, the carbon footprint of its equity portfolio. It has since supplemented this pioneering approach with the launch of an active decarbonisation process: working with Amundi, it has designed an additional filter that ultimately excludes businesses with the highest emissions. An investment mandate worth in excess of a billion euros is now managed in accordance with these new rules.

In keeping with its status as a frontrunner, ERAFP wants to break new ground by extending the scope of its decarbonisation. It will first encourage as many asset managers as possible to demonstrate the merits of their “low carbon” management approaches. It will then strive to have new investors join in a movement on such a scale as to be evidence of a growing awareness of the urgency of using long-term savings channels to fuel the transition over to a sustainable economy.

With this in mind, ERAFP has entered into an agreement with Cedrus AM and amLeague to establish a framework that asset managers can use to demonstrate their know-how in the reduction of carbon intensity by applying their expertise in the management of a notional portfolio of international equities.

Cedrus AM and amLeague will work closely with the teams at ERAFP to:

- define the characteristics of the notional mandate to be managed based on a universe of stocks that comply with ERAFP’s SRI Charter,
- determine the rules for managing the stocks in accordance with an approach in which every effort will be made to limit any sector bias,
- set forth the allocation rules to weight the reduction of carbon risk resulting from lower carbon intensity on the one hand and stranded assets (i.e. future emissions) on the other.

In the coming months ERAFP will be working on ways to extend its “low carbon” management approach, either through investment in open funds or through a call for tenders to select an asset manager to create a dedicated fund. Whichever option we choose, our experience in “low carbon” management will be valued: this is an ideal way for asset managers to assert their participation in the notional mandate on offer.

ERAFP: France's number one public service pension scheme and full-SRI institutional investor

With close to 23 billion in financial assets wholly invested in accordance with a fully socially responsible investment approach, ERAFP is Europe's leading SRI institutional investor. From its inception in 2005, ERAFP's board of directors sought to maximise returns on its financial asset portfolio in accordance with SRI-driven principles. As a signatory of the UN Principles for Responsible Investment, ERAFP adopted an SRI Charter in March 2006 hinging on five values: respect for the rule of law and human rights; social progress; social democracy; environment; and standards of governance and transparency.

ERAFP is also one of the world's largest public pension funds in terms of member numbers, with over 4.5 million beneficiaries, 45,000 employers and nearly EUR1.8 billion in annual contributions. As a mandatory points-based pension scheme, it has been managing supplementary pension benefits for French civil servants in state-run bodies, local authorities and public hospitals since 1 January 2005.

For more information on ERAFP → www.rafp.fr

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