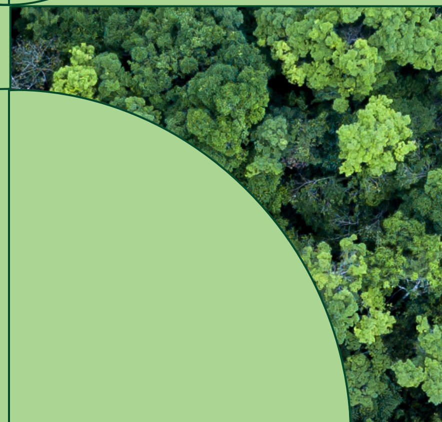
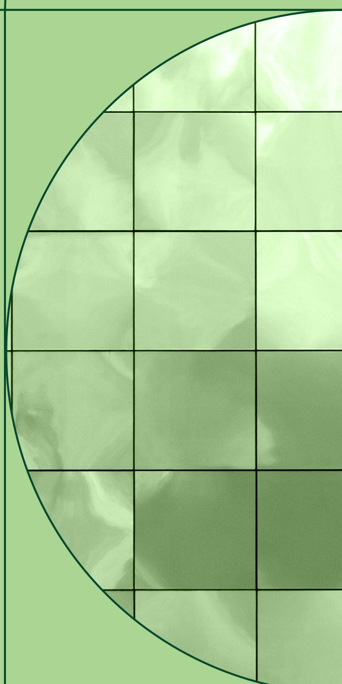
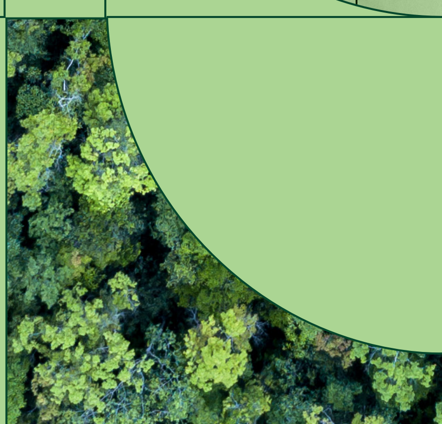
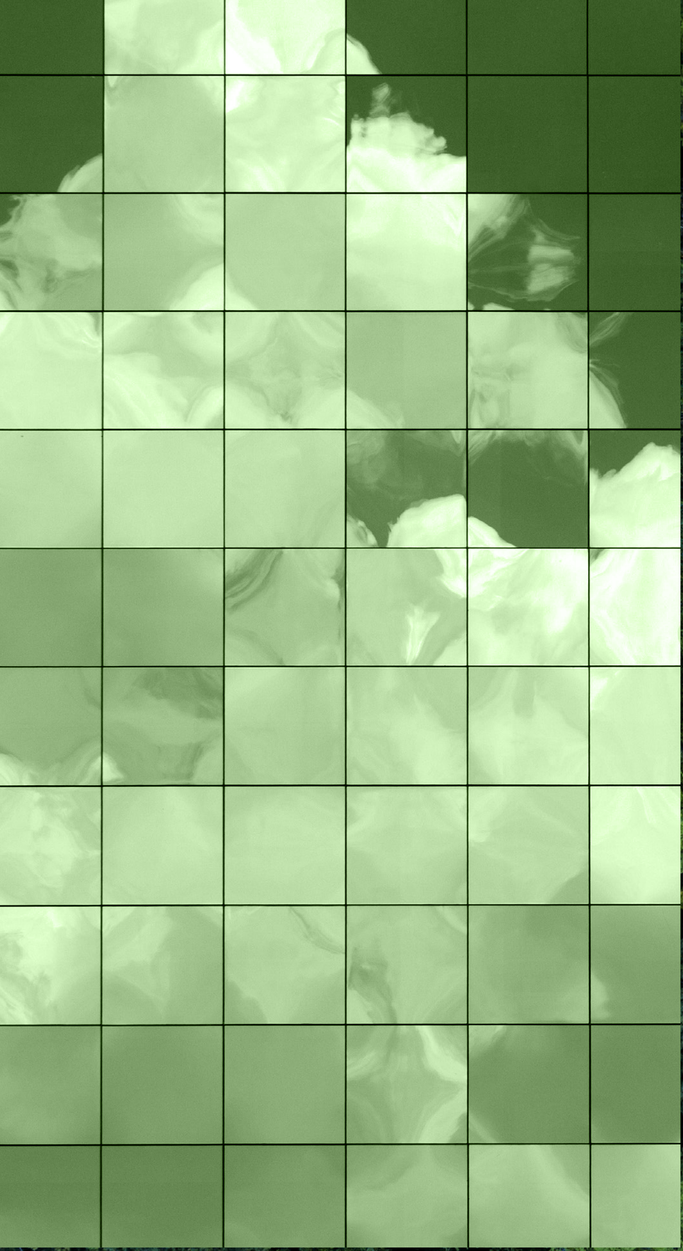
2021





SUSTAINABILITY REPORT





Information on the procedures used to incorporate criteria relating to environmental, social and governance targets into our investment policy and the means implemented to contribute to the energy and ecological transition, pursuant to Article L. 533-22-1 of the French Monetary and Financial Code.

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INTRO-DUCTION

In adopting its SRI Charter as early as 2006, ERAFP sought to anchor the Scheme's investment policy to the values supported by its active contributors by building environmental, social and governance criteria into its processes. Keen to underscore the importance of its SRI approach, which is central to the Scheme's strategy, ERAFP has reported on it year after year in its public report. In 2016, ERAFP aligned its practices with the decree implementing Article 173-VI of the Energy Transition and Green Growth Law of 29 December 2015, marking its ongoing commitment to addressing these challenges to the best of its ability. In addition, as of 2019 - even though the regulations did not yet require it - it has included in its annual report a follow-up of its actions relating to the taking into account of climate issues, through the implementation of the recommendations of the G20 Working Group on Climate-related Financial Transparency.

Driven by that same determination to remain at the forefront of sustainability disclosures — which has earned it multiple awards in recognition of the quality of its non-financial reporting — this year ERAFP is publishing its first report specifically dedicated to its SRI policy, in accordance with the decree implementing Article 29 of the Energy and Climate Law of 8 November 2019. This marks a turning point. And we welcome it wholeheartedly.

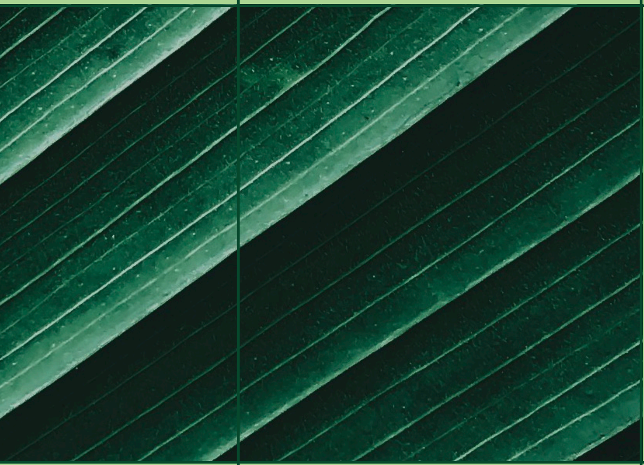
The aim of this report is to set out ERAFP's response to the implementing decree, on a point-by-point basis. This report can be used in tandem with ERAFP's 2021 public report, which, while it does not cover the Scheme's compliance with the regulation (as it did in previous years), includes a presentation of its SRI policy and the main results thereof, and refers readers to this report for more in-depth analysis. Please note in particular that the annual report, which covers all the factors that affected our activities during the past financial year, presents both the financial and non-financial aspects of our investment policy.

The new regulation undeniably poses challenges for investors in terms of strategy, methodology and data collection. In this report we take stock of the measures that ERAFP has implemented on multiple fronts, particularly in the area of biodiversity, and discuss how we intend to build on these initiatives going forward. That said, on the strength of its previous – significant – achievements and the formative decisions it has taken recently, particularly on climate issues, ERAFP is already in a position to comply fully with the vast majority of the decree's provisions as of this year.

"The new regulation undeniably poses challenges for investors in terms of strategy, methodology and data collection."

Lastly, regulatory compliance aside, ERAFP intends this report to be a reference document readily available to its active contributors and to anyone else who may be interested in finding out about the Scheme's SRI policy. We very much hope that it will serve this purpose as well.

General approach adopted by the entity



PART

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1. GENERAL APPROACH ADOPTED BY **THE ENTITY**

1.1. Vision and values

As a public institution established for the benefit of public servants employed by the State, local and regional authorities, hospitals and the judiciary, ERAFP's role is to serve the public interest. As a pension scheme with a capitalisation-based business model, it acts over the long term to ensure equity and intergenerational solidarity. ERAFP's consideration of sustainable development issues is intrinsically linked to the nature of its activities, in that it concerns a long-term vision and the future of generations to come.

And, as the Brundtland report pointed out, a focus on the long term and future generations is the cornerstone of the sustainable development concept: "*Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*"

ERAFP's very nature and the values it supports are fundamentally aligned with this concept, which is why its board of directors has placed socially responsible investment (SRI) squarely at the heart of its strategy. This is why ERAFP chose to adopt an SRI Charter back in 2006, when SRI had yet to gain traction in France[1], stating that "*investments based solely on the criterion of maximum financial return fail to account for their social, economic and environmental consequences*".

ERAFP has therefore played a pioneering role in the field of SRI. As well as being an early adopter, it has an authentic approach based on values set out in its Charter, which its board of directors has consistently promoted.

The values laid down in ERAFP's Charter provide answers to the challenges that we face as a society.

Environmental and climate change challenges

In its sixth report, published on 9 August 2021, the Intergovernmental Panel on Climate Change (IPCC) presents some particularly alarming estimates: the average temperature of the planet has risen by 1.1°C since the start of the industrial era, "a level of warming not seen for at least 2,000 years". This means that, even under the most favourable assumptions, the global warming threshold of 1.5°C, beneath which the harmful effects of climate change can be better contained, could be reached as soon as 2030, i.e. ten years earlier than expected.

As an investor keenly aware of the urgency of this situation, ERAFP endeavours to encourage companies to pay attention to the environmental impact of their products and services, to control the risks associated with climate change, to adopt a 1.5°C strategy and to contribute to the energy transition. To this end, it engages at various stages of the investment decision-making process: from the pre-investment selection process (by applying specific analysis criteria) to post-investment dialogue with companies as part of a structured engagement approach.

Governance challenges

ERAFP considers it essential to assess a company's governance, because it sheds light on the entity's accountability to its stakeholders. ERAFP seeks to promote companies whose governance ensures a balance of power, effective control mechanisms, a responsible remuneration policy and gender equality.

High quality governance enables companies to meet challenges such as the fight against corruption and money laundering, the respect and protection of customers' rights, and tax transparency and responsibility.

1 According to Novethic, in 2006 SRI assets amounted to €17 billion in France. A recent study by the French Asset Management Association (AFG) estimates that they had exceeded €1.861 trillion by the end of 2019 (up by 32% in a year). While the definitions and scope of analysis have evolved over the last ten-plus years, these figures provide an indication of the market's strong growth.

Social challenges

The very identity and composition of ERAFP's board of directors make the social dimension a fundamental one: it has eight seats allocated to representatives of active contributors, filled by the representative trade unions, eight allocated to representatives of employers and three to qualified persons. As a French public institution, ERAFP seeks to protect social benefits by promoting labour-management dialogue and the respect of union rights.

ERAFP is also committed to upholding the rule of law and human rights through both its sovereign and its private investments.

In the context of the global health crisis experienced since the start of 2020, ERAFP expects companies to pay particular attention to respect for human rights and decent working conditions in their supply chains and at their subcontractors.

Similarly, the challenges that companies will have to take on for a successful energy transition involve major transformations in some business areas that will have an impact on employees and civil society. ERAFP expects companies to incorporate principles of fair transition into their transition strategies.

1.2. ERAFP's ESG approach

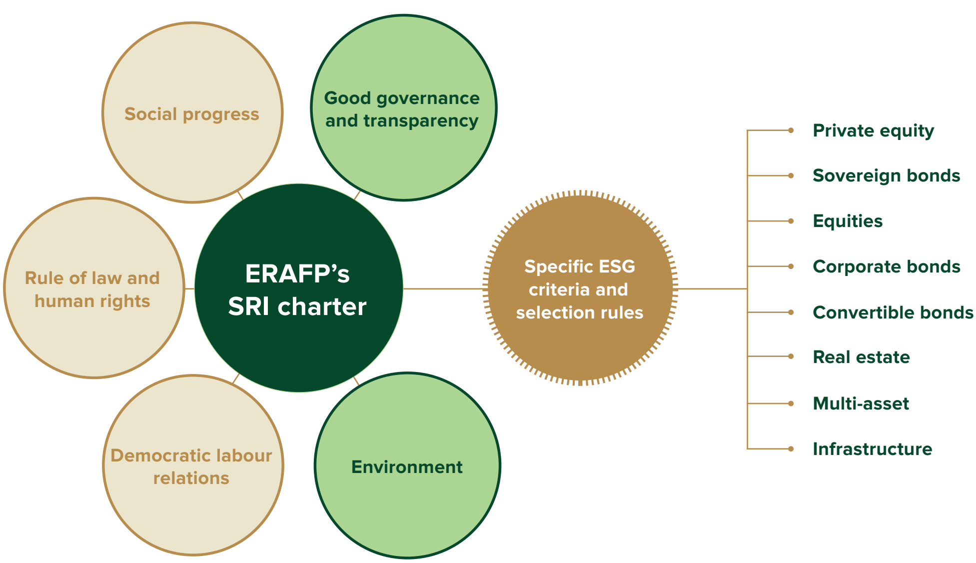
The Scheme's SRI approach

➤ An original SRI approach

The Scheme's SRI approach is original in a number of respects:

- the board of directors oversees the SRI approach internally: while the board and management naturally rely on outside service providers such as consultants and rating agencies, on management's proposal the board itself laid down an approach that satisfies the demands and values of its members, and permanently monitors its application on the basis of the comprehensive and continuous information provided by regular meetings of its investment policy monitoring committee (CSPP);
- the policy's content is '100% SRI'. In other words, the SRI Charter applies to all of the Scheme's investments and takes into account the specific features of each asset class.

AN SRI CHARTER BROKEN DOWN INTO EVALUATION CRITERIA FOR THE VARIOUS ASSET CLASSES



An overarching SRI approach

ERAFP's SRI approach:

- not only concerns all of the Scheme's investments but also applies to all the investment phases, from the first stage of asset allocation to the post-investment stage of monitoring the companies whose securities are included in the portfolio;
- is based on a broad range of values applied across all investments, instead of on an array of theme-specific criteria.

For an investor of ERAFP's size that wishes to adopt a uniform approach for all of the asset classes in which it invests, the best in class approach seems the most appropriate, as it focuses on the links between the various considerations and issuers rather than tackling each in isolation.

The best in class principle is applied to the investment process by using quantitative rules to define the eligible investment universe. These rules are defined for each asset class with the aim of fostering improvements across all of them.

Generally speaking, this means:

- not excluding individual business sectors, but promoting the issuers with the best ESG practices within each sector and, more generally, within groups of comparable issuers. However, given their particularly negative impact on health and the environment, respectively, in 2019 ERAFP exited the tobacco industry and sold its shares in companies whose thermal coal-related activities exceed 10% of revenues;
- showcasing progress made;
- monitoring and supporting issuers that have adopted a continuous improvement approach

Selection of the main criteria

ERAFP's SRI Charter, which was drawn up at the instigation of its board of directors, is based on French public service values. It is applied to all of the Scheme's investments and broken down into more than 18 evaluation criteria, adapted to the specific features of each category of issuer.

Creation of ERAFP's non-financial rating system

ERAFP's SRI guidelines are an operational extension of its SRI Charter: each value is subdivided into criteria and each criterion is broken down into indicators.

Each criterion is assigned a weight (from 0 to 3) according to the importance of the underlying issues in the light of the issuer's business activity or the characteristics of the asset being assessed. Certain issues are considered "key" for the Scheme. Their weight can never be 0, regardless of the nature, geographical origin or activity of the issuer. This applies in particular to the criterion: "Control of the risks associated with climate change and contribution to the energy transition".

For a given criterion, the score (from 0 to 100) assigned to an issuer or an asset reflects its level of control of the risks associated with the underlying issues. Globally, the rating assigned to an issuer or asset corresponds to the weighted average of the scores obtained for each criterion.

The charter's 5 values and 18 criteria

1 RULE OF LAW AND HUMAN RIGHTS

- **Non-discrimination and promotion of equal opportunities**
- Freedom of opinion and expression and other fundamental rights
- **Responsible supply chain management**

2 SOCIAL PROGRESS

- **Responsible career management and forward-looking job strategy**
- Fair sharing of added value
- Improvement of working conditions
- Impact and social added value of the product or service

3 DEMOCRATIC LABOUR RELATIONS

- **Respect for union rights and promotion of labour-management dialogue**
- Improvement of health and safety conditions

4 ENVIRONMENT

- **Environmental strategy**
- Environmental impact of the product or service
- Control of environmental impacts
- **Control of the risks associated with climate change and contribution to the energy transition**

5 GOOD GOVERNANCE AND TRANSPARENCY

- **Management/corporate governance**
- Protection of and respect for customer/consumer rights
- **Fight against corruption and money laundering**
- Responsible lobbying practices
- Tax transparency and accountability

The role of climate in ESG analysis (ESG-C)

The consequences of climate change are probably one of the risk factors most likely to have a long-term impact on the value of ERAFP's assets. That is why, in breaking down the SRI Charter into more detailed issuer evaluation rules, ERAFP has integrated criteria designed to better determine the level of these issuers' exposure to the various facets of climate risk and enhanced them over the years.

In particular, under the 'environment' value of ERAFP's SRI Charter, the 'Control of the risks associated with climate change and contribution to the energy transition' criterion makes it possible to assess the commitments that issuers have made, the measures that they have adopted and the tangible results that they have achieved as regards containing and reducing the greenhouse gas emissions associated with their activity. The listed and unlisted companies, countries and other issuers that score most highly on this criterion will probably be the best placed to cope with the adjustments needed as a result of climate change measures, such as more stringent regulations, the introduction of a carbon price, customer and investor expectations and increased vigilance by civil society.

This criterion also makes it possible to assess the efforts made by issuers to anticipate and adapt to the effects and consequences of climate change. It also makes it possible to recognise the companies in sectors with significant energy transition issues that have laid down a strategy in line with the objectives of the Paris climate agreement, and to exclude companies deriving more than 10% of their revenue from thermal coal.

In order to estimate the extent to which issuers take into account the physical risks associated with climate change (increasing scarcity of natural resources, especially water, increased occurrence of extreme weather events, impacts on biodiversity, etc.) ERAFP also uses a 'Control of environmental impacts' criterion, making it possible to assess the commitments made by issuers regarding the protection of water, the preservation of biodiversity and the prevention of pollution risks.

Conversely, ERAFP's SRI environment value criterion relating to the environmental impact of the product or service' makes it possible to recognise companies that offer innovative solutions to sustainable development challenges, particularly in connection with the energy and environmental transition.

A best in class selection process

As mentioned above, ERAFP has selected a best in class approach to take into consideration the ESG criteria underlying its SRI Charter for all its investments. In practice, this principle translates into detailed rules that make it possible to determine, based on the scores that issuers obtain for ERAFP's SRI criteria, the issuers that can be considered as the best in their category.

The approaches used to apply this principle to the investment process are tailored to the specific features of each asset class and issuer category, *via* specific reference frameworks.

For example, for large listed companies, the best in class principle is applied by performing two successive screenings:

- an initial filter to identify companies whose scores on at least one of the five values of the SRI Charter are less than half of the average for their sector;
- a second filter to flag companies ranked in the bottom quartile of their sector based on their overall SRI rating.

Consideration of climate in the issuer selection process (ESG-C)

As a general rule, the issuer selection process does not dissociate climate-related criteria from other ESG criteria. There is, however, one exception, relating to an index-tracking management mandate based on the "Climate Transition Benchmark", in accordance with the European regulations on climate benchmarks.

Consideration of ESG criteria in the decision-making process for the award of new management mandates

In selecting its delegated asset managers, ERAFP, as a public entity, is required to comply with the French Public Procurement Code.

The initial implementation or renewal of a management mandate therefore involves the launch of a public tender procedure, through which candidates are assessed on their overall ability to implement the proposed mandate (application phase) and then on the quality of their bid in light of ERAFP's expectations (bid phase).

In this context, candidates' ESG capabilities (coverage and depth of research, size and experience of teams, tools, etc.), together with the effectiveness of their approach for incorporating ESG criteria in the asset management process proposed, are a decisive factor when it comes to selecting our asset managers. ESG considerations therefore represent 10% to 15% of the rating assigned to candidates, in both the application phase and the bid phase.

Consideration of ESG criteria in the selection process for multi-investor funds

Following a change in the applicable regulations, ERAFP has been authorised since 2019 to invest up to 10% of the carrying value of its assets in collective investment undertakings without delegating management.

While the direct selection of collective investment undertakings is therefore not done in accordance with the Public Procurement Code, it is nonetheless governed by a documented internal procedure. The incorporation of ESG factors in the management process implemented by the funds considered is one of the selection criteria used, representing between 10% and 15% of the final rating assigned to each fund. While the requirement for ESG integration is adjusted according to the maturity of the asset class in question, ERAFP still favours funds that adopt best practices and demonstrate innovation in this area.

Assets managed taking ESG criteria into account

	ASSETS UNDER MANAGEMENT (MARKET VALUE IN €M)	ASSETS MANAGED USING ESG CRITERIA (%)
Direct management		
Sovereign bonds	8,587	100%
Cash & cash equivalents	231	100%
Delegated management/Mandates or dedicated funds		
Corporate bonds	8,024	100%
Convertible bonds	1,110	100%
Listed equities	15,606	100%
Multi-asset	1,281	100%
Private equity and infrastructure	400	100%
Real estate	4,347	100%
Dedicated currency hedging	316	0%
Delegated management/Multi-investor funds		
Multi-investor funds	1,840	100%

All the asset classes in ERAFP's portfolio are subject to an ESG/climate analysis, with the exception of the currency hedging segment (for which this type of analysis is not relevant and which represented less than 1% of assets under management at end-2021).

The analysis covers all business sectors, the sole limitation being a lack of available data for certain unlisted assets[2].

2 All the analysis results presented in this report specify the percentage of assets under management that were able to be effectively analysed.

1.3. Key aspects of ESG and climate performance

Listed portfolios

The selectivity rate compared with the potential investment universe – i.e. the percentage of companies excluded under ERAFP's ESG methodology – is around 30%.

In other words, nearly a third of the companies in which ERAFP could potentially invest are ruled out as a result of SRI screening. This very high rate reflects both the stringency and the effectiveness of the screening methodology.

ERAFP assesses the effectiveness of its best in class SRI strategy by comparing its portfolios' ESG ratings with those of its benchmark indices[3]. In 2021, all its portfolios outperformed their benchmark in terms of SRI.

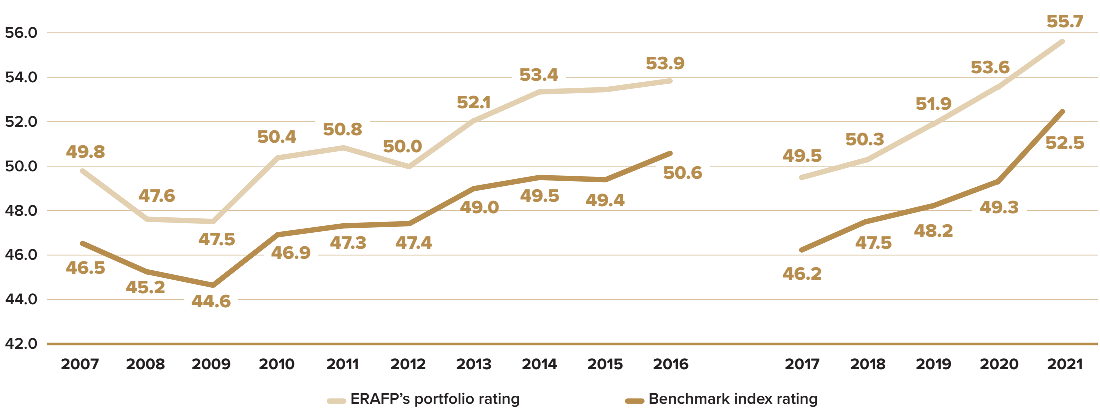
LISTED ASSETS AT 31/12/2021	2017 SRI RATING		2020 SRI RATING		2021 SRI RATING	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
Sovereign issuers	81.1	80.5	82.6	81.9	82.2	81.1[4]
Listed companies	46.6	42.7	48.9	45.6	50.6	47.8
including:						
Corporate bonds	48.2	42.3	49.1	45.8	50.4	47.3
Convertible bonds	41.0	34.5	41.2	37.7	41.7	35.8
Equities	46.2	43.6	49.4	46.1	51.3	49.0

Looking at the euro-zone equity portfolio[5], it can be seen that ERAFP's SRI rating is by no means a cyclical phenomenon. Since the SRI Charter was adopted, the SRI rating has risen consistently and remained systematically higher than that of the benchmark index.

The dip between 2016 and 2017 is due to a change in methodology.

CHANGE IN THE AVERAGE SRI RATING OF THE EURO-ZONE EQUITY PORTFOLIO COMPARED WITH THE BENCHMARK

Source — Moody's ESG Solutions



3 The benchmarks mentioned in this report are those used for financial management.

4 The index used is a customised index for the euro-zone.

5 This is the portfolio with the longest track record and the best analysis coverage.

Unlisted portfolios

Real estate

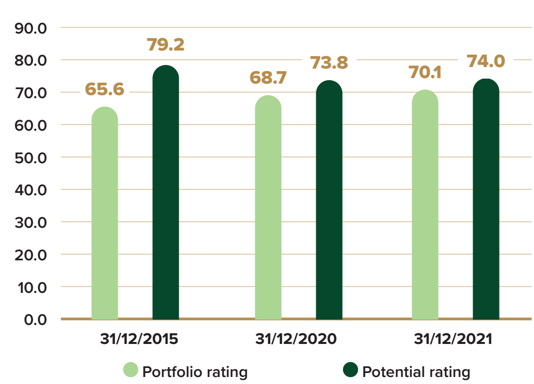
ERAFP has developed a demanding and innovative SRI process for real estate assets, adapting the five values of its SRI Charter to the asset class. It not only focuses on the real estate's environmental impact, but also integrates social progress, human rights, democratic labour relations and good governance criteria into its management. In this respect, taking these criteria into account along the entire management chain is of crucial importance. This approach also aims to adapt the best in class principle to the specific nature of the real estate asset class by incorporating a dynamic approach consistent with the investments' lifespan. In practical terms, this is reflected in two types of SRI performance for the real estate concerned:

- a relative performance that compares the non-financial characteristics of these buildings and their management (lease, use, maintenance) with those of other buildings of the same type (same usage and type of construction, equivalent location);
- a dynamic performance that aims to raise each asset to best in class status, using a potential SRI rating estimated at the date of acquisition

In summary, only real estate assets with a high SRI rating within their category at the time of acquisition, or those with strong improvement potential, can be selected for ERAFP's portfolio.

CONSOLIDATED SRI RATING OF THE REAL ESTATE PORTFOLIO

Source — Asset managers, 31 December 2021



In 2021, the consolidated rating for ERAFP's real estate portfolio[6] continued to improve compared with the previous year (from 68.7 to 70.1). This increase was mainly driven by various improvement works and the delivery of buildings with high ratings. As a result of this work, the portfolio's current rating is becoming closer to its potential rating, even though the latter edged up this year: the gap between the two ratings has narrowed from 5.1 points in 2020 to 3.9 in 2021. As the real estate portfolio is in an expansion phase, its SRI ratings may change as new acquisitions are taken into account in the coming years. A high proportion (77%) of the real estate assets in ERAFP's portfolio are certified[7], to standards of minimum environmental and social performance. This proportion has risen over the past year, despite a 21% increase in the number of relevant assets. Most of the certifications obtained or pending are BRE Environmental Assessment Method (BREEAM), High Quality Environmental (HQE) or NF Habitat.

Private equity

ERAFP has developed an SRI approach for the private equity and infrastructure investments held under its unlisted asset management mandates.

The aim of this approach is to adapt the five values of ERAFP's SRI Charter to the specific features of these asset classes. For each of these values, the best in class principle is adapted to the specific nature of the asset class, incorporating a dynamic approach consistent with the investments' lifespan.

Practically speaking, this means using engagement as a lever to encourage improvement in practices. Particular attention is also paid to managing the reputational risk arising from any controversial practices associated with portfolio companies or projects.

6 Consolidated rating of the five real estate management mandates.

7 Obtained or in the process of being obtained.

As the delegated managers invest mainly through mutual funds, the SRI analysis is based on two aspects:

- the SRI management process implemented by the target fund;
- ESG assessment and monitoring of portfolio lines in relation to ERAFP's SRI criteria.

In 2021[8], all the managers selected for ERAFP's private equity fund mandate signed ERAFP's delegated asset manager ESG clause. 43% of management companies issued an ESG report (compared with 35% in 2020) and 71% had signed the Principles for Responsible Investment (versus 55% in 2020).

Managers are also assessed on the basis of the ESG reporting of the companies in the underlying funds and their ability to analyse and meet the ESG criteria identified within the companies. Based on these criteria, the average ESG rating of the managers of the portfolio's underlying funds is 7.4/10 (based on an assessment by the delegated asset manager of ERAFP's private equity portfolio), representing a 0.4 point increase versus the previous year.

Infrastructure

For infrastructure investments, the delegated asset manager must first ensure that the targeted funds do not invest in companies that extract or burn coal and have not been found guilty of violating international environmental, social or governance standards.

All managers are then assessed during the pre-investment phase on the basis of a rating grid. The analysis covers their ESG policy, their management of significant ESG risks, their contribution to the management of the ESG risks and opportunities of the underlying assets and the transparency of their ESG reporting. All the managers selected by ERAFP's delegated asset manager have a responsible investment policy. In 2021[9], 100% were signatories to the PRI.

The underlying assets of the funds invested in on behalf of ERAFP are assessed on the basis of 32 ESG criteria covering ERAFP's SRI framework. The fund managers are therefore assessed both on their own ESG performance and on their management of the ESG performance of their underlying assets.

Based on the 2021 evaluation, which covered the underlying assets of funds invested in at 30 September 2021, the average ESG performance of the assets in the portfolio was 60% (versus 55% in 2020). The assessment covered 92% of the portfolio's market value (compared with 58% in 2020).

Multi-asset portfolio

For the multi-asset portfolio, which is invested in publicly traded diversified asset funds rather than companies, ERAFP has developed specific provisions for applying its SRI guidelines to the management of multi-asset funds of funds. It was decided that the SRI eligibility of funds available for selection would be determined on the basis of:

- an analysis of the management process put in place: the only funds eligible are those selected through a best in class SRI approach or follow a thematic approach based on environmental criteria (preventing climate change, protection of water resources, etc.) or social criteria (healthcare, combating poverty, etc.);
- or an analysis of the fund's SRI quality based on the SRI rating of each issuer represented in the fund;
- or the fund obtaining an SRI label or being classified as an "Article 9" fund under the European SFDR regulation[10].

8 Based on data as at the end of 2020.

9 Based on an assessment at the end of 2020.

10 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

1.4. Adherence to and involvement in collaborative initiatives

Adherence to charters and initiatives

The financial sector can only adopt a longer-term vision in its practices and systematically take into consideration environmental, social and governance factors if responsible investors work together to influence the sector as a whole. With this in mind, ERAFP has joined the initiatives listed below.

INITIATIVE/ CHARTER	THEME(S)	OBJECTIVES	ENTRY DATE
PRI Principles for Responsible Investment	ESG/Climate	Implementation of the following principles: • incorporating ESG issues into its investment analysis and decision-making processes; • being an active investor and incorporating ESG issues into its ownership policies and practices; • seeking appropriate disclosure on ESG issues by the entities in which it invests; • promoting acceptance and implementation of the principles within the investment industry; • working together to apply the principles more effectively; • reporting on its activities and progress towards implementing the principles.	2006
IIGCC The Institutional Investors Group on Climate Change	Climate	European institutional investors group on climate change.	2014
ShareAction» Investor Decarbonisation Initiative (IDI)	Climate	Initiative to help investors to: • collaborate; • learn, by sharing research; • advocate.	2015
FIR Forum pour l'Investissement Responsable	ESG/Climate	The objective of the Sustainable Investment Forum is to promote sustainable finance that benefits the real economy, contributes to sustainable development objectives and promotes the integrity of financial markets.	2016
Climate Action 100+	Climate	An investor initiative to ensure that the world's largest greenhouse gas emitting companies take the necessary measures to tackle climate change.	2017
Charter of French public investors to promote the Sustainable Development Goals (SDGs)	SDG/ESG/ Climate	Commitment to: • integrate the SDGs into their investment strategy; • ensure that internal operations comply with the SDGs; • assess the impact of their activities on the SDGs and report on the implementation of the principles; • disseminate SDG best practices among their stakeholders.	2017

INITIATIVE/ CHARTER	THEME(S)	OBJECTIVES	ENTRY DATE
TOBACCO FREE Portfolios Tobacco-Free Finance Pledge	SDG	Commitment of financial institutions to: • recognise the specific nature of tobacco, which cannot be subject to effective engagement actions insofar as there is no safe level of tobacco consumption; • implement and promote tobacco-free finance policies.	2019[11]
CDP DRIVING SUSTAINABLE ECONOMIES	Environment/ Climate	Every year, the Carbon Disclosure Project (CDP) asks public and private issuers, on behalf of investors, to measure and act on their risks and opportunities related to climate change, water security and deforestation and to report on these issues.	2020
THE NET-ZERO ASSET OWNER ALLIANCE	Climate	An international group of investors committed to achieving carbon neutrality in their investment portfolios by 2050.	2020
Finance for Biodiversity Pledge	Biodiversity	Recognising that the Earth's biosphere is the foundation of human resilience and progress and that it is under increasing stress. Calling for, and committing to take, ambitious action on biodiversity.	2021
INVESTORS FOR A JUST TRANSITION	SDG	Three objectives: • encourage companies to integrate the just transition into their environmental strategy through regular dialogue with them; • promote best practices in the sectors most affected by the environmental transition; • facilitate collaboration between investors and businesses.	2021

Engagement in specific work and action

In connection with these initiatives, in 2021 ERAFP participated in the following work and action:

- IIGCC/CA100+: Support for a new engagement initiative targeting 50 companies identified as the most exposed to the physical consequences of climate change. These are companies that, due to their locations and activities, are sensitive to these risks or whose activities may contribute to society's resilience to them. The expectations relate to the way in which the company manages these issues throughout its environment.
- ShareAction/IDI: Support for two climate initiatives targeting the European chemicals sector and 65 international banks, respectively.
- CDP: Support for the Science-Based Target campaign, which aims to accelerate companies' adoption of 1.5°C-aligned emission reduction pathways. In 2021, this campaign focused on 1,600 international companies targeted in view of their impact on the climate.
- PRI: In relation to the new draft European directive[12] making it mandatory for multinationals to disclose the corporate tax they have paid, as well as other economic information, on a country-by-country basis, ERAFP supports a request for this information to be published for all countries, rather than only for European and non-cooperative countries.
- Finance For Tomorrow (Paris Europlace): ERAFP participated in the launch of the Just Transition coalition and supports the development of impact finance.

11 ERAFP has not held any investments in the tobacco sector since this date.

12 Proposal for a directive on the disclosure of income tax information by certain undertakings and branches, also known as the "public country-by-country reporting directive".

ERAFP's SRI strategy is summarised in the chart below:

	PRE-INVESTMENT	INVESTMENT	POST-INVESTMENT
Investment Process	Set SRI requirements for each mandate Regulatory engagement "Non-targeted" collaborative engagement	Rules for selecting investments/ securities Targeted thematic investment	Bi-annual dialogue with management companies Control of investment compliance Targeted shareholder engagement Voting at general meetings
Examples	Tendering procedure *Institutional Investors Group on Climate Change (IIGCC) Policy Programme* *Climate Action 100+*	SRI system: - SRI charter - SRI benchmark criteria - Best in class rules - Decarbonisation Green bonds Thematic funds	Bi-annuel portfolio review *Ex-post* control by Moody's ESG Solutions Dialogue with European electricity producers on their carbon strategy *via* IIGCC - *Climate Action 100+* Dedicated voting policy; supporting shareholder resolutions, etc.

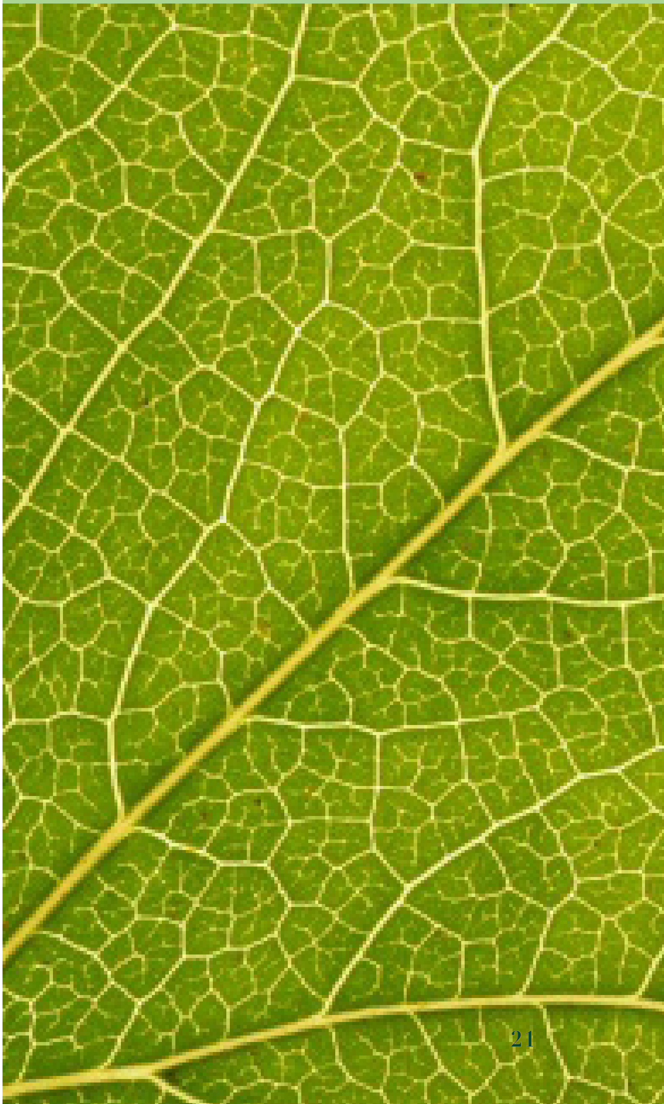
1.5. Information provided to contributors on criteria relating to the investment policy's ESG targets

From the outset, ERAFP has been keen to maximise the information provided to its contributors regarding its SRI approach and initiatives, through various communication channels including printed and electronic documents, videos, websites and events. ERAFP's aim is to educate its contributors by demonstrating how the implementation of an investment policy that is 100% socially responsible ensures sustainability and security for the long term.

To achieve this aim, ERAFP has designed its communication strategy to reach all its stakeholders:

- active contributors, *via* its YouTube channel offering tutorials and institutional videos (including a presentation of the Scheme's SRI policy and videos on its climate action);
- public employers, by presenting the Scheme's SRI policy and energy transition initiatives at the Public Employer Meetings arranged by ERAFP in the regions;
- all its stakeholders through its public report and sustainability report, together with its website and social media (LinkedIn and Twitter).

Given the large number of contributors, the main channel used to provide them with information is the Scheme's website. The website was overhauled in 2021 and the responsible investment page was completely redesigned. Users can now find all ERAFP's SRI publications on its website, including its SRI brochure, shareholder engagement guidelines, SRI Charter, infographics on its best in class approach, video tutorials and an SRI quiz to test their knowledge.



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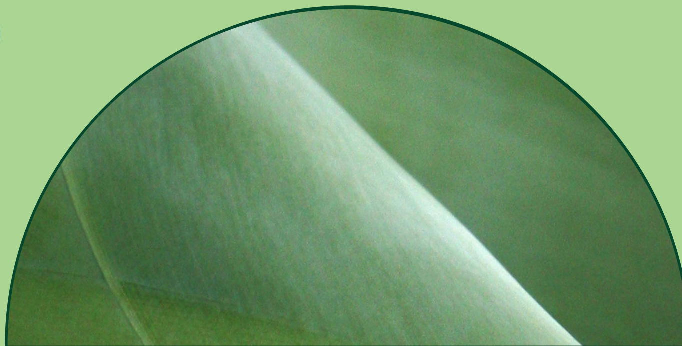


ESG governance and dedicated resources

PART

Find out more

ERAFP'S SRI Charter

2. ESG GOVERNANCE AND DEDICATED RESOURCES

2.1. The board of directors

Pursuant to Article 22 of Decree 2004-569 of 18 June 2004 on the French public service additional pension scheme, ERAFP's board of directors sets out the general guidelines for the Scheme's socially responsible investment policy.

In addition to any SRI issues on which it may have occasion to comment, each year the board of directors adopts the updated shareholder engagement guidelines.

In order to carry out in-depth work, the board receives comprehensive and continuous information provided through regular meetings of its investment policy monitoring committee (CSPP) before each of its meetings.

Each year, the board of directors draws up its training programme for the following year, including an SRI module.

The investment policy monitoring committee (CSPP)

In accordance with Article 24 of decree 2004-569 on the French public service additional pension scheme, the CSPP is responsible for preparing the board of directors' decisions on the general orientations of the SRI policy, monitoring their implementation, assessing their effects on the Scheme, ensuring compliance with the principles of the SRI Charter and preparing any updates thereto. Pursuant to this provision, the following subjects are usually examined by the CSPP:

- the application of ERAFP's SRI Charter to new asset classes;
- the updating of the shareholder engagement guidelines;
- the annual summary of voting at general meetings by delegated asset managers on ERAFP's behalf;
- bi-annual SRI reporting on the Scheme's investments;
- monitoring of ERAFP's involvement in engagement initiatives.

SRI training for Scheme directors

Directors are provided with at least one training course per year on ESG or climate issues.

In 2021, they received training on the assessment of companies' non-financial performance, during which the Capital Markets Europe director of the Carbon Disclosure Project (CDP) presented the work carried out by his organisation, with a focus on the theme of climate change.

A seminar was also held for them on the theme of the energy transition and its challenges for ERAFP. During this meeting, the preparatory work done by ERAFP's financial management teams for the climate roadmap was presented then discussed in three technical workshops (Equities and Debt, Private Equity and Infrastructure and Real Estate). Directors were also able to converse with the co-chair of IPCC Group 1, who reported on the latest scientific knowledge on climate change.

2.2. ERAFP's management

ERAFP's management plays a number of roles:

- it drafts proposed changes to the SRI policy and climate roadmap for submission to the board of directors;
- it directly implements the SRI policy with regard to internal bond management, which, under the Scheme's current regulations, concerns sovereign and similar bonds;
- it ensures that the asseasset managers apply the SRI policy and climate roadmap;
- it presents the following items to the board of directors at least once a year:
  - portfolio ESG ratings;
  - climate indicators used to monitor the targets set under the strategy of alignment with the Paris climate agreement;
  - updates to the Scheme's shareholder engagement policy.

2.3. Internal human resources

The SRI team

ERAFP's internal SRI team comprises 2.5 FTEs (5.3% of the total workforce).

Its duties include monitoring the implementation of ERAFP's SRI policy by the ESG/climate analysis teams of delegated management companies. These teams comprise over 270 analysts dedicated to ESG/climate analysis.

The implementation of ERAFP's SRI policy is monitored through:

- the incorporation of SRI criteria into the decision-making process for the award of new management mandates;
- the SRI team's participation in management committee meetings where ESG and climate reporting is discussed and supporting evidence specifically requested by ERAFP is provided.

ERAFP's internal SRI team is also responsible for the following tasks, under the supervision of the head of technical and financial management:

- establishing and updating the procedures for adapting ERAFP's SRI Charter to each new asset class;
- updating ERAFP's shareholder engagement guidelines and ensuring that they are properly implemented (coordinating the voting by asset managers at general meetings, involvement in collaborative engagement initiatives, etc.);
- selecting research providers (non-financial rating agencies, providers of analyses of shareholder voting at general meetings, etc.) and ensuring that their assignments are properly conducted;
- contributing to communication efforts focusing on the Scheme's SRI approach;
- external ESG and climate reporting for the Scheme;
- preparing documents on the Scheme's SRI policy for submission to the CSPP or the board of directors and coordinating the internal climate committee.

The internal climate committee

In order to establish its own roadmap, ERAFP has set up an internal steering committee composed of the CEO, the deputy CEO in charge of technical and financial management, the heads of the various asset classes and the head of SRI.

This committee met 10 times in 2021 to draw up the draft climate roadmap and then monitor its implementation.

In addition to the committee, ERAFP's entire investment team and, more broadly, all its employees are also highly engaged in SRI and climate-related issues.

ESG considerations are embedded in ERAFP's DNA and as such are fully integrated into its internal operations.

All our employees are made aware of energy saving and recycling practices, while internal measures such as the provision of waste sorting bins, elimination of plastic cups and implementation of a renewable energy contract are covered in the weekly newsletter and on ERAFP's intranet.

The challenges posed by the energy transition are another regular focus of communication initiatives, such as the two Climate Fresk collaborative workshops held to raise awereness among participants on key climate issues on which they can then act in their respective areas, and internal challenges based on the sustainable development goals.

ERAFP also holds regular sessions to inform all its employees on topics relating to ERAFP's activities and SRI in general. This provides an opportunity to review and discuss current issues or projects being implemented internally, while broadening employees' perspectives thanks to insights from external specialists. The most recent sessions dealt with shareholder engagement, with a focus on the energy transition and a presentation of ERAFP's carbon footprint, during which employees could vote on the carbon offset project they considered the most appropriate. The project with the most votes was adopted by management.

2.4. Internal financial resources

In 2021, ERAFP allocated €842,000 to SRI, i.e. 3% of its total budget.

The SRI budget covers internal human resources (2.5 FTEs), membership of the various initiatives, the purchase of ESG/climate analyses, and the analysis of resolutions to be put to the vote at company general meetings.

2.5. Consideration of sustainability risks in remuneration policies

Pursuant to Article 20 of Decree 2004-569 of 18 June 2004 on the French public service additional pension scheme, members of the board of directors are not remunerated for their services.

The annual targets set for the CEO, the deputy CEO in charge of technical and financial management, the heads of the various asset classes and the head of SRI all incorporate SRI considerations.

2.6. External technical resources

Non-financial rating agency

A non-financial rating agency – currently Moody's ESG Solutions – is responsible for analysing the asset portfolio and providing half-yearly reports on the bond and equity portfolios for submission to ERAFP.

It also assesses the SRI compliance of sovereign and similar bonds managed directly by ERAFP.

Asset managers

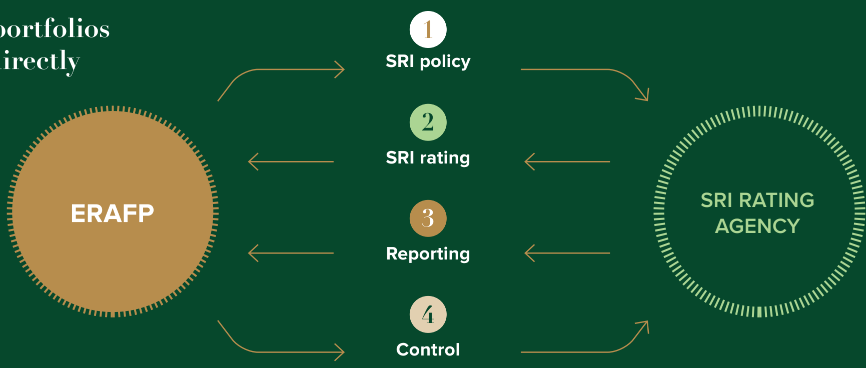
The management of 74.5% of ERAFP's assets is delegated to some 30 asset managers. The resources that these companies allocate for the purpose of incorporating ESG/climate criteria in their practices is a decisive factor in ERAFP's selection process for these firms.

The asset managers monitor issuers' SRI ratings for as long as they are held in the portfolio. ERAFP holds a management committee meeting every six months with each of its delegated asset managers. The topics discussed include SRI aspects of the respective mandates, particularly changes in issuers' SRI ratings.

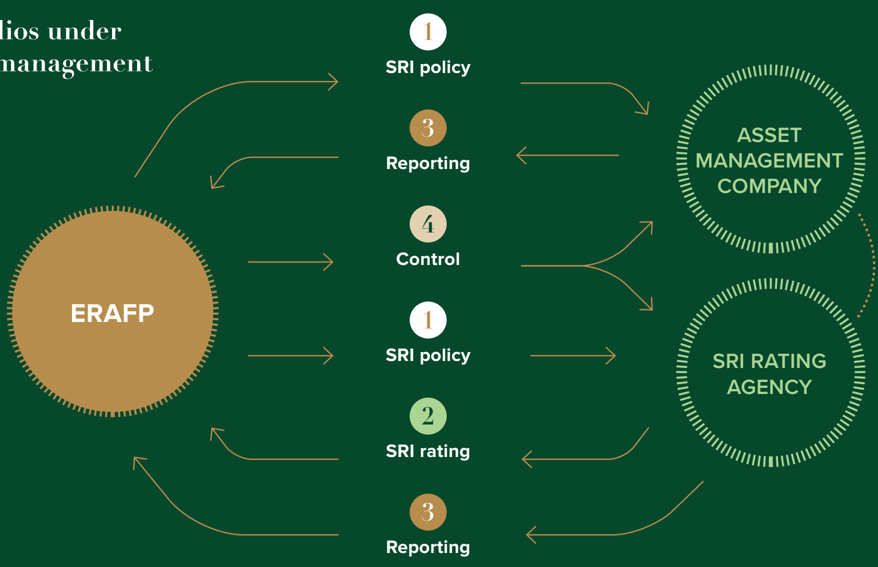
The ratings assigned by the asset managers to each issuer in the portfolio are compared to those assigned by Moody's ESG Solutions. In the event of a discrepancy, discussions are held with the manager to identify the root causes. If an issuer's SRI rating is downgraded, ERAFP may consider asking the management company to take corrective action at the level of its investments. Since 2021, the asset managers have also been tasked with conducting certain climate-related engagement initiatives on ERAFP's behalf.

ROLES OF THE VARIOUS ENTITIES AND CONTROL PROCEDURES

For bond portfolios managed directly



For portfolios under delegated management



1 SRI policy
- Definition of the investment policy
- Settlement of any differences in interpretation
- Decisions on changes to the charter and guidelines

2 SRI rating
- Pre-investment SRI data for the manager
- ·········· Alerts

3 Reporting
- Bi-annual reporting
- Regular updates

4 Control
- Monitoring application of SRI procedures, controls and any requests to adjust investments
- Review of annual reports (managers, agencies, committees, etc.)

Climate risk assessment agencies

As an investor committed to the energy and ecological transition and to complying with regulatory requirements and the recommendations of the Task Force on Climate-related Financial Disclosures, in November 2019 ERAFP awarded two contracts to consulting firms S&P Global and Carbone 4, respectively. Under these three-year contracts, the two firms support ERAFP in assessing its asset portfolio's exposure to climate change risks and assist it with the implementation of its climate strategy.

Voting advisory agencies

In order to ensure that the positions expressed by its delegated asset managers are correctly interpreted and consistent with its voting policy, ERAFP coordinates voting on a sample of 60 companies (40 major French companies and 20 major international companies). For this purpose, ERAFP uses the services of two voting advisory agencies, Proxinvest for French companies and ISS for international companies, which assist it in analysing the resolutions put to shareholders at general meetings by companies in its portfolios under delegated management.

CLIMATE INDICATORS PROVIDED BY THE AGENCIES

DATA PROVIDER	ASSET CLASS	INDICATORS
S&P Global	Sovereign bonds	Carbon intensity, energy mix alignment with a 1.5°C scenario
	Equities Debt Convertible bonds	Carbon intensity, alignment with temperature scenarios, green share, brown share, transition risk and physical risk
Carbone 4	Real estate	Absolute emissions, carbon footprint, carbon intensity, surface intensity, alignment with temperature scenarios, green share, avoided emissions, physical risk
	Infrastructure	Absolute emissions, carbon footprint, carbon intensity, alignment with temperature scenarios, green share, avoided emissions, brown share, physical risk
	Private equity	Absolute emissions, carbon footprint, carbon intensity, green share, physical risk

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Strategy of engagement with issuers and asset managers

PART

3. STRATEGY OF ENGAGEMENT **WITH ISSUERS AND MANAGERS**

Engagement includes all forms of dialogue between one or more investors and one or more issuers. It may be collaborative, in other words led by a group of investors, or limited to exchange between a single investor and a single issuer. ERAFP tends to prioritise collaborative engagement insofar as:

- a group of investors can exert greater influence through a company's capital than a single investor acting alone;
- the resources needed for engagement (research, time, etc.) can be pooled between the participants;
- it facilitates the sharing of best practices between investors.

The general meeting is an important date in the company calendar, providing an opportunity for dialogue with shareholders as it requires them to give their opinion directly on a certain number of agenda items.

Since 2012, ERAFP has formalised its engagement approach by adopting guidelines that define both priority engagement themes and its general meeting voting policy.

Moreover, in updating its SRI Charter in 2016, ERAFP sought to formally strengthen its position as a committed investor. According to the updated SRI Charter, *"ERAFP is determined to provide long-term support to those organisations in which it has decided to invest, by exercising its responsibilities as shareholder or stakeholder in such a way as to sustainably promote practices within these entities that are aligned with the values it supports".*

Find out more

Guidelines publication

ERAFP practices shareholder engagement with issuers to influence their ESG practices through:

- its direct involvement in collaborative engagement initiatives or investor statements;
- engagement initiatives conducted by its delegated asset managers on its behalf;
- the exercise of its voting rights at general meetings of shareholders.

3.1. Engagement conducted by ERAFP

ERAFP's engagement strategy potentially covers all the companies held in its portfolio, regardless of asset class (equities or bonds) or company type (listed or unlisted).

Engagement initiatives are carried out:

- in accordance with the priority engagement themes;
- when a company is involved in an ESG-related controversy, or in order to improve a company's transparency and ESG performance.

Collaborative initiatives

In 2021, ERAFP pursued its engagement approach on a number of environmental, social and governance issues, *via* both collaborative initiatives and various investor networks and platforms.

These initiatives are consistent with ERAFP's priority engagement themes, which its board of directors defines every year on the basis of the shareholder engagement guidelines.

COLLABORATIVE INITIATIVES SUPPORTED BY ERAFP AS RELATED TO ITS PRIORITY ENGAGEMENT THEMES

1

Promoting strategies aligned with the targets of the Paris climate agreement

IIGCC/Climate Action 100+

IDI[13]/*ShareAction*

CDP

Net-Zero Asset Owner Alliance

2

Promoting a clearly defined governance framework for climate change-related risks and opportunities

IIGCC/*Climate Action 100+*

IDI/*ShareAction*

CDP

Net-Zero Asset Owner Alliance

3

Making a positive contribution to the SDGs

Finance for Tomorrow

4

Combating aggressive tax optimisation practices

PRI

ERAFP participates in at least one collaborative engagement initiative for each priority engagement theme.

In general, the aim of collaborative initiatives is to challenge companies on their practices, asking them to explain and improve them as necessary.

In addition to written correspondence, the engagement coordinators organise meetings with willing companies to explain the expected level of transparency and best practices in their sector and discuss the issuers' intended action plans for the coming years.

13 Investor Decarbonisation Initiative.

Focus on collaborative initiatives addressing climate-related issues

CLIMATE ACTION 100+

Launched at the end of 2017, the Climate Action 100+ initiative is considered to be one of the most significant investor initiatives for tackling climate change. It aims to work not only with more than 167 companies identified as the world's largest greenhouse gas emitters, but also with those that have the greatest capacity to contribute to the energy transition through their emissions reduction strategy over a period of five years.

Led jointly by the PRI and the Global Investor Coalition on Climate Change (an association of four regional investor groups, one of which is IIGCC, the European Institutional Investors Group on Climate Change), the initiative currently brings together 617 investors representing $65 trillion in assets under management. ERAFP actively participates in Climate Action 100+ shareholder engagement in the utilities, energy, automotive, cement and chemicals sectors. Within these sectors, it leads the engagement with two companies, in one case in conjunction with two other investors, and acts as a 'support' investor for six other companies.

Of key importance in the energy transition, the utilities and automotive sectors – and more particularly the companies with which ERAFP engages – have started to take significant measures to reduce their emissions and replace fossil fuels and petrol vehicles with renewable energies and electric vehicles, but they still need to deploy considerable resources to achieve carbon neutrality by 2050.

Among the companies targeted by the initiative, 111 have now set a target of achieving carbon neutrality by 2050, whereas only 5 had done so in 2018, when the initiative was launched. Climate Action 100+ believes that these carbon neutrality targets will reduce greenhouse gas emissions by 9.8 billion tonnes per year by 2050, which is equivalent to China's annual greenhouse gas emissions.

THE INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (IIGCC)

IIGCC is an international organisation that brings together 360 members (asset owners and financial managers), representing $50 trillion in assets under management, to collaborate on incorporating climate change-related risks and opportunities in their investment processes. IIGCC's main missions are to provide the knowledge and tools necessary to assess the effects of climate change on assets, to encourage investors to manage the effects of climate change on the investment process, notably by incorporating climate risk into their analyses, and to advocate public policies and market solutions to ensure a smooth transition to a secure climate system, consistent with long-term investment objectives.

As a member of this organisation, ERAFP has participated in multiple letter writing campaigns, one of which targeted 50 companies identified as the most exposed to physical climate impacts, while another targeted the major audit firms to alert them to the importance of properly incorporating material climate risks into companies' financial reporting.

INVESTOR DECARBONISATION INITIATIVE (IDI)

IDI is an initiative led by ShareAction and supported by the Climate Group and the Carbon Disclosure Project. It encourages listed companies to set decarbonisation targets based on the Science-Based Targets initiative. The measures proposed to companies to reduce their emissions include moving towards 100% renewable electricity procurement, increasing energy efficiency and expanding electric vehicle fleets. IDI previously focused on the whole of the global economy, but now concentrates its efforts on carbon-intensive sectors, in particular transport and chemicals.

ERAFP is involved in an initiative targeting the European chemicals industry, which is a high-stakes sector in terms of climate change (being responsible for around 5.8% of greenhouse gas emissions, as well as a major source of opportunities to promote the energy transition). As part of this initiative, ERAFP has signed two letters to companies in the sector, asking them to step up their decarbonisation strategy by:

- incorporating scope 3 emissions in their commitment to carbon neutrality;
- committing to 100% renewable energy procurement and decarbonised raw materials.

THE NET-ZERO ASSET OWNERS ALLIANCE (AOA)

This initiative, which ERAFP joined at the beginning of 2020, sees shareholder dialogue with companies as a driver for achieving carbon neutrality in investment portfolios by 2050, thereby contributing to limiting global warming to 1.5°C by 2100, in accordance with the Paris Agreement. As a member of this initiative, ERAFP has published a climate roadmap including an engagement target. Its aim is to build shareholder dialogue with some 30 of the companies with the highest greenhouse gas emissions in its portfolio, in order to promote an energy transition in accordance with the Paris Agreement targets. ERAFP will engage with eight of the companies directly, *via* Climate Action 100+, and its asset managers will engage with the remaining 22 on ERAFP's behalf.

JUST TRANSITION INITIATIVE

ERAFP is also involved in this initiative, which is led by Finance for Tomorrow, a branch of Paris Europlace dedicated to green and sustainable finance issues. Following the 2019 Climate Finance Day, a 'Just and Inclusive Transition' working group was set up within Finance for Tomorrow with the aim of positioning Paris as a pioneer in financing a just transition to a low-carbon economy. This initiative contributes to the achievement of the SDGs[14], in particular Goals 13 (Climate action) and 8 (Decent work and economic growth).

14 The Sustainable Development Goals (SDGs) are the 17 priority areas for economic and social development to protect people and the planet, launched in 2015 by the UN.

Investor statements

In 2021, ERAFP also endorsed several investor statements containing messages aimed at companies or governments:

- ERAFP signed an open letter from The Investor Agenda urging governments to raise their climate ambitions ahead of the COP26 summit. The letter stresses the urgent need to act on climate change and sets out a series of recommendations for alignment with a 1.5°C global warming pathway.
- ERAFP supported a statement developed in connection with IIGCC concerning plans for the transition to carbon neutrality, which asks companies to:
  - publish a transition plan that complies with the TCFD's recommendations and uses Climate Action 100+ benchmarks as key indicators;
  - submit the implementation of this plan for regular advisory votes by shareholders;
  - identify the members of their board of directors responsible for this plan.
- ERAFP supported Finance for Tomorrow's pledge for the development of impact finance. Based on three principles to promote the large-scale development of sustainable investing:
  - implementing a structured and demanding definition of impact finance;
  - promoting an integrated impact approach, clear and transparent communication and appropriate measurement and reporting tools;
  - integrating impact finance into regulatory and market frameworks.
- ERAFP signed the *Finance for Biodiversity Pledge*, a declaration by investors and financial institutions that undertake to:
  - collaborate and share knowledge;
  - engage with companies;
  - measure the impact of financing and investment on biodiversity;
  - set targets;
  - report publicly on progress made.

3.2. Engagement conducted by asset managers on ERAFP's behalf

ERAFP also encourages its asset managers to engage with issuers represented in the portfolios they manage on its behalf.

In implementing ERAFP's SRI Charter, which was updated in 2016, the delegated asset managers closely monitor controversies that companies may be exposed to. As part of a shareholder engagement approach, the managers initiate dialogue with companies that are involved in proven breaches of international standards or have questionable environmental, social or governance practices.

In addition to their engagement in monitoring controversies, the managers may engage individually or collectively with companies on one or more ESG themes, with the aim of improving these companies' transparency and ESG performance.

In 2021, the number of companies with which ERAFP's delegated asset managers engaged almost doubled[15] compared with the previous year. This increase reflects a rise in the number of companies that ERAFP engaged with directly, as well as a higher number of companies engaged with through collaborative initiatives. In both types of engagement, a variety of approaches can be used (letters, occasional or recurring dialogue, submission of shareholder resolutions, etc.). ERAFP will continue its work in this area to develop a new indicator for monitoring engagement initiatives across its equity, corporate bond and convertible bond portfolios. The indicator will show the proportion of assets in these listed portfolios covered by engagement actions.

15 The figures in the table "Engagement actions taken on the equity, corporate bond and convertible bond portfolios" were supplied by our asset managers. Since double counting could not be avoided, they present a high evaluation of the engagement actions implemented.

ENGAGEMENT ACTIONS ON THE LISTED COMPANY PORTFOLIO[16]

Direct engagement		643
Engagement *via* a collaborative initiative		299
Engagement *via* a collaborative initiative with a leadership role		40%
Direct engagement	Environment	37%
	Social	20%
	Governance	26%
	ESG	17%
Collaborative engagement	Environment	49%
	Social	45%
	Governance	1%
	ESG	4%
	Number of companies that made a formal commitment to change following the engagement procedure	*114*

In accordance with its commitments as a member of the AOA, ERAFP has undertaken to engage in shareholder dialogue with some 30 of the companies in its portfolio identified as having the highest greenhouse gas emissions. As well as leading the engagement with eight companies under Climate Action 100+, ERAFP asked its asset managers to engage with the remaining 22 companies, assigning roughly two companies to each manager.

ERAFP asked these managers to carry out an initial assessment using the analysis grid developed by the CA 100+ initiative (the *Climate Action 100+ Net-Zero Company Benchmark*), which covers investors' key expectations of companies: reducing greenhouse gas emissions, governance and reporting. This analysis will be updated annually and will facilitate the uniform quantitative monitoring of progress made by the companies assessed. The initial analysis identified priority areas for attention, enabling an engagement plan to be established for the following year(s).

16 Equity, corporate and convertible bond portfolios.

3.3. A demanding voting policy consistent with public service values

ERAFP's policy for voting at general meetings is updated annually, in order to draw lessons from each general meeting season and/or regulatory development and thereby gradually improve the policy's consistency and comprehensiveness. While its equity managers implement the policy on its behalf, ERAFP ensures that the positions expressed are correctly interpreted and consistent by coordinating voting by its delegated asset managers for a number of companies.

In 2021, this sample comprised 40 major French companies and 20 major international companies, representing approximately 50% of ERAFP's equity portfolio in terms of market capitalisation.

Review of the 2021 general meeting season

The 2021 general meeting season was once again marked by the economic crisis linked to the Covid-19 pandemic. While a recovery seems to be taking shape, special care must still be taken to ensure that the efforts required to drive the rebound are fairly distributed between managers, employees and shareholders.

In 2021, the health crisis took its toll on the earnings generated by companies, as well as the people employed by them. This prompted chief executives to waive part of their 2020 remuneration packages, as approved at the 2021 general meetings (the portion waived was roughly 14% for CEOs of SBF120 companies and 11% for those in the CAC 40). Since many companies had received government support, ERAFP made sure that the compensation awarded to executives remained consistent with the economic difficulties they had faced.

Dividend distribution policies were also severely disrupted by the pandemic.

After an atypical year in 2020, with a partial freeze on dividends in some sectors and successive lockdowns bringing businesses to a standstill, the post-pandemic earnings rebound triggered a sharp rise in dividends. While payouts were largely resumed across the board, the issue of paying dividends remains a very sensitive one. ERAFP ensured that companies had given due consideration to their financial and salary positions, as well as any government grants received, when determining their dividend distribution and share buyback policies.

Lastly, again in 2021, exceptional restrictions and legislation affected the organisation of general meetings. The overall picture for 2020 and 2021 shows mixed success, with some shareholders being unable attend meetings held behind closed doors or take part in live voting remotely. ERAFP appreciates the difficulties that companies have faced and continues to pay attention to the efforts they have made to ensure that their general meetings run smoothly and shareholders' voting rights are protected.

Other key proposals in 2021 include climate resolutions (Say on Climate). A highlight of 2020 was the first climate-related shareholder resolution, submitted to the general meeting of TotalEnergies. In 2021, 25 companies across the globe consulted their shareholders on their environmental policy. The resolutions put to the vote varied widely between companies in terms of both content and stringency. We are now seeing boards of directors or shareholders putting forward resolutions at general meetings that call for regular non-binding votes to be held on whether or not to approve a company's:

- climate strategy or climate ambitions (*ex ante* vote);
- annual report on greenhouse gas emissions and implementation of climate strategy (*ex post* vote).

It should be noted that, while company-led resolutions received on average more than 90% support, shareholder-initiated resolutions requesting an annual vote were less successful.

ERAFP'S votes

For its French sample, ERAFP opposed a slightly higher proportion of AGM resolutions during the 2021 season than it had done the year before. Through its delegated asset managers, ERAFP voted against 34% of resolutions put forward by the management of French companies (compared with 32% in 2020). ERAFP's opposition to proposed resolutions at international general meetings remained stable (40%).

Taking into account the uncertainties generated by the pandemic, and in line with its policy, which, as during the 2020 general meeting season, was adapted to the year's unusual economic environment, the main themes opposed by ERAFP were:

Executive pay

In 2021, across the 40 French companies in its sample, ERAFP voted in favour of 49 resolutions on executive remuneration ("Say on Pay" votes) out of a total of 195 (*ex post* and *ex ante*). In a context where the pay of the average executive in the French sample fell compared with last year (-19%)[17], the average proportion of negative votes by shareholders on executive pay resolutions remained fairly stable.

In the international sample, there was more opposition to resolutions on remuneration policies in 2021 than in 2020 (12.1% versus 8.2% respectively). Average executive pay in the international sample is higher (+27%) than in the French sample but lower (-27%) compared with 2020. This decrease reflects the inclusion of new companies in the sample. ERAFP voted in favour of only one of the remuneration plans proposed at international general meetings. This very low approval rate reflects the lack of transparency on these resolutions, combined with the very high remuneration levels involved.

Appointment or reappointment of directors

At the 40 French general meetings monitored in depth by ERAFP, its opposition to resolutions on the appointment or reappointment of directors averaged 25.8% (versus 22.1% in 2020). ERAFP voted against these resolutions on the grounds of the insufficient number of independent or female board members, or the excessive number of directorships held by certain candidates. For example, ERAFP voted against four CEO reappointments, which were deemed inappropriate or unwarranted in view of the multiple appointments held. In its international sample, ERAFP also voted more frequently against proposed appointments of directors (opposing 42.1% in 2021, versus 34.2% in 2020), taking care to gear its decisions towards improving the composition of boards in order to offset potentially problematic imbalances.

Appropriation of earnings (dividend distribution)

As mentioned above, 2021 was another atypical year for dividend distribution. ERAFP continued, and will continue, to oppose any proposals that it considered to be irresponsible or incompatible with long-term objectives: dividends exceeding net income, excessive debt, imbalance between shareholder and employee remuneration, major restructuring carried out during the financial year, high dividend payout rate compared with peers, receipt of government grants to deal with the Covid-19 crisis, etc. This is why ERAFP voted against a quarter of the dividends proposed in its French sample (while voting in favour of 74.4% of dividends proposed, versus 92.5% in 2020). At international general meetings, the reduction in ERAFP's votes in favour of proposed dividends (of which it supported 84.6% in 2021 versus 93.8% in 2020) is attributable to the health situation. Dividends trended upwards despite a difficult economic context and financial situations that in some cases were considered too fragile.

17 Significant sample effect: the scope of companies changes each year.

As regards other governance matters, ERAFP noted that the percentage of women and independent board members remained stable in its French sample (at 46% and 56% respectively). In the international sample, the percentage of independent board members rose sharply compared to 2020 (63% in 2020 versus 71% in 2021), returning to slightly above the 2019 level. The percentage of independent board members remains higher than that for the French sample (+15%) which, by contrast, did not increase. Conversely, the percentage of women on boards in the international sample is still lower than that for the French sample (-10%). ERAFP nevertheless noted a 3 point increase in the international sample (from 33% in 2020 to 36% in 2021), marking a return close to the 2019 level.

Last season, ERAFP supported 90% of shareholder-initiated resolutions in the French sample. These were largely proposals to include employee directors on boards. In its international sample, ERAFP voted in favour of 79% of shareholder-initiated resolutions, notably concerning the defence of human or civil rights and the improvement of shareholder rights. Across the equity portfolio as a whole, the delegated managers voted on behalf of ERAFP in favour of 28 out of 34 shareholder resolutions.

Climate issues

As a responsible investor, ERAFP encourages issuers to consider the double materiality of climate risks. In 2021, it voted on five climate-related resolutions ("Say on Climate" votes) at general meetings.

As part of its efforts to raise awareness and accountability, in amending its guidelines for 2022 ERAFP focused on taking climate issues into account in three areas:

- election of directors;
- executive pay;
- climate resolutions.

Its focus on the election of directors could lead ERAFP to vote against the chairman of the board in cases where a company in a high-impact sector[18] is not deemed to have taken climate issues adequately into account.

As regards remuneration, ERAFP expects climate-specific criteria to be taken into account when determining the annual and multi-annual variable remuneration of key executives in companies in high-impact sectors.

In 2022, ERAFP is stepping up its support for climate resolutions promoting transparency and accountability, which it will analyse on a case-by-case basis. It will support proposals that are consistent with its climate roadmap and SRI framework, with a particular focus on the level of ambition, relevance, precision and practical implementation of the commitments assessed.

In updating its shareholder engagement guidelines in 2022, ERAFP decided to use the leverage provided by its voting guidelines and its mechanism for monitoring voting by management companies across its sample of 60 companies to promote its climate-related priority shareholder engagement themes[19].

18 High-impact sectors are the priority sectors identified by AOA in its Target Setting Protocol (2021 version), i.e. oil and gas, utilities, steel and transport.

19 Priority engagement themes 1 and 2. See page 31.

SUMMARY TABLES (FRANCE AND INTERNATIONAL)

FRANCE

FIGURES FOR ERAFP SAMPLE	2021	2020	2019	2018	2017
Women board members	46%	47%	45%	45%	44%
Independent board members	56%	58%	58%	56%	52%
Average pay of highest-paid executive (€m)	4.0	5.0	5.4	4.6	4.8

ERAFP VOTES	2021	2020	2019	2018	2017
Resolutions monitored in depth by ERAFP	959	1030	915	913	889
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	66.3%	68.2%	61.6%	56.3%	56.8%
ERAFP votes in favour of dividend distribution	74.4%	92.5%	87.5%	87.5%	50.0%
Average adoption rate of AGM resolutions on dividend distribution	96.4%	99.3%	99.3%	99.2%	99.1%
ERAFP votes in favour of resolutions on executive pay	25.1%	13.1%	7.6%	9.4%	8.3%
Average adoption rate of AGM resolutions on executive pay	91.0%	91.8%	87.1%	86.8%	87.2%
ERAFP votes in favour of appointments or reappointments of directors	74.2%	77.9%	80.6%	67.3%	63.0%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	94%	94.1%	94.0%	93.4%	92.4%

SHAREHOLDER-INITIATED RESOLUTIONS	2021	2020	2019	2018	2017
Shareholder-initiated resolutions	10	11	8	6	3
Shareholder-initiated resolutions adopted by the AGM	1	0	0	1	0
Shareholder-initiated resolutions supported by ERAFP	90%	45%	88%	67%	67%

INTERNATIONAL

ERAFP SELECTION INDICATORS	2021	2020	2019	2018	2017
Women board members	36%	33%	35%	29%	29%
Independent board members	71%	63%	67%	65%	70%
Average pay of highest-paid executive (€m)	5.1	7.0	6.8	8.3	7.2

ERAFP VOTES	2021	2020	2019	2018	2017
Resolutions monitored in depth by ERAFP	297	315	305	253	241
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	60.3%	60.1%	66.1%	62.6%	42.2%
ERAFP votes in favour of dividend distribution	84.6%	93.8%	86.7%	87%	53.3%
Average adoption rate of AGM resolutions on dividend distribution	99.5%	98.3%	99.7%	97.7%	99.4%
ERAFP votes in favour of resolutions on executive pay	7.1%	3.4%	0.0%	5.0%	5.0%
Average adoption rate of AGM resolutions on executive pay	87.9%	91.8%	94.6%	90.2%	81.6%
ERAFP votes in favour of appointments or reappointments of directors	57.9%	65.8%	73.0%	51.5%	31.1%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	95.6%	93.7%	94.4%	96.1%	93.3%

SHAREHOLDER-INITIATED RESOLUTIONS	2021	2020	2019	2018	2017
Shareholder-initiated resolutions	24	24	28	12	17
Shareholder-initiated resolutions adopted by the AGM	1	1	1	0	0
Shareholder-initiated resolutions supported by ERAFP	79%	71%	75%	67%	65%

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Investments that contribute to the decarbonisation of the economy and investments in fossil fuels

4. **INVESTMENTS THAT CONTRIBUTE** TO THE DECARBONISATION OF THE ECONOMY AND INVESTMENTS IN FOSSIL FUELS

4.1. Investments that contribute to the decarbonisation of the economy

ERAFP does not yet have sufficient data to determine what proportion of its investments are aligned with the European Taxonomy for sustainable investments. Pending the availability of this data, ERAFP provides a breakdown of its investments that support the transition to a low-carbon economy in the table below.

ASSET CLASS		AMOUNT INVESTED (MARKET VALUE IN €M)
Equities	"Climate transition benchmark" mandate	2,741.0
	Climate-focused equity funds	548.0
Bonds	Green bonds	649.2
	Climate-focused bond funds	55.6
Equity, Bond and Convertible mandates	Issuers with a 1.5°C SBT target	4,600.7[20]
Real estate	Forestry	28.8
	1.5°C-aligned real estate assets	2,459.7[21]
Infrastructure	Renewable energy and other projects	252.1[22]
Private equity	Waste management – Renewable energies	50.0[23]
Total		11,385.1

This year, ERAFP is publishing for the first time the amounts it has invested in companies that have set a 1.5°C-aligned greenhouse gas emission reduction target and in real estate assets whose carbon intensity is below the threshold established by the 1.5°C-aligned pathway defined by the CRREM (Carbon Risk Real Estate Monitor). These investments constitute a substantial proportion of ERAFP's total assets (11% and 4%, respectively).

The other investments shown in the table were also reported by ERAFP in previous years and have all increased, apart from forestry investments, which remained stable.

20 This amount includes all issuers represented in the management mandates, with the exclusion – in order to avoid double counting – of securities held under the "Climate transition benchmark" mandate and green bonds whose issuers have set 1.5°C SBT targets. The amount also excludes issuers held through multi-investor funds.

21 Appraisal value of real estate assets aligned with the CRREM 1.5°C pathway, based on data at end-2020

22 Committed amount.

23 Committed amount.

These investments represented 10.3% of ERAFP's total assets at end-2021, up from 8.2% at end-2020 (which in turn marked an increase versus the 2019 figure). This upward trend reflects the increasing consideration given to factors that promote the transition to a decarbonised economy through the various asset classes in which ERAFP invests.

Overall, more than a quarter (roughly 27%) of ERAFP's total assets under management support the transition to a decarbonised economy.

Selection process and specific monitoring indicators

"Climate transition benchmark" mandate selection process and monitoring indicators

Since 2015, ERAFP has been working with French asset manager Amundi on a methodology geared towards significantly reducing the carbon footprint of the €2.7 billion euro-zone equity portfolio that Amundi manages on its behalf under an index-linked management mandate.

In 2021, this mandate was transitioned to a benchmark compliant with the EU rules on Climate Transition Benchmarks (CBTs)[24], under which:

- exposure of the benchmark to carbon-intensive sectors must be at least equivalent to the exposure in the investable universe;
- data on greenhouse gas emissions, including scope 3, must be included within the timeframe specified for the sector concerned, as follows:
  - from the launch of the benchmark, for the energy and mining sectors;
  - within two years, for the transportation, construction, buildings, materials and industrial sectors;
  - within four years, for all other sectors;
- an annual decarbonisation trajectory for the benchmark must be set: carbon intensity must be reduced by at least 7% each year, in line with the IPCC's 1.5°C scenario;
- there must be at least a 30% reduction in carbon intensity relative to the initial investable universe.

The monitoring indicators for the CTB mandate track the compliance of the benchmark with the above criteria.

Selection process and monitoring indicators for climate-themed funds (equities and bonds)

The selection process for climate-themed funds is based on the following:

- Selection criteria common to all funds, covering the organisation, financial strength and experience of the managers and the management company, the management process and financial performance, the SRI approach and the integration of ESG factors into the fund's management process.
- Specific criteria relating to the integration and monitoring of climate factors taking the following into account:
  - rules for climate-related classification of issuers;
  - climate impact indicators monitored at the issuer level;
  - a description of the tools and methodologies used;
  - climate impact indicators and targets at the portfolio level.

As regards this last point, when assessing these funds ERAFP has endeavoured to recognise the asset managers have adopted the most proactive and innovative approaches for developing indicators to monitor the climate impacts of the funds that they manage. With this in mind, ERAFP has recognised management companies that invest in the development of proprietary tools or support external service providers with a view to developing more forward-looking indicators to track aspects such as alignment with various climate scenarios or "climate VaR"[25]. However, since few such indicators have been developed to date, they are difficult to aggregate and compare.

Green bond monitoring indicators

ERAFP's corporate bond portfolios include investments in low-carbon projects categorised as green bonds. These are monitored annually and their impact is assessed on the basis of avoided greenhouse gas emissions.

However, due to a lack of reporting by some issuers, only 20 of the 69 green bonds in ERAFP's portfolio were analysable in 2021.

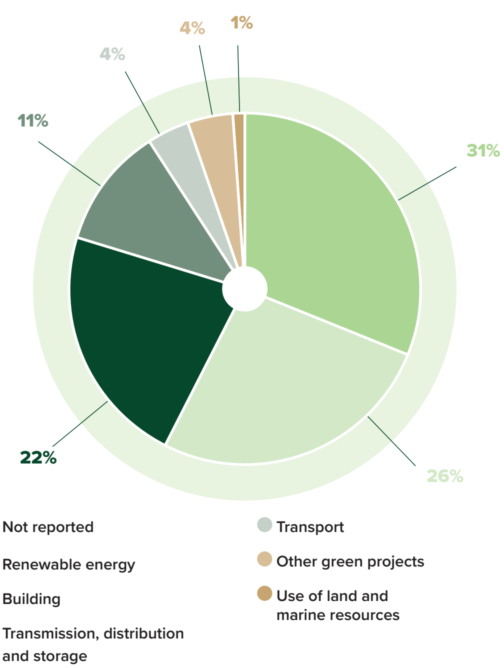
24 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (known as the "Benchmark Regulation").

25 Value-at-Risk.

These 20 bonds have already made it possible to avoid 787 tonnes of CO_2 per €m invested[26], mainly through their contribution to financing renewable energy projects. This figure is lower than that for the previous year (when avoided emissions totalled 1,253 tonnes of CO_2 per €m invested), for several reasons. Firstly, as the figure is relative to the amount invested, it does not reflect the increase in the amount of green bonds under management between 2020 and 2021. In addition, the green bond market continued to grow in 2021, meaning that finance was provided to projects with potentially lower levels of avoided emissions per million euros. Lastly, the figure is based on data supplied directly by the issuers, which may use different methodologies. Significant disparities can be seen between the intensities of emissions avoided reported by the various issuers. In view of this, the data must be interpreted with caution, particularly when monitoring changes in total emissions avoided over time.

EMISSIONS AVOIDED PER PROJECT

Source — S&P Global, 30 November 2021



Monitoring indicators for forestry

ERAFP's forestry assets comprise 12,600 hectares of Finnish forest, the manager of which is Forest Stewardship Council (FSC)[27] certified.

The carbon footprint produced by these forests is calculated each year by an independent Finnish company (Simosol[28]), taking into account the life cycle of the trees: Simosol calculates the carbon sequestered as the trees grow, net of harvested wood and emissions generated by the forest's exploitation, then adds the carbon stored in the products that the wood is used to make.

In 2021, the forests sequestered 34,500 tonnes of CO_2 in trees and soils (net of logging). Another 16,800 tonnes of CO_2 are sequestered in processed wood products (net of the emissions produced during processing and transport). A total of 51,300 tonnes of CO_2 were sequestered in 2021, representing 4.1 tonnes per hectare per year.

Selection process and monitoring indicators for private equity and infrastructure investments

The processes for selecting investment managers and multi-investor funds for ERAFP's private equity and infrastructure investments are set out in this report[29].

As regards monitoring indicators, Carbone 4 calculates the sustainable proportion of ERAFP's private equity and infrastructure portfolios based on the European Taxonomy for sustainable activities.

26 Based on an analysis covering the project's lifespan using S&P Global's methodology and data. The impacts of each project are then annualised on the basis of their expected lifespan.

27 The FSC is an NGO created in 1993 following the Rio Earth Summit, which aims to promote responsible management of forests. To find out more.

28 Recently acquired by AFRY.

29 See "Consideration of ESG criteria in the decision-making process for the award of new management mandates", and "Consideration of ESG criteria in the multi-investor fund selection process", page 13.

Methodology note

Carbone 4 estimates the sustainable proportion of investments in ERAFP's private equity and infrastructure portfolios based on the European Taxonomy for sustainable activities, which sets the minimum standards compatible with a 2050 carbon neutrality target for each relevant business sector included in the Taxonomy. If an asset is above the minimum it can be considered sustainable.

The Taxonomy sectors are grouped into eight categories[30] broken down into 71 sub-sectors.

In ERAFP's portfolios, a distinction is drawn between two categories of asset:

- **Sustainable share:** Percentage of investments in companies that belong to sectors automatically qualifying as sustainable under the Taxonomy (e.g. wind energy) or that publish information from which it can be determined that they meet the required standards.
- **Potential sustainable share:** Percentage of investments in companies that belong to sectors potentially qualifying as sustainable under the Taxonomy but do not publish the information needed to determine whether they meet the required standards or what proportion of their revenue is aligned with them. For these assets, it is possible that only part of ERAFP's investment may be counted in the sustainable share. This is the case for railway rolling stock production, for example, as only one part of it is electric while another uses fossil fuels.

Infrastructure

Carbone 4 uses the European Taxonomy to determine the sustainable share of the infrastructure portfolio. Thus, at the end of 2020:

- the average sustainable share represented 11% of investments for the portfolio managed by Ardian (versus 8% at end-2019) and 52% of investments for the directly managed portfolio (38% in 2019). Given the large number of renewable energy generation assets, the direct portfolio has a very significant green share;
- the average potential sustainable share was 46% of investments for the Ardian portfolio (versus 31% at end-2019), compared to 68% for the directly managed portfolio (unchanged since 2019). Given the lack of information on the investments in these sectors, it cannot be determined whether they meet the standards required by the Taxonomy. It should be noted that the sustainable share of the portfolio is likely to increase in the coming years, as new investments in renewable energy infrastructure are taken into account.

Private equity

The sustainable share of the portfolio managed by Access was estimated based on the sectors covered by the European Taxonomy. Based on the NACE 2 business code, the company's business description and the European Taxonomy, the share of "sustainable" revenues was estimated at 3% at end-December 2020[31]. The assets concerned belong to the waste management and recycling, and transport (rail) sectors.

This is a conservative estimate, since ERAFP holds another 10 assets in eligible sectors but lacks sufficient information to determine whether or not they meet the European Taxonomy standards.

30 Sectors covered by the Taxonomy are grouped into eight categories as follows: forestry, agriculture, manufacturing, energy, water and waste, transport and storage, information and communications, and construction.

31 Source: Carbone 4.

4.2. Portfolio exposure to companies active in the fossil fuel sector

The analysis below focuses on the listed assets held in portfolios managed under our mandates, in dedicated funds and in portfolios managed directly by ERAFP. Overall, they represent 80% of our total assets.

Next year, we plan to extend the scope of this analysis to our infrastructure portfolio.

Portfolio exposure to fossil fuels

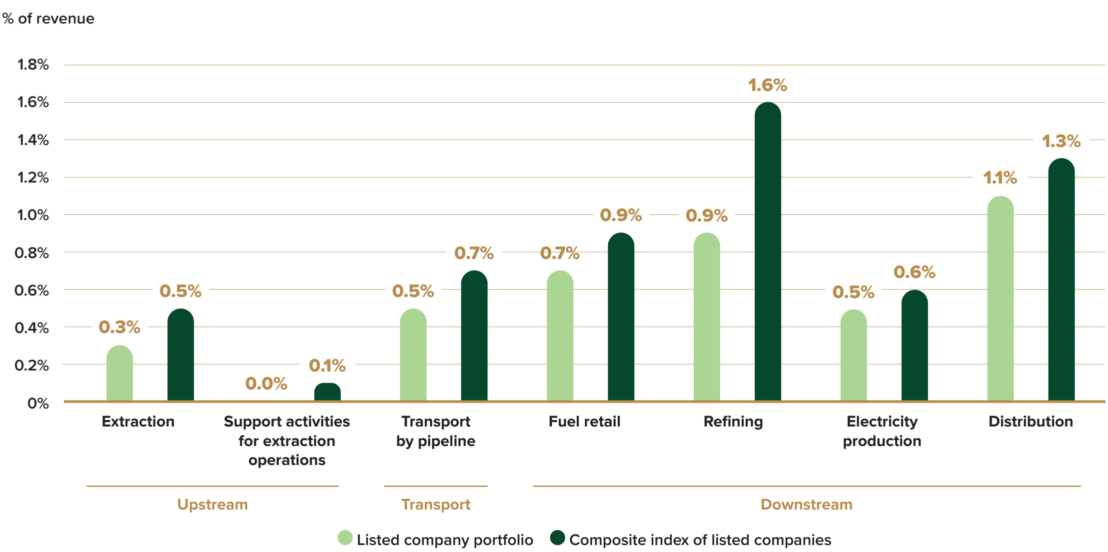
The exposure of ERAFP's listed company portfolio to companies active in the fossil fuel sector can be measured using various indicators. Firstly, the revenue of portfolio companies can be broken down by business sector. Using the method and data developed by S&P Global, we can achieve a level of granularity that makes it possible to identify the different activities involving fossil fuels along the entire length of the value chain, from extraction, through transport and refining, to distribution.

ERAFP has chosen not to include petrochemicals, steelmaking and certain other industries that currently use fossil fuels directly (e.g. shipping and aviation) for the purpose of this indicator, on the grounds that future technological developments may enable companies in these sectors to discontinue their use of fossil fuels. In addition, the data available for the petrochemicals sector was insufficiently granular to enable a distinction to be drawn between pure petrochemicals activities (using oil or natural gas to manufacture synthetic chemical compounds) from traditional industrial chemicals activities.

It can be seen that firms in the listed company portfolio have little exposure to fossil fuel activities in the upstream or mid sections of the value chain, which represent 0.3% and 0.5% respectively of their aggregate revenues. Taking all fossil-fuel related activities into account, the exposure percentage rises to 4.1% of aggregate revenue, compared with 5.7% for the benchmark index. Looking at each activity individually, the portfolio's exposure is again lower than that of the benchmark index.

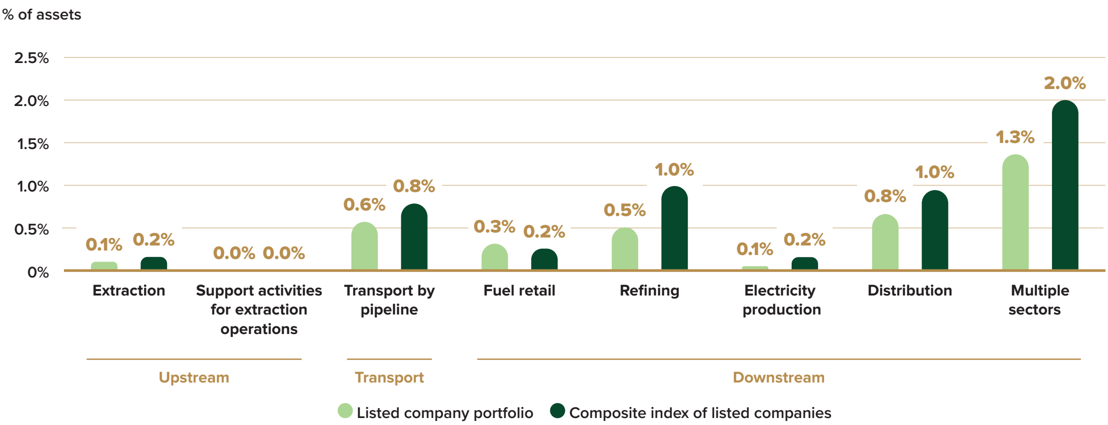
LISTED COMPANY PORTFOLIO'S EXPOSURE TO FOSSIL FUELS BASED ON REVENUE BY ACTIVITY TYPE, COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2021



SHARE OF ASSETS IN THE LISTED COMPANY PORTFOLIO THAT DERIVE MOST OF THEIR REVENUE FROM FOSSIL FUELS, BY ACTIVITY TYPE, COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2021



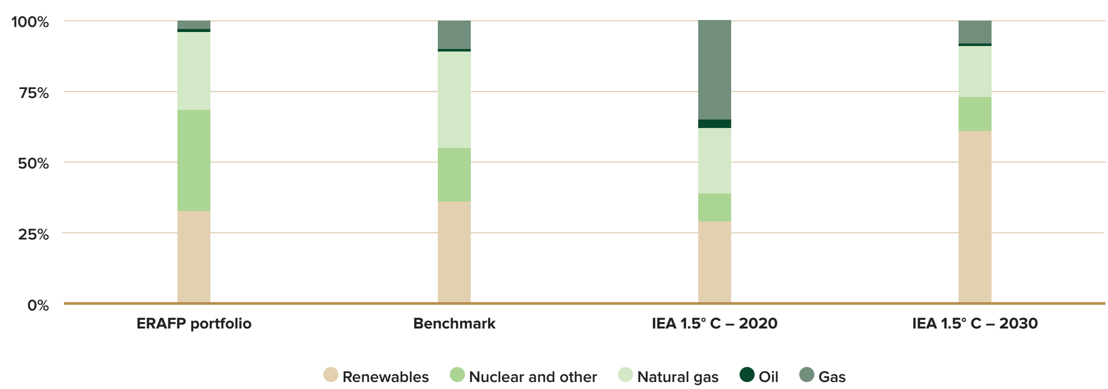
In addition to the indicator above (share of aggregate revenues of companies in the listed company portfolio generated from fossil fuels), ERAFP also reports the proportion of the portfolio invested in companies heavily involved in fossil fuel operations, compared with the benchmark.

Just 3.8% of the assets in the listed company portfolio are invested in companies that generate more than 50% of their revenue from fossil fuels, compared with 5.4% for the benchmark. Most of these assets relate to companies that are involved in multiple activities in the business chain or in distribution, mainly of gas.

➤ Focus on the electricity generation mix in the listed company portfolio

ENERGY GENERATION MIX OF COMPANIES IN ERAFP'S LISTED COMPANY PORTFOLIO, IN GIGAWATT HOURS (%)

Source — S&P Global, International Energy Agency (IEA), 30 November 2021



32 The threshold of 50% of revenues is reached by taking into account several fossil fuel activities combined.

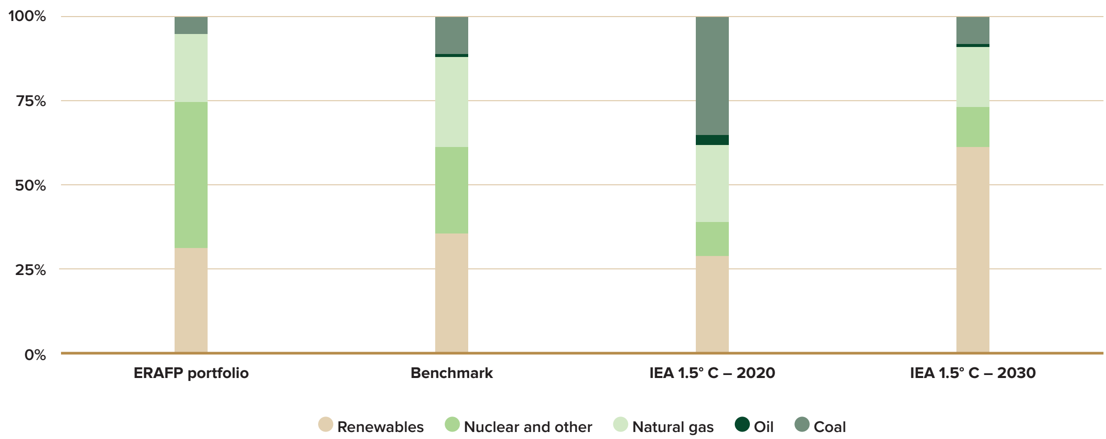
Compared with its benchmark, ERAFP's listed company portfolio shows nearly twice the percentage of nuclear energy (36% versus 19%), a slightly lower percentage of renewable energies (33% versus 36%) and a significantly lower percentage of fossil fuels (32% versus 45%).

The energy mix of ERAFP's listed company portfolio compares favourably with that laid down for 2020 in the 1.5°C global warming scenario established by the International Energy Agency (IEA), showing a higher share of energy from renewable sources and a lower share from fossil fuels.

Focus on the energy generation mix in the sovereign bond portfolio

ENERGY GENERATION MIX FOR COUNTRIES IN ERAFP'S SOVEREIGN BOND PORTFOLIO, IN GIGAWATT HOURS (%)

Source — S&P Global, International Energy Agency (IEA), 30 November 2021



As is the case for the listed company portfolio, the energy mix of ERAFP's sovereign bond portfolio shows a slightly lower share of renewable energies than the benchmark index (31% versus 36%), a higher share of nuclear energy (43% versus 26%) and a much lower share of fossil fuels (25% versus 38%).

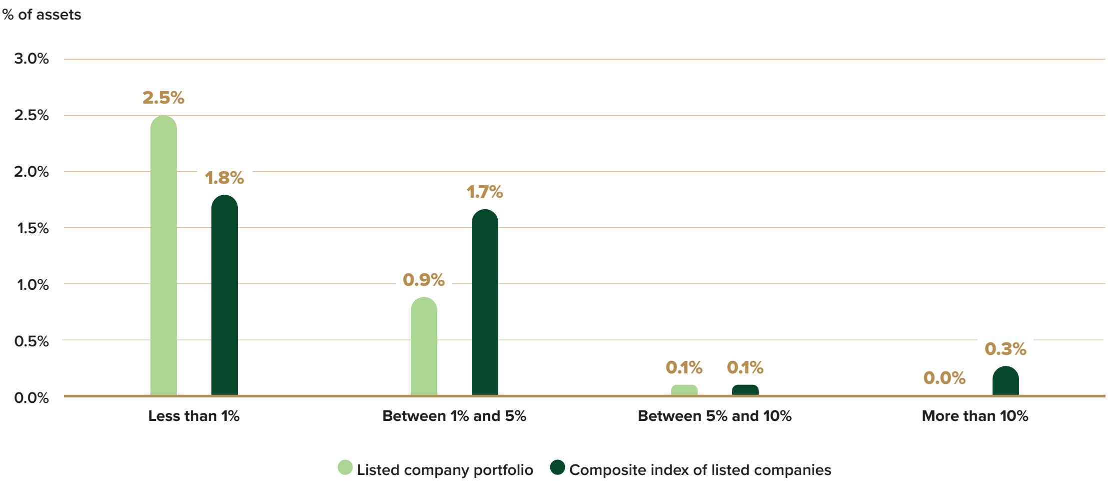
The energy mix of ERAFP's sovereign bond portfolio also compares favourably with that laid down for 2020 in the IEA's 1.5°C global warming scenario, with a higher proportion of renewable energy and a lower proportion of fossil fuels.

Portfolio exposure to thermal coal

ERAFP has adopted a policy of excluding from its investments companies that generate more than 10% of their revenue from thermal coal-related activities and have not implemented a strategy aligned with the goals of the Paris climate agreement. While this policy limits the exposure of ERAFP's listed company portfolio to coal-related activities, some of the portfolio companies nevertheless still operate in this sector. That is why ERAFP reports its exposure to these companies.

LISTED COMPANY PORTFOLIO'S EXPOSURE TO COMPANIES INVOLVED IN THERMAL COAL-RELATED ACTIVITIES, COMPARED WITH THE BENCHMARK INDEX

Source — S&P Global, 30 November 2021



As shown, ERAFP's listed company portfolio is less exposed than its benchmark to companies engaged in thermal coal-related activities (3.5% of assets under management for the portfolio versus 3.9% for the benchmark), and, most importantly, ERAFP has invested in companies that generate only a small fraction of their revenue in these businesses: 2.5% of the assets in ERAFP's listed company portfolio are in companies that generate 1% or less of their revenue from thermal coal-related activities.

In accordance with ERAFP's exclusion policy, none of the companies in its portfolio generates 10% or more of its revenue from thermal coal-related activities. In the benchmark index, these companies account for 0.3% of assets and 6.0% of carbon intensity (scope 1 and 2 emissions).

It is also relevant to consider the source of this exposure, as well as the commitments made by the companies concerned. This can be done by analysing a breakdown of the revenues attributeds[33] to ERAFP that are generated by thermal-coal related activities. This indicator is relevant because it integrates financial exposure as well as the proportion of revenue derived from thermal coal-related activities.

33 The revenue attributed to ERAFP is calculated as the company's total revenue divided by the ratio of the value of the securities held by ERAFP to the total value of the company.

The scopes used to measure greenhouse gas emissions

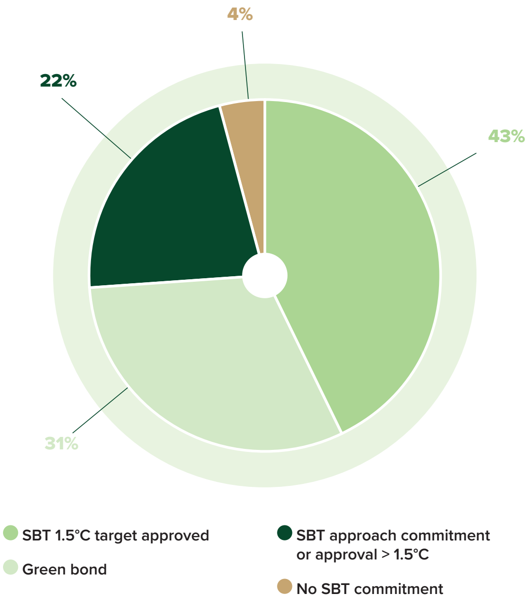
Scope 1 covers direct emissions resulting from the combustion of fossil fuels, such as gas, oil and coal.

Scope 2 covers indirect emissions relating to the consumption of electricity, heat or steam required to manufacture a product.

Scope 3 covers other indirect emissions, such as the extraction of materials purchased by the company to manufacture a product or the transport-related emissions of employees and of customers who buy the product.

BREAKDOWN OF REVENUE ATTRIBUTED TO ERAFP

Source — S&P Global, SBTi, ERAFP, 30 November 2021



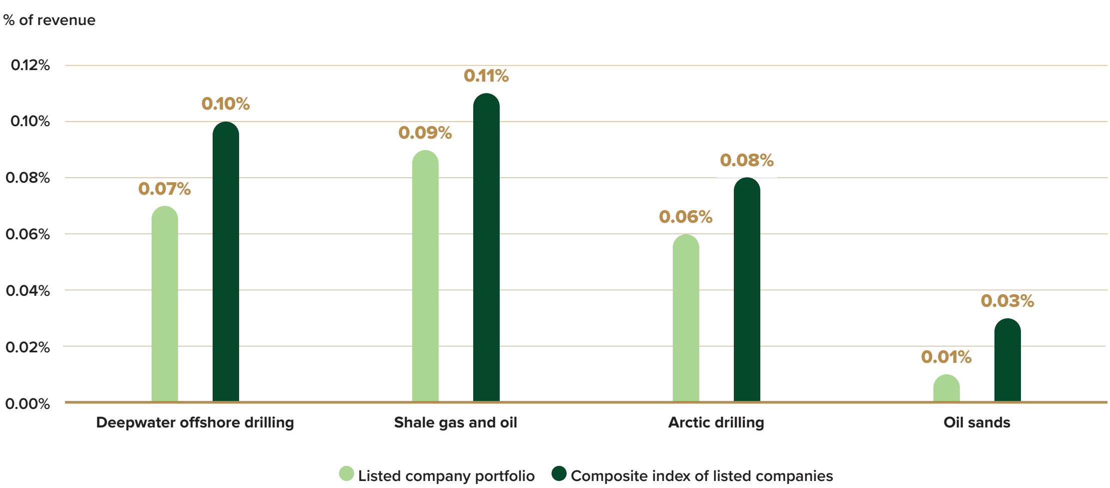
The source of 31% of the revenue attributed to ERAFP that is generated in coal-related activities is its exposure to companies *via* green bonds. Of the remaining 69% of this revenue, 43% comes from companies that have had a 1.5°C-aligned target validated by the Science Based Targets initiative (SBTi) and 22% from companies that have committed to setting an SBTi target or have had a target aligned with a temperature scenario of 2°C or "well below 2°C" validated by the SBTi. That means that only 4% of the coal-related revenue attributed to ERAFP does not come from its exposure to a green bond or a company that has committed to setting an SBTi-aligned target or has already had a target approved by the SBTi.

Portfolio exposure to unconventional hydrocarbons

In addition to its fossil fuel exposure set out above, ERAFP also reports its listed company portfolio's exposure to unconventional hydrocarbons. For this purpose, it uses the methodology developed by S&P Global, which calculates its exposure to four unconventional hydrocarbons: offshore deepwater oil, shale gas and oil, Arctic hydrocarbons and oil sands.

SHARE OF REVENUE GENERATED BY COMPANIES IN THE LISTED COMPANY PORTFOLIO LINKED TO UNCONVENTIONAL HYDROCARBONS, COMPARED WITH THE BENCHMARK (BY TYPE OF ACTIVITY)

Source — S&P Global, 30 November 2021



Overall, 0.22% of the revenue generated by companies in ERAFP's listed company portfolio comes from unconventional hydrocarbons, which compares favourably to the benchmark index (0.32%). ERAFP's exposure to each individual type of unconventional hydrocarbon is also lower than that of the index.

To supplement this information, ERAFP also reports the percentage of its assets invested in companies whose activities involve unconventional hydrocarbons:

LISTED COMPANY PORTFOLIO'S EXPOSURE TO COMPANIES INVOLVED IN UNCONVENTIONAL HYDROCARBONS, COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2021

In total, 2.3% of ERAFP's investments are in companies whose activities involve unconventional hydrocarbons, compared with 4.2% for the benchmark. For the majority of these companies, unconventional hydrocarbons account for only a small proportion of their activities: more than half of ERAFP's investments are in companies that generate less than 5% of their revenues from unconventional hydrocarbons.

Strategy for alignment with the Paris climate agreement

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5. STRATEGY FOR ALIGNMENT **WITH THE PARIS CLIMATE AGREEMENT**

Ever since it was established, ERAFP has had a particular focus on combating climate change. To improve its approach, it has progressively adopted a strategy based on a twofold analysis of climate-related risks and opportunities. This approach is structured into three focus areas, which are presented in this sub-section:

- preliminary analysis, involving best in class screening prior to making an investment[34];
- post-investment analysis, which involves using climate analysis tools to identify the issuers presenting the greatest climate-related risks or opportunities and then to prioritise shareholder engagement actions to be taken by ERAFP or its asset managers[35];
- a concrete portfolio decarbonisation target, i.e. net-zero greenhouse gas emissions by 2050, with milestones every five years.

5.1. Targets adopted under the climate roadmap

In 2020, ERAFP's approach to integrating climate issues reached a decisive turning point: in joining the UN-convened Net-Zero Asset Owner Alliance[36], ERAFP for the first time set a concrete target for the decarbonisation of its portfolio, i.e. net zero greenhouse gas emissions by 2050. For ERAFP, as for the other members of the Alliance, this target is broken down into a number of interim targets, with milestones to be reached every five years. The first leg, which is the same for all members of the Alliance, runs from the end of 2019 to the end of 2024. In October 2021, the board of directors formally adopted ERAFP's targets for this first stage.

In October 2021, the board of directors adopted ERAFP's targets for the 2021-2025 period with a view to achieving a carbon-neutral investment portfolio by 2050.

ERAFP set its targets in alignment with the 2025 Target Setting Protocol[37] developed jointly with the other members of the Alliance. During this first period, the protocol requires members to achieve a reduction of 16% to 29% in their greenhouse gas emissions relative to the end-2019 level.

34 For more details, see the box "The role of climate in ESG analysis", see page 12.

35 See sub-section on climate risks, pages 69 to 85.

36 Launched in September 2019 at the United Nations Climate Action Summit, and bringing together 71 investors representing nearly $10.4 trillion in assets under management, the AOA aims to provide its members with a framework to support them over the long term in achieving the carbon neutrality of their portfolios by 2050.

37 The AOA's inaugural 2025 target setting protocol was published in January 2021. This protocol, aligned with the latest scientific knowledge, sets out the approach that members must take to establish their first set of climate targets for 2025. It will be updated annually to increase its coverage and take the latest available scientific knowledge into account, including the conclusions of the Intergovernmental Panel on Climate Change (IPCC).

The board of directors' role in drawing up the climate roadmap

The board of directors was closely involved in drawing up ERAFP's climate roadmap for 2025, in several stages:

- organising a training session on 8 June 2021 on assessing companies' non-financial performance;
- holding a seminar on 9 June 2021 to present the preparatory work done by ERAFP's financial management teams, with whom this work could be discussed during three technical workshops (Equities and Debt, Private Equity and Infrastructure and Real Estate);
- the work on the roadmap done by the CSPP - a committee of the board - in June and September 2021;
- the presentation of the roadmap to the board of directors on 8 July 2021.

This work culminated in the roadmap's adoption by the board of directors at its meeting on 7 October 2021.

THE TYPES OF TARGETS INVOLVED IN THE AOA'S 2025 TARGET SETTING PROTOCOL

Source — AOA 2025 target setting protocol (inaugural version)

Engagement targets

- Engagement with 20 companies with a focus on highest emitters or those responsible for 65% of emission in portfolio (either Direct, Collective, or via Asset Manager)
- Contribute to :
  - Sector - Engagement with corporates in target sectors
  - Asset Manager - Each member to participate in at least one engagement with the pre-identifed (largest) 4 Asset Managers
  - Alliance position papers
- AOs to set action targets on policy advocacy

Sector targets

- Intensity-based reductions on Alliance priority Sectors (O&G, Utilities, Steel, and Transport – Aviation, Shipping, Heavy and Light Duty Road)
- Scope 3 to be included wherever possible
- Sector specifc intensity KPIs recommended
- Sectoral Decarbonization Pathways used to set targets

1.5 degree

Net-Zero by 2050

Real World Impact

Sub-portfolio (later Portfolio) Emission Targets

- 16% to -29% CO_2 e reduction by 2025 (per IPCC 1.5°C SR scenarios) on Listed Equity and Publically Traded Corporate Debt, with the same recommended for Real Estate and/or CRREM national pathways used
- Covers Portfolio Emissions Scope 1 & 2, tracking of Scope 3
- Absolute or intensity-based reduction against 2019 base year recommended

Financing transition targets

- Report on progress on climate-positive investments
- Focus on renewable energy in Emerging Markets, Green Buildings, Sustainable Forests, and Green Hydrogen, among others
- Contribute to activities enlarging the low carbon investment universe and building solutions

Alliance members must set three of the four types of target defined by the Alliance (see box above). ERAFP decided to set the following types of targets to draw up its roadmap: greenhouse gas emissions targets, engagement targets and targets for financing the transition to a low-carbon economy.

ERAFP chose not to set sector-specific targets, which are particularly complex in terms of implementation and risked being counterproductive, especially given that most of its assets are managed by delegated asset managers and that it implements strict SRI guidelines based on a best in class approach across all asset classes.

ERAFP therefore decided to set:

- emissions targets for equity and bond holdings in private companies (hereinafter referred to as the "AOA listed company portfolio") and the directly held residential real estate portfolio[38] (hereinafter referred to as the "AOA real estate portfolio");
- engagement targets, which concern holdings in equities, debt and convertible bonds[39];
- targets for financing the transition to a low-carbon economy, which cover all asset classes.

In addition to setting three of the four types of targets in accordance with the Alliance protocol, ERAFP has also set an additional "temperature alignment" target for its equity, corporate bond and convertible bond portfolios.

The implementation and degree of achievement of these targets will be published each year in both ERAFP's public report and sustainability report.

Portfolio emissions targets

SCOPE	TARGET	STARTING POINT	% OF ASSETS COVERED BY THE ENGAGEMENT AT 30/11/2019	DEADLINE
AOA listed company portfolios	25% reduction in carbon intensity[40]	30/11/2019	92% of listed company assets 52% of total assets	30/11/2024
AOA real estate portfolio[41]	Portfolio alignment with a 1.5°C target scenario	31/12/2019	68% of real estate assets 6% of total assets	31/12/2024
Total			58 % of total assets	

38 Excluding investments in funds or assets over which the manager lacks operational control.

39 Portfolios under delegated management only.

40 Carbon intensity per million euros of revenue, scopes 1 and 2.

41 Excluding residential real estate and investments in funds or assets over which the manager lacks operational control.

For the AOA listed company portfolio, the targets were determined as follows:

- by taking into account the starting point in terms of the portfolios' carbon intensity relative to their benchmarks;
- by seeking to maintain the necessary balance between the need to reduce carbon intensity and the financing of companies whose activities contribute to the energy and ecological transition.

As its metric, ERAFP has chosen to use carbon intensity per million euros of revenue rather than per million euros invested, since using revenue enables it to assess a company's operational efficiency as well as the exposure of the portfolio to the most carbon intensive companies. The carbon intensity of portfolio companies per million euros invested is, however, presented by way of information.

In terms of emission scopes, the target covers scopes 1 and 2. While scope 3 issues are essential for analysing the performance of individual issuers, their relevance at the portfolio level remains questionable at the present time. The percentage of companies that report scope 3 emissions is low, the standards for calculating these emissions are currently inadequate and estimates calculated by specialised agencies can vary widely. Moreover, when emissions are consolidated at the portfolio level, double or triple counting remains an issue (the same emissions may be included in scope 3 by one issuer and scope 2 by another). Scope 3 emissions are nevertheless presented in the section "Consideration of ESG risks in the risk management system" (pages 67 to 85).

For the AOA real estate portfolio, the target was determined using the Carbon Risk Real Estate Monitor (CRREM) tool. This tool, developed by the European research and innovation project Horizon 2020, aims to accelerate decarbonisation and climate resilience in the EU real estate sector. The CRREM methodology makes it possible to assess a portfolio's greenhouse gas emissions in light of the global warming targets of the Paris climate agreement. Each asset in the portfolio is assessed to determine its position relative to a 1.5°C scenario specific to the asset type and country concerned.

The indicator used for this purpose is the portfolio's carbon intensity in $kgCO_2/m^2$, also referred to as "surface intensity". It should be noted that the scope used to calculate the indicator includes some scope 3 emissions (relating to the energy consumption of tenants, when this information is available), as well as scopes 1 and 2.

At this stage, residential property is excluded from the scope covered by the target, for the following reasons:

- The vast majority of assets managed under the residential mandate are off-plan assets located in France. Under the regulations in force, these new assets should be aligned with a target scenario limiting global warming to 1.5°C;
- Given the recent inclusion of existing housing in the portfolio, the managers have not had sufficient time to conduct all the necessary energy audits.

ERAFP does, however, intend to include residential assets in the scope covered by its targets in the coming years.

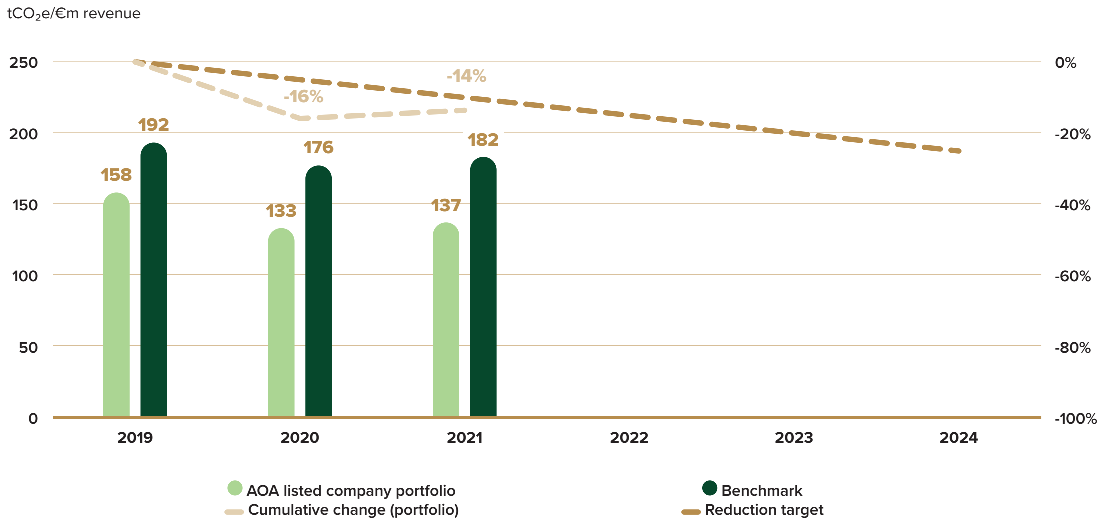
For the AOA real estate portfolio, it was decided that the emissions reduction target should cover scopes 1 and 2 emissions, together with part of scope 3[42].

42 Scope 3 emissions relating to tenants' energy consumption and to upstream energy activities.

➤ Target monitoring indicators: AOA listed company portfolio

CARBON INTENSITY OF THE AOA LISTED COMPANY PORTFOLIO COMPARED WITH THE BENCHMARK (SCOPES 1 AND 2, PER € MILLION INVESTED, ON A WEIGHTED AVERAGE BASIS)

Source — S&P Global, 30 November 2021



The chart above shows that in 2021, the carbon intensity of the AOA listed company portfolio was significantly lower than that of its benchmark index: the benchmark shows a carbon intensity of 182 tonnes of CO_2 equivalent per million euros of revenue (tCO_2e/€m revenue), versus just 137 tonnes for the AOA listed company portfolio, i.e. 24% lower than the benchmark.

The carbon intensity of the AOA listed company portfolio increased between 2020 and 2021, from 133 tonnes to 137 (+3%). This was mainly due to the pandemic, since the figures for 2021 correspond to emissions and revenue generated in 2020, when absolute emissions decreased alongside an even steeper decline in revenue, due to the temporary shut-down of many sectors of the economy. This resulted in an increase in the ratio over the period. A similar effect can be seen for the index.

The share of assets covered by the carbon analysis in the AOA listed company portfolio is 98.5%, up from 94.9% in 2020. 69% of the carbon footprint (scope 1 emissions only) is based on fully disclosed scope 1 emissions data, 25% on partially disclosed data and 6% on modelled data.

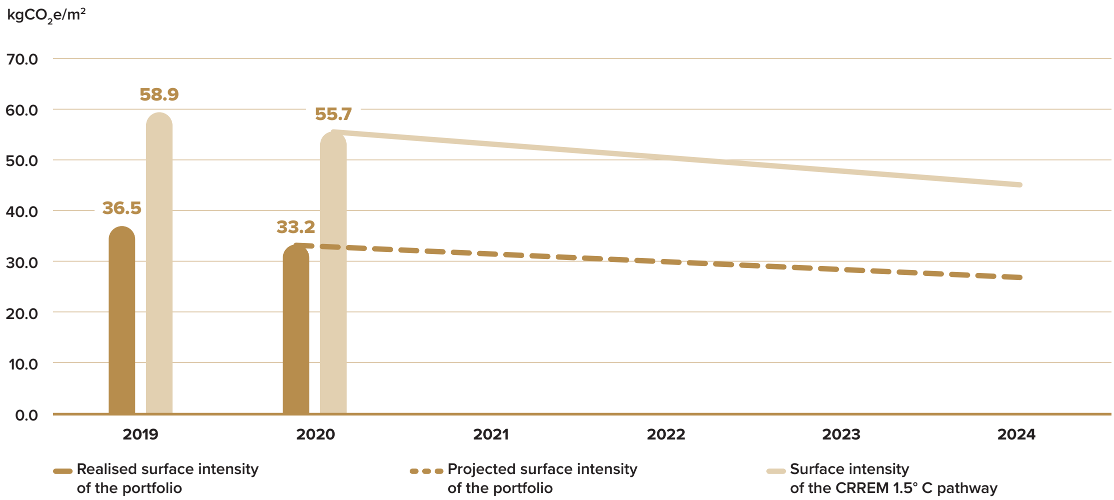
➤ Target monitoring indicator: AOA real estate portfolio

For non-residential real estate assets, portfolio alignment has been assessed using CRREM[43] tools, which are based on 1.5°C global warming scenarios.

43 See page 56 for an overview of the CRREM methodology.

SURFACE INTENSITY OF THE AOA REAL ESTATE PORTFOLIO[44] RELATIVE TO THAT OF THE CRREM 1.5°C PATHWAY ($KGCO_2E/M^2$)[45]

Sources — Carbone 4, CRREM, ERAFP



As shown in the table above, in 2020, the surface intensity of ERAFP's AOA real estate portfolio (33.2 $kgCO_2e/m^2$) was in line with that required by CRREM for that year, with a view to aligning the portfolio with a 1.5°C scenario in 2025 (55.7 $kgCO_2e/m^2$). In fact, it was significantly lower (-40%). It was also 9% lower than in 2019. This is due to several factors:

- improved data collection;
- a reduction in energy consumption linked to the health crisis;
- the reduced carbon content of the energy mix in the countries in which ERAFP has invested (excluding France and heating networks);
- work done to improve buildings' energy efficiency.

Engagement target

The engagement target involves developing shareholder dialogue with some 30 of the companies with the highest greenhouse gas emissions in the portfolio, in order to promote the energy transition in accordance with the targets of the Paris climate agreement. The target covers the equity, corporate bond and convertible bond portfolios.

The following criteria were used to identify the 30 companies with which ERAFP or its delegated asset managers will engage:

- contribution to the portfolio's carbon footprint;
- whether or not the company has set an emissions reduction or carbon neutrality target, in particular through the Science Based Targets initiative, and the level of ambition of the target set[46];

44 Excluding residential real estate, collective funds and assets over which the managers have no operational control.

45 The portfolio's projected surface intensity was estimated by the various real estate managers for the period to 2025, taking into account any works and other improvements to be made on the buildings.

46 While not being excluded from the engagement list, companies that have adopted targets aligned with a 1.5°C or "well below 2°C" scenario will be given less priority than those that have set targets aligned with a 2°C scenario, are in the process of setting a target or have not yet committed to a target at all.

- belonging to certain key sectors for the transition to a less carbon-intensive economy (energy, utilities and materials);
- geographical proximity (with a focus on French or European companies, over which ERAFP can exert a greater influence).

ERAFP will not engage with companies present solely in the corporate bond portfolio if the bond is approaching maturity.

MONITORING INDICATORS FOR ENGAGEMENT TARGETS

BUSINESS SECTOR	NUMBER OF COMPANIES COVERED BY THE TARGET IN 2021	PERCENTAGE OF ASSETS AT 30/11/2021	PERCENTAGE OF THE CARBON FOOTPRINT (TCO_2E/€ MILLION INVESTED, SCOPES 1 AND 2) AT 11/30/2021
Materials	11	3.6%	22.4%
Utilities	5	2.4%	10.5%
Energy	5	1.5%	8.0%
Industry	5	1.9%	5.7%
Consumer discretionary	4	2.5%	1.5%
Total	**30**	**11.9%**	**47.8%**

ERAFP will engage with eight of the companies directly, *via* Climate Action 100+, and its asset managers will engage with the remaining 22 on ERAFP's behalf[47].

Targets for financing the transition to a low-carbon economy

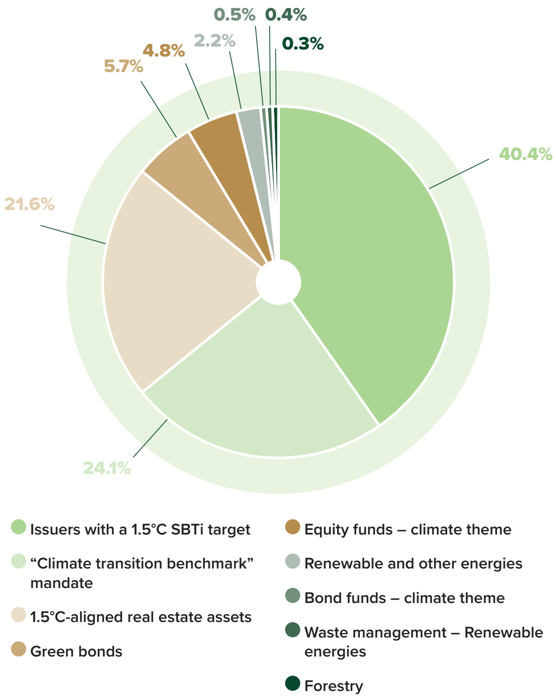
In accordance with the AOA protocol, ERAFP has set a target to increase the amount it invests in the energy transition over the period to 2024, covering all its asset classes. In order to report on the implementation of this target, each year ERAFP will report the action it has taken on this front since the adoption of its climate roadmap (in 2021).

In accordance with the AOA protocol, ERAFP has set a target to increase the amount it invests in the energy transition over the period to 2024, covering all its asset classes. In order to report on the implementation of this target, each year ERAFP will report the action it has taken on this front since the adoption of its climate roadmap (in 2021).

47 See the sub-section "Engagement conducted by asset managers on ERAFP's behalf" (pages 34-35) for a presentation on how ERAFP has allocated these engagement initiatives firstly between itself and the asset managers, then between the asset managers.

BREAKDOWN OF ERAFP'S INVESTMENTS THAT CONTRIBUTE TO THE TRANSITION TO A LOW-CARBON ECONOMY

Source — ERAFP



At 31 December 2021, ERAFP's total investments in assets that contribute to the transition to a low-carbon economy, irrespective of the date on which they were made, amounted to €11.3851 billion, up 44.4% compared with 2020 (€7.8866 billion). As shown in the chart above, these investments can be broken down as follows:

- 40.4% in companies in the equity and convertible bond portfolios, covered by a target aligned with a temperature scenario of 1.5° or less, validated by the Science Based Targets Initiative (SBTi);
- 28.9% exclusively in the equity segment (of which 24.1% are held under the "Climate transition benchmark" mandate managed by Amundi and 4.8% through specialised climate-themed equity funds);
- 6.5% in the real estate segment (of which 6.2% are aligned with a 1.5°C scenario and 0.3% are related to forestry investments);
- 6.2% in the bond asset class (of which 5.7% are in green bonds and 0.5% in thematic bond funds);
- lastly, 2.2% in private equity (renewable and other energies) and 0.4% in infrastructure (waste management and renewable energies).

Investments in the energy transition or contributing to the decarbonisation of the economy

At constant scope, at the end of 2021, investments in the energy transition or contributing to the decarbonisation of the economy represented approximately 27.1% of ERAFP's assets, up by 44.4% compared to 2020. This increase was due to:

- the larger number of companies that have temperature targets of 1.5°C or less validated by the SBTi;
- the broader scope of real estate assets covered by the assessment of their alignment with a CRREM 1.5° C scenario;
- the improved listing of green bonds held in the portfolio;
- growth in total assets under management, driven by an increase in contributions;
- rising market prices in 2021, which drove up the valuations of assets in the portfolio;
- new investments made in climate-themed equity funds amounting to €115 million;
- new investments that contribute to the energy transition in the private equity and infrastructure segment.

ERAFP does not currently use the European Taxonomy as a reference for setting its financing target, due to the multiple developments underway concerning the Taxonomy's various environmental targets and the qualitative and quantitative criteria specific to each of them. However, it is expected that at least part of this framework will be used in the future.

Temperature alignment target

To assess the portfolio's proper alignment with climate pathways consistent with the Paris climate agreement, rather than using carbon footprint or carbon intensity metrics, ERAFP relies on a more forward-looking indicator, namely the emissions reduction or carbon neutrality targets of the companies in its portfolio. When it comes to climate targets, the standout initiative is the Science-Based Targets initiative (SBTi), which is becoming the market standard.

ERAFP's aim is to achieve a situation where companies representing 50% of the carbon footprint[48] of its listed company portfolio[49] (equities, debt and convertible bonds) have set targets consistent with global warming of 1.5°C or lower that have been validated by the Science-Based Targets initiative.

The SBTi is a partnership between the organisations below:

The SBTi:

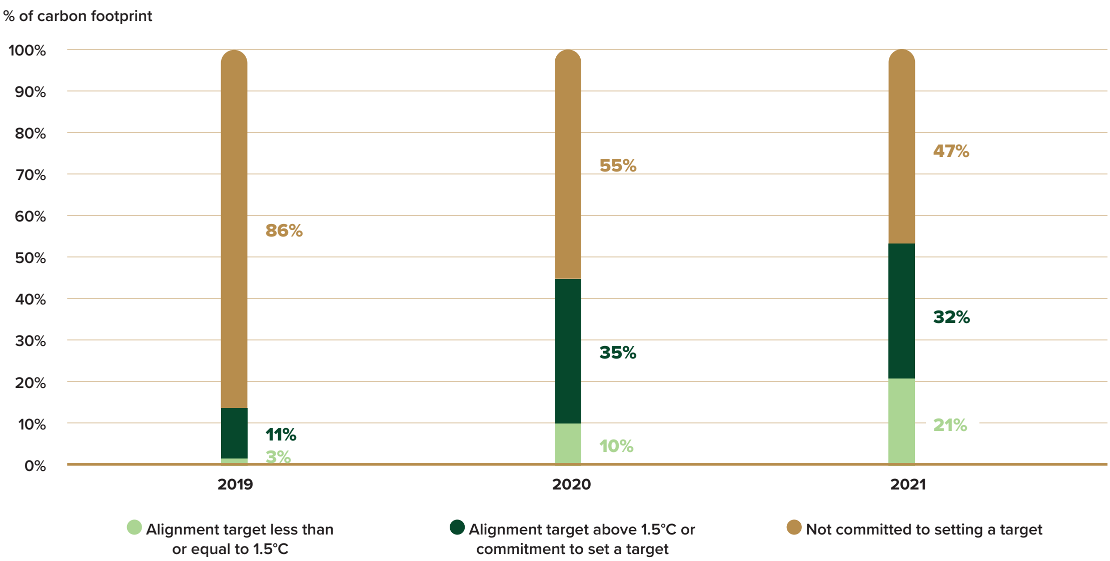
- defines and promotes best practices for setting science-based temperature alignment targets, notably by producing sector-specific guides;
- evaluates and independently approves companies' targets aligned with pathways limiting global warming to 1.5°C, well below 2°C, or 2°C.

To date, more than 2,800 companies have committed to this initiative, half of which have already had their targets approved by SBTi.

CDP DRIVING SUSTAINABLE ECONOMIES — United Nations Global Compact — WORLD RESOURCES INSTITUTE — WWF

PERCENTAGE OF THE LISTED COMPANY PORTFOLIO COVERED BY SCIENCE-BASED TARGETS, BY TYPE OF APPROACH (SCOPES 1 AND 2)

Sources — S&P Global, SBTi, ERAFP, 31 December 2021



48 Scopes 1 and 2.

49 i.e. 59% of ERAFP's total assets.

At 31 December 2021, 21% of the listed company portfolio's carbon footprint resulted from companies that had set targets to align their greenhouse gas emissions with a temperature rise of 1.5°C or lower and whose targets had been validated by the SBTi.

This percentage had increased sharply in the space of two years, from just 3% in 2019. This reflects the initiative's increasing traction since its creation in 2015, the translation into tangible results of ERAFP's collaborative and individual engagement efforts, and the growing willingness of companies to set climate targets. As shown, the percentage of the listed company portfolio's carbon footprint produced by companies committed to an SBTi approach more than tripled between 2019 and 2021 (from 14% to 53%). The impact of the asset allocation implemented by managers is also visible, since only 12% of the carbon footprint of the benchmark index's carbon footprint came from companies with SBTi-validated 1.5°C targets at the end of 2021.

5.2. Climate-related exclusion policy

While fossil fuels are still in use throughout the economy, they can be substituted more easily for some uses than for others. For example, in the electricity generation sector, replacing fossil fuels – particularly coal, which still accounted for 35 % of energy consumption in 2020 – with non-fossil fuels, is the first major challenge of the energy transition.

In view of this, in 2019 ERAFP further developed its best in class approach: it required companies in key sectors for the energy transition to develop a strategy consistent with the targets of the Paris climate agreement, and exited companies that generate more than 10% of their revenues in thermal coal-related activities. This disengagement process was implemented in 2019. ERAFP's SRI team monitors the delegated managers' compliance with these rules and reports its findings to the CSPP. ERAFP's exposure to thermal coal is presented in this report in the section "Portfolio exposure to companies active in the fossil fuel sector"[50].

5.3. Changes in the investment strategy consistent with the target of aligning with the Paris climate agreement

In line with its climate roadmap, ERAFP launched a call for tenders to award three mandates to manage mid- and large-cap equity portfolios under an index-tracking approach linked to one or more "Paris Aligned Benchmarks" (PABs)[51], initially in the euro-zone, and, if appropriate, a mid- and large-cap index in "developed market countries".

The PAB index to be replicated will include a methodology that re-weights securities according to their climate transition-related opportunities and risks in order to meet the minimum requirements for a Paris Aligned Benchmark, and the requirements of ERAFP's SRI framework.

At the same time, the mandate holders must also implement shareholder engagement actions with issuers whose securities are included in the benchmark index.

The indicative amount allocated throughout the duration of the contract will be roughly €300 million. This amount may be revised upwards or downwards, depending on decisions taken by the board of directors, ERAFP's market forecasts and the asset manager's performance.

50 See "Portfolio exposure to companies active in the fossil fuel sector" on page 46.

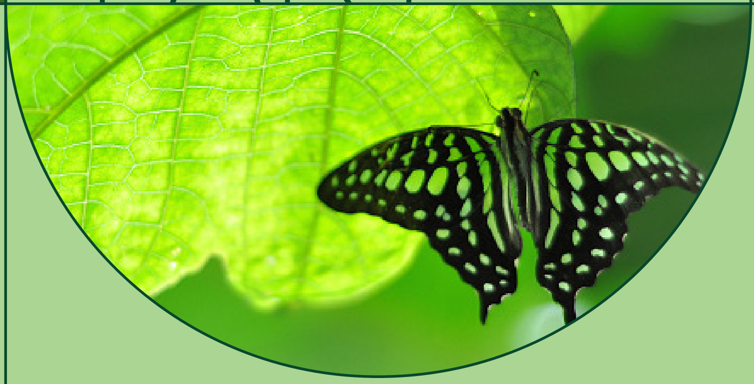
51 Indices created by Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (known as the "Benchmark Regulation").

ERAFP's climate roadmap targets

TYPE OF TARGET	SCOPE COVERED	TARGET
Reduction in greenhouse gas emissions	Equities/Debt	Reduce carbon intensity by 25% between 2019 and 2024 (scopes 1 and 2).
	Non-residential real estate	Align with the CRREM 1.5°C scenario 2025 transition point (scopes 1 and 2 and part of scope 3 emissions).
Engagement	Equities/Debt/Convertibles	Engage with 30 companies with the highest greenhouse gas emissions in the portfolio, in order to promote the energy transition in accordance with the targets of the Paris climate agreement.
Temperature alignment	Equities/Debt/Convertibles	Achieve a situation where companies representing 50% of the carbon footprint have set targets aligned with a temperature rise of 1.5°C or lower approved by the SBTi.
Transition financing	Global portfolio	Increase the amounts invested in assets that contribute to the energy transition and decarbonisation of the economy.

Consideration of biodiversity issues

PART



6. CONSIDERATION OF **BIODIVERSITY ISSUES**

For several years, scientific reports, notably those produced by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), have been warning of accelerating rates of biodiversity loss. This has made companies aware of the risks associated with biodiversity loss and the need to control the impacts they have on the diversity of ecosystems and species. These impacts, or pressures, on biodiversity can be broken down into five categories: land use, overexploitation of resources, pollution, climate change and invasive alien species.

ERAFP's SRI approach has factored in the importance of tackling biodiversity loss since the alarm was first sounded in 2006, by integrating it into the "Control of environmental impacts" criterion of its SRI Charter. It does this by incorporating into its SRI assessment the efforts that companies make to prevent threats to biodiversity. Companies are expected to:

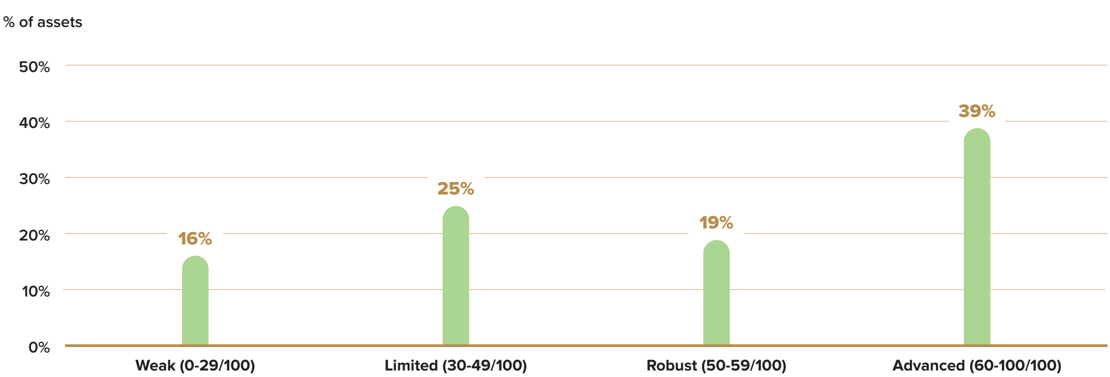
- identify operations that have an impact on biodiversity;
- establish systems to assess the quality and health of the ecosystems affected;
- avoid or reduce practices that exploit vulnerable regions, ecosystems, plants or organisms (such as practices involving rare plants, deforestation, species that are disappearing or facing extinction, or unsustainable farming practices);
- rehabilitate the areas exploited;
- responsibly manage any issues relating to animal testing by scaling back, refining or changing their practices.

The biodiversity criterion is incorporated in the non-financial analysis that Moody's ESG Solutions conducts on behalf of ERAFP. It is reflected in the "biodiversity protection" indicator in the assessment framework and analysed using a three-tiered approach based on engagement, measurement and results. The assessment focuses on companies' engagement and ability to prevent threats to biodiversity, particularly through their choice of location, production, inputs or components of products and during exploration or post-production phases (rehabilitation of production sites or areas), as appropriate for the sector under review. The aim is for companies to identify operations that have one or more impacts on biodiversity and to implement systems to assess all or part of the quality or health of the ecosystems affected, so as to avoid or reduce practices that exploit vulnerable regions, ecosystems, plants or organisms (such as practices involving rare plants, deforestation, species that are disappearing or facing extinction or unsustainable farming practices), to rehabilitate areas exploited and to responsibly manage any issues relating to animal testing (this is especially relevant for pharmaceutical laboratories).

For information, the 2021 scores assigned to ERAFP's listed company portfolio for the "biodiversity protection" criterion were as follows:

BIODIVERSITY SCORES OF COMPANIES IN ERAFP'S LISTED COMPANY PORTFOLIO

Source — Moody's ESG Solutions, 31 December 2021



Biodiversity issues are also taken into account in the SRI guidelines for real estate, through the "Preserving biodiversity" sub-criterion of the "Controlling environmental impacts" criterion.

The sub-criterion is used to assess the efforts made to prevent threats to biodiversity.

During development and renovation work:

- operations that have an impact on local biodiversity are identified;
- in areas where biodiversity is at risk (protected areas, etc.), appropriate preventive measures are adopted;
- systems are put in place to assess and monitor the quality and health of the ecosystems affected;
- the areas affected by the operations are rehabilitated.

The assessment also takes into account any measures taken to preserve biodiversity on the property itself or in the vicinity (green roofs, etc.).

The aggregate score for ERAFP's listed company portfolio was 58.0, which is classed as "robust" in the Moody's ESG Solutions methodology.

It should be noted that the coverage of this indicator is still very low: in the listed company portfolio analysed by Moody's ESG Solutions, only 35% of the issuers are covered, i.e. 29% of the portfolio's assets.

Regulatory changes (the European SFDR regulation[52] and Article 29 of the 2019 Energy and Climate Law) highlight the urgent need to improve the approaches used to take biodiversity issues into account. However, the lack of clearly defined and reliable quantitative indicators remains a barrier when it comes to defining a strategy and setting targets.

In 2021, ERAFP consulted the ESG analysis teams of its delegated management companies to review technical advances in their assessment approaches. ERAFP also examined the methodologies developed by the main analysis agencies.

As part of its continuous improvement process, ERAFP seeks to supplement the data and analyses received from its delegated management companies and will launch a public tender in 2022 to award a contract for the provision of biodiversity data as from 2023 to enhance the analysis of its listed company portfolio.

Lastly, in 2021 ERAFP signed the Finance for Biodiversity Pledge, a declaration by investors and financial institutions that undertake to:

- collaborate and share knowledge;
- engage with companies;
- measure the impact of financing and investment on biodiversity;
- set targets;
- report publicly on progress made.

52 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

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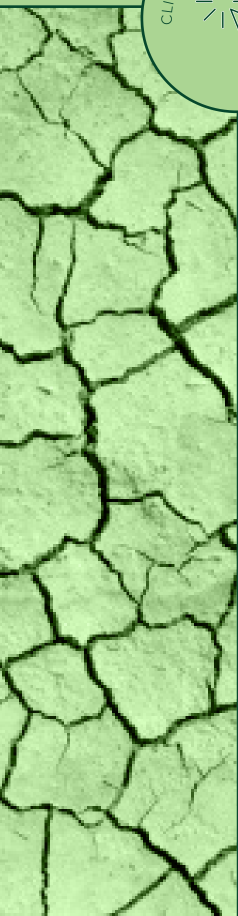


Consideration of ESG risks in the risk management system

PART

7. CONSIDERATION OF ESG RISKS **IN THE RISK MANAGEMENT SYSTEM**

This chapter provides information in compliance with the recommendations of the G20 Task Force on Climate-related Financial Disclosures (TCFD) and the European Sustainable Finance Disclosure Regulation[53], several implementing texts of which are currently being drafted. The purpose of these two frameworks is to put companies' ESG risk management systems on a more formal footing.

ESG risks – or sustainability risks – are analysed on the basis of the double materiality principle, i.e. taking into account:

- the potential impact of ESG risks on ERAFP's investments;
- the main negative impacts that ERAFP's investments have on sustainability factors (such as the environment, civil society, employees and human rights).

7.1. Consideration of sustainability risks in investment decision-making processes

ERAFP's entire SRI framework has been built around the need to analyse ESG risks and opportunities and incorporate them in its investment decisions:

- systematic ESG analysis of assets makes it possible to assess their positioning and their degree of control over the underlying issues;
- the SRI selection processes, broken down by asset class, make it possible to direct investments towards ESG best practices – and thereby avoid investing in assets identified as being the most at risk;
- the monitoring of ESG controversies helps to identify the risks arising from controversies involving issuers in the portfolio.

ERAFP's SRI approach relies partly on the pre-investment analysis carried out by its delegated asset managers[54] and partly on analyses by non-financial analysis agencies. This second level of independent analysis enables ERAFP to ensure that its SRI policy is properly implemented by the delegated asset managers.

ERAFP is a long-term investor: its commitments have a duration of roughly 20 years. It is therefore crucial to take ESG issues into account, particularly in view of ERAFP's long-term perspective, with a special focus on risks relating to climate change and preserving biodiversity.

ERAFP's analysis of ESG and energy transition risks covers all its asset classes and geographical regions.

The analysis is adjusted based on the asset type and business sector concerned (by weighting ratings in accordance with the materiality of a specific issue for the sector under review).

The framework for managing ESG and climate risks is reviewed periodically, through any changes made to the SRI Charter. The most recent amendment, in 2016, involved increasing the importance attached to the climate theme in the SRI guidelines for companies. Moreover, in 2019, ERAFP further developed its best in class approach, requiring companies in key sectors for the energy transition to develop a strategy aligned with the targets of the Paris climate agreement, and exiting companies that generate more than 10% of their revenues in thermal coal-related activities.

53 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

54 Delegated management covers all asset classes other than sovereign debt, see page 28.

ESG risks

Description of the main ESG risks

The main ESG risks affecting companies are:

- regulatory risks, namely the emergence of more demanding standards to eliminate the negative impacts of certain activities, which may have serious implications for companies that have not adopted best practices;
- legal risks arising from non-compliance with standards and regulations, or from product quality defects. These risks can result in convictions, fines or even the loss of a company's operating licence;
- reputational risk arising from poor CSR practices that could tarnish a company's reputation;
- production-related risks, such as poor management of human resources or the supply chain.

Limiting exposure to ESG risks

ERAFP seeks to limit its exposure to the main ESG risks through:

- its process for selecting delegated managers, which takes into account their experience and the resources they allocate to ESG analysis;
- its SRI approach, which is implemented by the delegated asset managers and excludes 30% of issuers from the investable universe. This system, which is monitored by ERAFP's teams, is subject to oversight at half-yearly management committee meetings, during which ERAFP discusses the following issues with its delegated managers:
  - any discrepancies between the issuer assessments performed by the delegated managers and those conducted by the non-financial rating agency Moody's ESG Solutions;
  - the main ESG controversies involving issuers in the portfolio.

Monitoring of ESG controversies

In updating its SRI Charter in 2016, ERAFP's board of directors wanted to do more to prevent negative societal impacts, particularly as regards the major international human rights standards. It therefore asked its delegated asset managers to monitor, on its behalf, controversies to which issuers may be exposed, particularly those involving proven violations of international standards or principles of social and environmental responsibility, namely:

- the Universal Declaration of Human Rights;
- the ILO Declaration on Fundamental Rights and Principles at Work;
- the Rio Declaration on Environment and Development;
- UN conventions (including the convention against corruption).

If a controversial practice is identified, dialogue is initiated with the issuer. If the dialogue does not succeed, three means of action are considered:

- intensified dialogue between the issuer and delegated manager in preparation for voting at the general meeting;
- any other legal means enabling ERAFP to protect its interests;
- sale of the securities by the delegated manager.

Estimating the financial impact of the main ESG risks

Quantitative estimates of the financial impacts of most ESG risks are not currently available, due to the wide variety of investments involved and the complexity of the calculations required.

The various data providers have focused their efforts on the risks most likely to occur and for which analysis models exist: regulatory risks related to the energy and ecological transition, and physical risks related to climate change.

Climate-related risks

Given the nature of ERAFP's activities, its most significant climate-related risks concern its investments.

Description of the main climate-related risks

Climate risks include all the risks associated with climate change that may have a significant actual or potential negative impact on the value of an investment. These risks are split into two categories:

- risks associated with the energy transition (risk resulting from the implementation of a low-carbon economic model);
- physical risks (associated with physical disruption caused by climate change).

TYPES OF RISKS ASSOCIATED WITH THE ENERGY TRANSITION	RISK FACTORS	RISK DESCRIPTION	CURRENT OR EMERGING, EXOGENOUS OR ENDOGENOUS
Regulatory risks	Changes in public policy	Impact of the emergence of more stringent regulations on certain activities, for example on carbon prices	Current/exogenous
Market risks	Changes in the balance between supply and demand due to the effects of climate change, the supply chain, etc.	Changes in prices of raw materials, components, etc.	Emerging/exogenous
Technology risks and opportunities	Innovation and the development of disruptive technology solutions	Loss of market share to competitors	Current/endogenous
Reputational risks	Customers and other stakeholders becoming increasingly aware of poor climate-related practices	Reputational damage	Emerging/exogenous
Legal risks	Increase in damage attributed to the consequences of climate change	Increase in complaints and disputes (States and fossil fuel industries)	Emerging/exogenous

Special attention is paid to the business sectors with the highest sensitivity to the risks associated with the energy transition. These are identified based on the work of the AOA Target Setting Protocol. They include fossil fuel-related sectors, together with the electricity generation, transport, basic materials (steel, cement, aluminium), agriculture/forestry/fisheries, chemicals, construction and building materials, water supply, textiles and leather.

TYPOLOGY OF PHYSICAL RISKS	RISK FACTORS	RISK DESCRIPTION	CURRENT OR EMERGING, EXOGENOUS OR ENDOGENOUS
Acute risks associated with climate change	Increase in natural disasters	Storms, hurricanes, floods, etc.	Current/exogenous
Chronic risks associated with climate change	Climate change: rising temperatures	Rising sea levels, chronic heatwaves, changes in precipitation, loss of certain resources, etc.	Emerging/exogenous

The analysis of physical risk exposure covers both listed assets (equities, debt, convertible bonds) and unlisted assets (real estate, private equity, infrastructure).

Limitation of exposure to climate-related risks

ERAFP specifically seeks to limit its exposure to risks associated with the energy transition by:

- implementing its policy of excluding companies that generate more than 10% of their revenues from thermal coal-related activities[55];
- implementing its strategy for alignment with the Paris climate agreement, including its pre-investment and post-investment analyses and its climate roadmap[56].

Assessment of regulatory risks related to the energy transition

Carbon pricing mechanisms now seem indispensable for reducing greenhouse gas emissions. As of 1 October 2021, 47 jurisdictions (countries, provinces or groups of countries or provinces), representing 60% of global GDP, had a carbon price (tax or market for CO_2 allowances). It is highly likely that other schemes will emerge in order to ensure achievement of the nationally determined contributions (NDCs) of the countries that ratified the 2015 Paris climate agreement. Higher carbon prices are highly likely to have direct financial consequences for companies whose core business produces greenhouse gas emissions. Companies will also face indirect financial risks, linked to the impact of higher carbon prices on suppliers which, in turn, will seek to absorb these costs, in part or in full, by raising their own prices.

Factors have thus been developed to estimate the proportion of additional costs that would be passed on from suppliers to companies.

In this environment, companies with higher earnings power will have a better chance of absorbing future cost rises due to carbon pricing or price hikes. Calculating a company's 'EBITDA[57] at risk' provides a good indication of its potential vulnerability. The bar chart below summarises the exposure of the listed company portfolio[58] to a rise in carbon prices, under two price scenarios (intermediate and high carbon prices) based on the IPCC's representative concentration pathways (RCP 2.6 and 4.5)[59].

55 See "Portfolio exposure to thermal coal" on pages 48 to 50.

56 See "Strategy for alignment with the Paris climate agreement", pages 53 to 63.

57 Earnings before interest, taxes, depreciation and amortisation.

58 The listed company portfolio is the sum of the equity portfolio, the corporate bond portfolio and the convertible bond portfolio.

59 The scenarios based on the IPCC's Representative Concentration Pathways (RCP) are presented on page 73.

A US financial indicator, EBITDA is the profit made by a company before the deduction of interest, tax, duties, depreciation and amortisation. EBITDA at risk is the ratio of estimated future carbon costs to EBITDA.

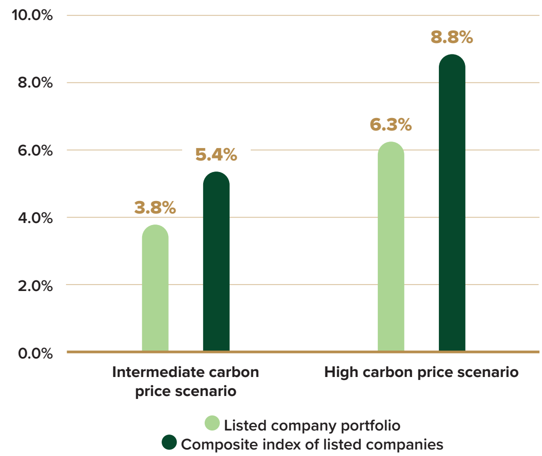
Total exposure reflects a portfolio-level weighting of the EBITDA at risk of the companies that make up the portfolio.

The analysis shows that by 2030:

- If prices increase in line with the "intermediate carbon price" scenario:
  - the EBITDA margin will fall by 3.8% for the listed company portfolio relative to its current level, versus a 5.4% decline for the benchmark index;
  - such an increase will lead to a 9.1% reduction in the average value of portfolio companies, measured by the ratio of enterprise value to EBITDA, compared with 11.1% for the benchmark index.
- If prices increase in line with the "high carbon price" scenario:
  - the EBITDA margin will fall by 6.3% for the listed company portfolio relative to its current level, versus an 8.8% decline for the benchmark index;
  - such an increase will lead to a 17.0% reduction in the average value of portfolio companies, measured by the ratio of enterprise value to EBITDA, compared with 14.6% for the benchmark.

SHARE OF EBITDA AT WEIGHTED RISK IN 2030

Source — S&P Global, 30 November 2021



The three scenarios based on the IPCC's representative concentration pathways used to assess the risks

➤ LOW SCENARIO (RCP 2.6)

This scenario assumes that policies are implemented that are considered sufficient to reduce greenhouse gas emissions in accordance with the Paris climate agreement target of limiting climate change to 2°C by 2100. This scenario is based on OECD and IEA research.

➤ INTERMEDIATE SCENARIO (RCP 4.5)

This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term, but with delays in taking measures in the short term. In relation to transition risks, the intermediate carbon price scenario is also based on OECD and IEA research, as well as on the viability assessments of nationally determined country contributions carried out by Ecofys, Climate Analytics and New Climate Team. It is assumed that countries whose national contributions are not in line with the 2°C target in the short term will increase their climate change mitigation efforts in the medium to long term.

➤ HIGH SCENARIO (RCP 8.5)

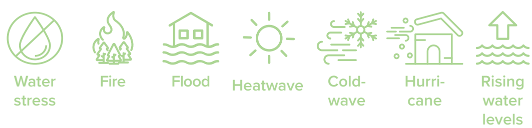
This scenario reflects the full implementation of nationally determined country contributions under the Paris climate agreement, based on OECD and IEA research.

The scenarios have different implications for physical and transition risks. For transition risks, a high carbon price implies that policies are implemented that are considered sufficient to reduce greenhouse gas emissions in accordance with the Paris climate agreement objective of limiting climate change to 2°C by 2100 (low scenario, RCP 2.6). For the analysis of physical risks, a high-risk scenario is based on the high scenario (RCP 8.5) described above.

Assessment of physical risks related to climate change

The physical risks precipitated by climate change will have a considerable impact on financial markets. Severe disruptions could materialise globally due to commodity shortages, price fluctuations, or damage and loss of infrastructure.

Physical risks are a combination of localised risks (relating to sites) and risks relating to the value chain of affected businesses. S&P Global has developed a methodology based on data from more than 500,000 assets linked to more than 15,000 companies. These assets are assessed based on their exposure and vulnerability to seven physical risks (water stress, fires, floods, heatwaves, cold waves, hurricanes and rising water levels).



Assessments are performed based on three climate scenarios (low, moderate and high levels of global warming), that are in turn based on the IPCC's representative concentration pathways (RCP 2.6, 4.5 and 8.5). Companies are rated from 1 to 100 for each of the seven risks in all three scenarios. The lowest rating is 1, while a rating of 100 indicates the highest possible exposure and vulnerability to a given risk. The average of the seven scores is then calculated to obtain a composite physical risk score at company level.

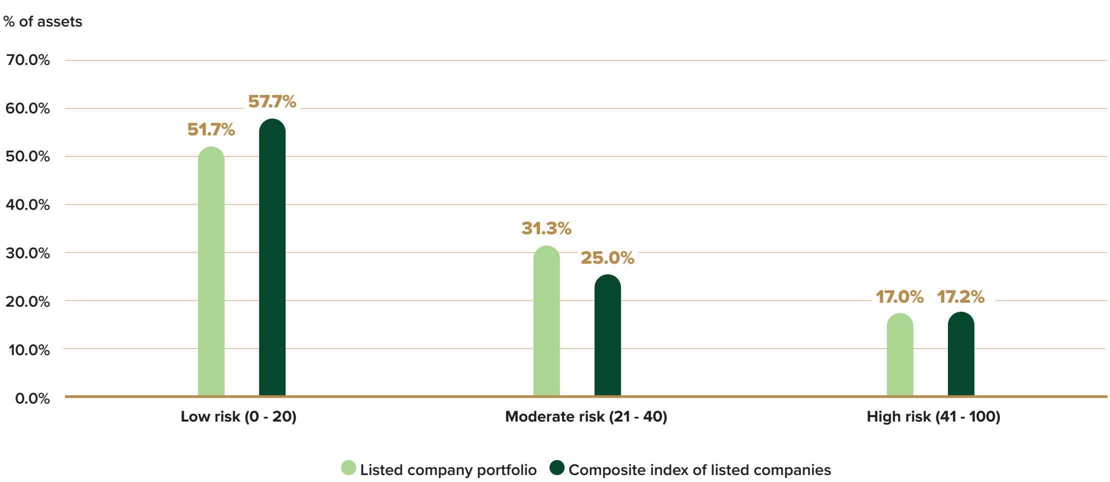
The results presented below concern a high global warming scenario in the period to 2050.

ERAFP's listed company portfolio scored 23.7 at the end of 2021, indicating moderate risk.

ERAFP and its service providers aim to improve this risk assessment. Since 2020, the data used for these calculations has been enriched, which gives greater insight into the risks involved. For instance, for companies whose exact location was not previously known, risks were calculated mainly on the basis of their country's average risk exposure, which is often low as these risks are often highly localised. By refining the risk matrix, we can capture the actual risk more accurately. In addition, the number of assets analysed rose sharply between 2020 and 2021, from around 49,000 to roughly 73,000. Since many of the additional assets covered are located in regions with greater exposure to physical risks, the overall score increased (to 23.7 from 11.9 in 2020). Almost all the portfolio companies saw their risk score increase in 2021 compared with 2020, particularly in terms of exposure to water stress, cold waves, rising water levels and heatwaves.

EXPOSURE TO PHYSICAL RISKS

Source — S&P Global, 30 November 2021

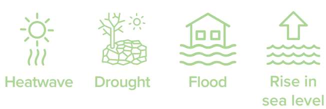


Just over half (51.7%) of the value of assets in the listed company portfolio show a risk score of 20 or less, indicating low risk, while 17% show scores over 40, indicating high risk, which is in line with the benchmark index (17.2%).

The physical risk exposure of unlisted assets is also assessed, by the consultancy firm Carbone 4.

Real estate

The physical risks associated with real estate assets were assessed by Carbone 4 in accordance with a median global warming scenario (assuming a 3°C to 4°C temperature increase by 2100). Risk ratings are calculated by combining the geographical exposure and sectoral vulnerability of each building category to four risks (heatwaves, droughts, floods and rising sea levels). The resulting scores, from 1 to 100, constitute a vulnerability index. In accordance with this methodology, real estate assets are considered "high risk" if their risk rating is over 70 or shows an increase of 50 or more relative to the baseline.



The portfolio's drought risk for the period to 2050 remains moderate on average (46/100), with only a few assets showing ratings close to the high-risk threshold (70/100), notably in Spain.

The portfolio's absolute flood risk remains moderate (40/100).

Heatwave risk is set to increase significantly throughout Europe in the coming decades, particularly in southern regions. ERAFP's assets, however, show moderate risk (42/100) for the period to 2050.

None of the assets in the portfolio assessed are exposed to rising sea levels.

Private equity

The physical risks associated with ERAFP's private equity investments[60] are calculated using a simplified analysis based on the Carbone 4 methodology, which takes into account the asset's geographical exposure and sector vulnerability to five risks: rising temperatures, heatwaves, droughts, precipitation and storms. The analysis is based on a median global warming scenario of between 3°C and 4°C by 2100.

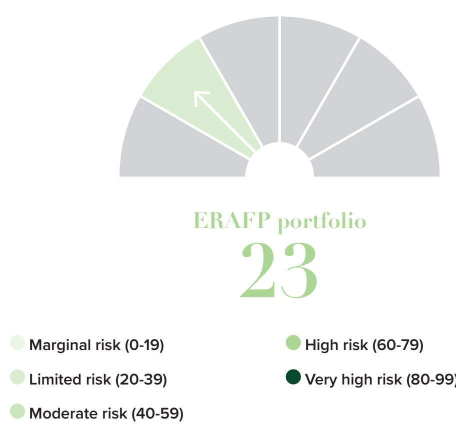
The scores are calibrated on a worldwide basis in accordance with a worst-case global warming scenario for the period to 2100. Thus, a score of 99 indicates a global maximum risk across all scenarios and time horizons.

The portfolio shows a score of 23 for the period to 2050 under a median global warming scenario. This is relatively good, as it equates to a score of roughly 40 for the period to 2100 (worst-case global warming scenario).

ERAFP's asset allocation in its private equity portfolio is strong, since only a marginal share of its assets were rated higher than "moderate". None of the assets show high or very high levels of exposure to physical risk for the period to 2050.

PRIVATE EQUITY PORTFOLIO PHYSICAL RISKS

Source — Carbone 4, 31 December 2020



60 Private equity investments managed under the Access mandate at 31/12/2020. The assessment covered 85% of the assets concerned.

Infrastructure

The physical risk exposure of infrastructure assets[61] was also analysed by Carbone 4, using the same methodology as for private equity.

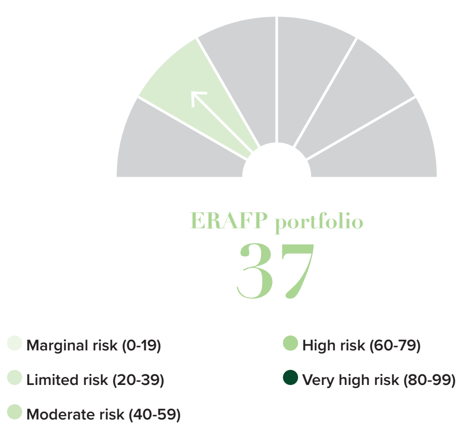
The average combined risk rating for the infrastructure portfolio is 37/100 for the period to 2050, indicating moderate risk.

Overall, the most sensitive assets are airports, roads, renewable energy facilities, and assets in high-risk regions such as Italy, the Netherlands, Singapore, Jordan and Croatia.

Note that an analysis of exacerbating factors related to the precise geographical location of assets within a country (coastal or mountainous zone, etc.) would facilitate a more accurate assessment of this risk category.

INFRASTRUCTURE PORTFOLIO PHYSICAL RISKS

Source — Carbone 4, 31 December 2020

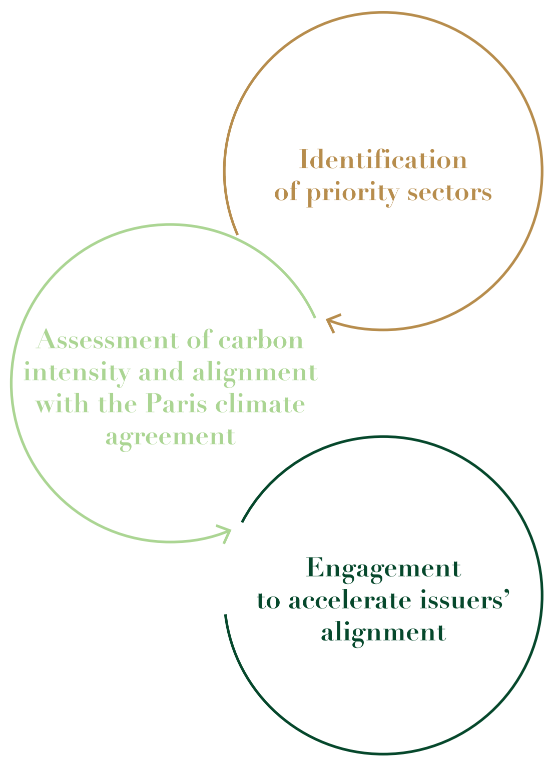


7.2. The main negative impacts that ERAFP's investments have on sustainability factors

At present, the assessment of the main negative impacts that ERAFP's investments have on sustainability factors focuses on the priority theme of climate change.

The impact that its investments have on climate change is assessed by considering several greenhouse gas emissions metrics:

- carbon intensity, with the aim of assessing greenhouse gas emissions based on the activity level of the company under review (ERAFP has reported this data since 2015);
- carbon footprint per million euros invested, which measures the emissions generated by the investments in ERAFP's portfolio;
- absolute emissions, i.e. an estimate of the total emissions of portfolio investment.



61 Assets invested in infrastructure at 31/12/2020. The analysis covered 84% of the infrastructure assets under the Ardian mandate and in the directly managed portfolio.

Measurement of the investor's carbon "responsibility"

Measurement of the investor's exposure to carbon "risk"

CALCULATION OF ABSOLUTE EMISSIONS

1

At issuer level: factoring in of non-normalised CO_2 emissions

Attribution to the investor of a portion of these emissions proportionate to its share in the issuer's:

- capital (for an equity investment) or
- debt (for a bond investment) or
- enterprise value (capital + debt, applicable to a bond or equity investment)

Aggregation at portfolio level: sum of the CO_2 emissions attributable to the investor

Unit: CO_2 emissions per unit of invested amount

CALCULATION OF CARBON INTENSITY

2

At issuer level: factoring in of carbon intensity, in terms of CO_2 emissions per unit of either revenue (companies) or GDP (countries)

Attribution to the investor of a share of emissions/revenue proportionate to its share in the issuer's:

- capital (for an equity investment) or
- debt (for a bond investment) or
- enterprise value (applicable to a bond or equity investment)

Aggregation at portfolio level: sum of the CO_2 emissions attributable to the investor

Normalisation (unit): CO_2 emissions per amount invested and per unit of revenue generated (attributable emissions/attributable revenue)

3

At issuer level: CO_2 emissions per amount invested and per unit of revenue generated (attributable emissions/attributable revenue)

Aggregation at portfolio level: average carbon intensity of issuers weighted by their respective weights in the portfolio

Normalisation (unit): CO_2 emissions per unit of revenue (weighted average)

For the listed company portfolio

Since 2016, the portfolio's "carbon" impacts[62] are as follows (data from S&P Global at 30 November 2021).

For the Weighted Average Carbon Intensity (WACI) indicator:

SCOPE 1 AND DIRECT SUPPLIERS	AGGREGATE EQUITIES tCO_2e/€m REVENUE (WACI)		AGGREGATE CORPORATE BONDS tCO_2e/€m REVENUE (WACI)		AGGREGATE CONVERTIBLE BONDS tCO_2e/€m REVENUE (WACI)	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2016	231	278	423	279	268	440
2017	201	291	378	297	262	393
2018	229	295	375	307	326	373
2019	230	279	311	262	239	242
2020	196	250	248	233	232	244
2021	201	243	260	275	216	237
Change 2020/2021	**3%**	**-3%**	**5%**	**18%**	**-7%**	**-3%**
Change 2016/2021	**-13%**	**-13%**	**-39%**	**-2%**	**-19%**	**-46%**

The carbon intensity of all the portfolios decreased over the 2016-2021 period. For the equity portfolio, this decrease is very similar to that of the index and the portfolio's carbon intensity remains around 17% lower than that of the index. The corporate bond portfolio's carbon intensity fell sharply (-39%) over the period in review, compared to a much smaller reduction for the index (-2%), resulting in the portfolio reporting lower carbon intensity than the index in 2021, whereas it had been higher until 2020. The convertible bond portfolio continues to show lower carbon intensity than its benchmark index (9% lower in 2021), but the index's carbon intensity fell more sharply than that of the portfolio over the period in review.

For the indicator of emissions per million euros invested (emissions relative to enterprise value):

SCOPE 1 AND DIRECT SUPPLIERS	AGGREGATE EQUITIES tCO_2e/€m INVESTED		AGGREGATE CORPORATE BONDS tCO_2e/€m INVESTED		AGGREGATE CONVERTIBLE BONDS tCO_2e/€m INVESTED	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2016	393	381	395	217	255	242
2017	172	299	304	187	192	350
2018	233	358	344	245	249	281
2019	139	198	236	167	226	202
2020	119	182	233	168	255	176
2021	87	116	130	123	121	143
Change 2020/2021	**-27%**	**-36%**	**-44%**	**-27%**	**-53%**	**-19%**
Change 2016/2021	**-78%**	**-70%**	**-67%**	**-43%**	**-53%**	**-41%**

62 The scope includes scopes 1, 2 and 3 (direct suppliers).

All the portfolios showed a sharp fall in emissions per million euros invested over the 2016-2021 period and outperformed their benchmarks in this respect.

Since 2019, in addition to the two indicators above, ERAFP has tracked the absolute amount of emissions "attributed" to its portfolio. This indicator is not relative to the amount invested, but increases in line with assets under management, all else being equal. Given that ERAFP's portfolios are currently in an expansion phase, this indicator is expected to increase. It is calculated as the sum of each company's emissions multiplied by ERAFP's percentage holding, which in turn is calculated as the amount invested divided by the company's enterprise value.

FOR THE ATTRIBUTED ABSOLUTE EMISSIONS INDICATOR

SCOPE 1 AND DIRECT SUPPLIERS	AGGREGATE EQUITIES ATTRIBUTED EMISSIONS ($ktCO_2e$)		AGGREGATE DEBT ATTRIBUTED EMISSIONS ($ktCO_2e$)		AGGREGATE CONVERTIBLES ATTRIBUTED EMISSIONS ($ktCO_2e$)	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	1,568	2,225	1,089	772	172	153
2020	1,432	2,174	1,228	884	210	148
2021	1,272	1,704	921	878	119	146
Change 2020/2021	**-11%**	**-22%**	**-25%**	**-1%**	**-43%**	**-1%**
Change 2019/2021	**-19%**	**-23%**	**-15%**	**14%**	**-30%**	**-5%**

Despite the increase in assets under management over the period considered, the absolute emissions attributed to ERAFP decreased over the same period for all three portfolios. This is largely attributable to the pandemic: the emissions reported for 2021 were actually produced in 2020, when emission levels plummeted due to months-long shutdowns in some business sectors.

Since 2019, ERAFP has also published aggregate data for its listed company portfolio[63]. The results obtained for the three indicators above are as follows:

LISTED COMPANY PORTFOLIO

SCOPE 1 AND DIRECT SUPPLIERS	ATTRIBUTED EMISSIONS ($ktCO_2e$)		tCO_2e/€m REVENUE (WACI)		tCO_2e/€m INVESTED	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	2,829	3,145	253	272	170	189
2020	2,864	3,204	213	245	158	177
2021	2,313	2,727	220	253	102	120
Change 2020/2021	**-19%**	**-15%**	**3%**	**3%**	**-35%**	**-32%**
Change 2019/2021	**-18%**	**-13%**	**-13%**	**-7%**	**-40%**	**-37%**

63 This portfolio is the sum of the equity, debt and convertible bond portfolios.

The analysis of greenhouse gas emissions at the portfolio level focuses primarily on a limited scope, covering scopes 1, 2 and 3 emissions (direct suppliers only for this last scope). Current calculation standards and data reporting are such that it is not yet possible to obtain sufficiently high quality data for the whole of scope 3. For assessments at the issuer level, it is indispensable to factor in all the emissions produced throughout a product's lifespan (including usage and recycling). At the portfolio level, however, incorporating all three scopes can lead to emissions being double or even triple counted.

Carbon intensity assessments incorporating all emission scopes are nevertheless presented for 2019 onwards by way of information.

For the Weighted Average Carbon Intensity (WACI) indicator:

SCOPES 1, 2 & 3	AGGREGATE EQUITIES tCO_2e/€m REVENUE (WACI)		AGGREGATE DEBT tCO_2e/€m REVENUE (WACI)		AGGREGATE CONVERTIBLES tCO_2e/€m REVENUE (WACI)	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	1,020	1,076	1,245	1,042	790	1,631
2020	1,112	1,003	1,118	998	2,837	1,546
2021	1,225	1,125	1,241	1,246	910	752
Change 2020/2021	**10%**	**12%**	**11%**	**25%**	**-68%**	**-51%**
Change 2019/2021	**20%**	**5%**	**0%**	**20%**	**15%**	**-54%**

For the indicator of emissions per million euros invested (emissions relative to enterprise value):

SCOPES 1, 2 & 3	AGGREGATE EQUITIES tCO_2e/€m INVESTED		AGGREGATED DEBT tCO_2e/€m INVESTED		AGGREGATED CONVERTIBLES tCO_2e/€m INVESTED	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	746	842	1 210	739	692	885
2020	1 068	941	1 769	901	905	696
2021	709	582	615	543	456	486
Change 2020/2021	**-34%**	**-38%**	**-65%**	**-40%**	**-50%**	**-30%**
Change 2019/2021	**-5%**	**-31%**	**-49%**	**-27%**	**-34%**	**-45%**

For the indicator of absolute emissions "attributed" to ERAFP's portfolios:

SCOPES 1, 2 & 3	AGGREGATE EQUITIES ATTRIBUTED EMISSIONS ($ktCO_2e$)		AGGREGATE DEBT ATTRIBUTED EMISSIONS ($ktCO_2e$)		AGGREGATE CONVERTIBLES ATTRIBUTED EMISSIONS ($ktCO_2e$)	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	8,394	9,473	5,594	3,417	526	673
2020	12,847	11,220	9,338	4,729	748	584
2021	10,402	8,547	4,373	3,885	451	480
Change 2020/2021	**-19%**	**-24%**	**-53%**	**-18%**	**-40%**	**-18%**
Change 2019/2021	**24%**	**-10%**	**-22%**	**14%**	**-14%**	**-29%**

These three indicators for the listed company portfolio:

LISTED COMPANY PORTFOLIO

SCOPES 1, 2 & 3	EMISSIONS ATTRIBUTED ($ktCO_2e$)		tCO_2e/€m REVENUE (WACI)		tCO_2e/€m INVESTED	
	PORTFOLIO	INDEX	PORTFOLIO	INDEX	PORTFOLIO	INDEX
2019	14,514	13,545	1,072	1,091	872	814
2020	22,927	16,536	1,192	1,028	1,265	913
2021	15,226	12,911	1,216	1,147	668	566
Change 2020/2021	**-34%**	**-22%**	**2%**	**12%**	**-47%**	**-38%**
Change 2019/2021	**5%**	**-5%**	**13%**	**5%**	**-23%**	**-30%**

The breakdown of the carbon intensity of ERAFP's listed company portfolio confirms that its "carbon" impacts are highly concentrated in "high risk" sectors[64].

The five sectors targeted by climate-related engagement action (materials, utilities, energy, industrials and consumer discretionary) account for 85% of the portfolio's carbon intensity (scope 1 and 2 emissions) and 44% of its assets[65].

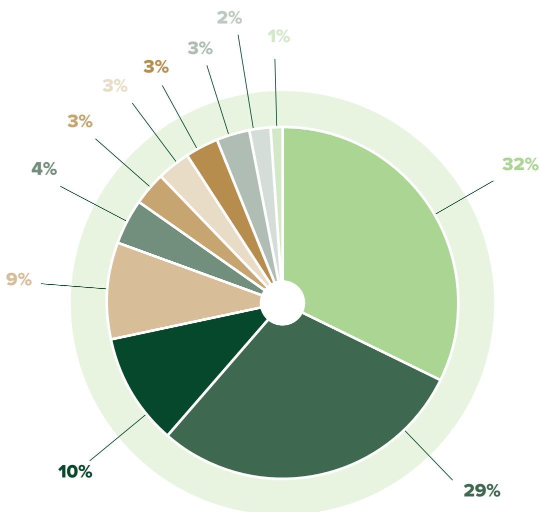
If all the emission scopes are included, the above analysis remains valid, with a greater share of carbon intensity attributed to the industrial, consumer discretionary and financial sectors.

64 See "Description of the main climate-related risks" on pages 70-71.

65 In accordance with the Global Industry Classification Standard (GICS) used here, transport activities are split between the consumer discretionary sector (cars and car parts) and the industrials sector (other transport activities).

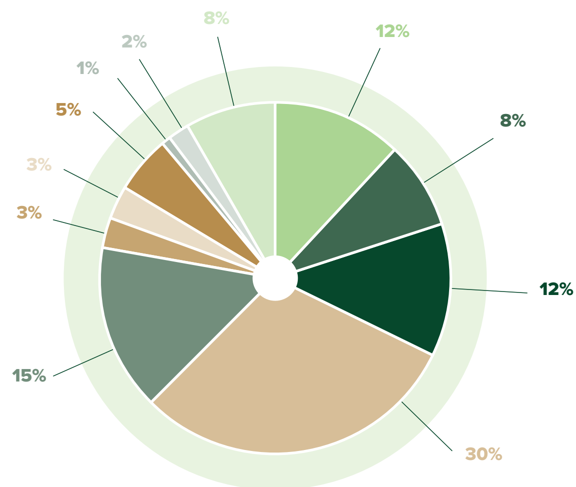
CARBON INTENSITY BY SECTOR (SCOPE 1 AND 2 EMISSIONS)

Source — S&P Global, 30 November 2021



CARBON INTENSITY BY SECTOR (SCOPE 1, 2 AND 3 EMISSIONS)

Source — S&P Global, 30 November 2021



- Materials
- Utilities
- Energy
- Industrial
- Consumer discretionary
- Real estate
- Information technology
- Consumer staples
- Telecommunications
- Health
- Finance

Exposure to activities with high stakes regarding climate change

Certain activities in the sectors considered are analysed in greater depth, namely:

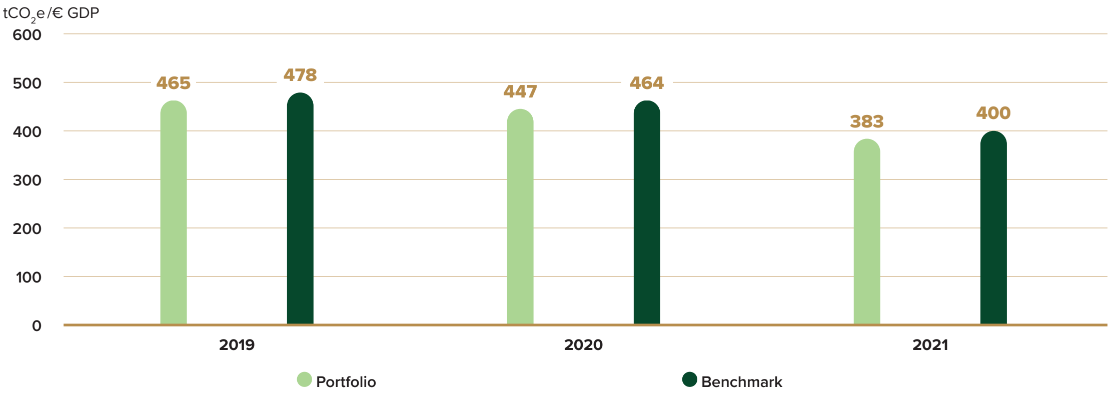
- fossil fuel activities[66];
- electricity producers.

The latter have a key role to play in the energy transition. In response to the climate emergency, the IEA[67] published a new roadmap in May 2021. It points out that electricity producers in developed economies will have to achieve carbon neutrality by 2035 in order to meet the target of carbon neutrality by 2050. The energy mix of electricity producers in its portfolio is one of the indicators monitored by ERAFP[68].

For the sovereign bond portfolio

CARBON INTENSITY OF THE SOVEREIGN BOND PORTFOLIO COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2021



The carbon intensity of ERAFP's sovereign bond portfolio, calculated as a weighted average, is 4.3% lower than that of its benchmark index. The positive difference is mainly due to the portfolio's overweighting of French government securities. Nearly three-quarters of the energy produced in France is from a low-carbon nuclear source. So while the share of renewable energies in its energy mix remains relatively low, France's ratio of greenhouse gas emissions to GDP is one of the euro-zone's lowest.

The fall in carbon intensity between 2020 and 2021, both for the portfolio (-14.3%) and for the index (-13.8%), relates to the fact that the figures reported for 2021 show the greenhouse gas emissions and GDP values for 2020, when emissions fell more steeply than GDP values due to the Covid-19 pandemic.

66 See "Portfolio exposure to companies active in the fossil fuel sector" on page 46.

67 International Energy Agency

68 See "Focus on the electricity generation mix in the listed company portfolio" on page 47.

For the real estate portfolio

The analysis covers €2.8 billion in amounts invested by ERAFP at the end of 2020, i.e. 82% of the real estate portfolio.

REAL ESTATE PORTFOLIO GREENHOUSE GAS EMISSION INDICATORS

Source — Carbone 4, 31 December 2020

	ABSOLUTE EMISSIONS (tCO_2e)	CARBON FOOTPRINT (CO_2e/€m INVESTED)	CARBON INTENSITY (CO_2e/€m REVENUE)	SURFACE INTENSITY ($kgCO_2e/m^2$/YEAR)
2018	30,100	15	287	42
2019	37,700	14	261	38
2019 (excluding travel)	27,900	-	-	38
2020	23,900	8.6	177.3	33.2

As shown in the table above, all the greenhouse gas emission indicators for the real estate portfolio monitored by ERAFP (absolute emissions, carbon footprint, carbon intensity and surface intensity) fell between 2019 and 2020. This is due to several factors:

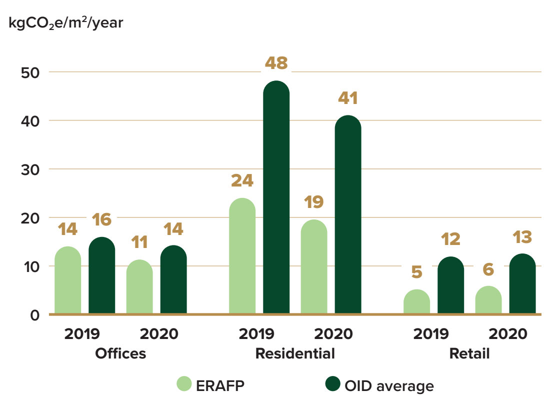
- improved data collection;
- a reduction in energy consumption linked to the health crisis;
- the reduced carbon content of the energy mix in the countries in which ERAFP has invested (excluding France and heating networks);
- work done to improve buildings' energy efficiency.

Another factor that explains the sharp decrease over the period considered is that a significant part of the decline between 2019 and 2020 in absolute emissions, the carbon footprint and carbon intensity reflects the fact that emissions from travel by building occupants were not taken into account for 2020[69]. Surface intensity does not take this factor into account. ERAFP was able to use its available data to calculate the change in absolute emissions for 2019 excluding travel. This showed that, on a like-for-like basis, the decrease between 2019 and 2020 was -14.3% (versus -36.6% if travel is included in 2019).

ERAFP was able to compare the surface intensity of its French real estate portfolio with that of a benchmark index for that year[70]. As shown in the chart below, ERAFP outperformed the OID average across all segments.

COMPARISON OF THE FRENCH REAL ESTATE PORTFOLIO'S SURFACE INTENSITY WITH THAT OF A FRENCH SAMPLE

Source — Carbone 4, OID, 31 December 2020



69 In 2020, the building occupancy rate fell due to the measures taken to address the Covid-19 pandemic.

70 Sustainable Real Estate Observatory (OID) barometer average by asset type.

For the infrastructure portfolio

The climate analysis presented for this asset class covers the assets managed under the infrastructure management mandate. An analysis of funds in which ERAFP invests directly was also performed, but the data has yet to be confirmed. In terms of coverage, while the available data does not cover all the investments managed under the infrastructure mandate, the coverage level increased significantly compared to the previous year. A complete set of financial and/or physical data required to measure transition risks was provided for 94 assets, i.e. 97% of the investments covered by the Carbone 4 analysis at 31 December 2020, representing an amount of €117.7 million.

However, given the nature of these indicators, there remains a degree of uncertainty regarding the absolute emissions attributed to ERAFP and the carbon footprint presented below. Efforts are underway to progressively improve the robustness of this data.

Methodology note

For calculations relating to greenhouse gas emissions, Carbone 4 prioritises the use of physical data from the infrastructure itself, where available, and, where relevant, business sector data. This includes installed capacity (in MW) or production (in MWh) for electricity production, for example, or road length (in km) for road infrastructure. When the data is not available or not relevant for the business sector under review (e.g. the waste or water management sectors), monetary data is used (revenue or capex). The sector ratios developed by Carbone 4 are then applied (for example, a motorway represents x tCO_2/km).

For infrastructure, Carbone 4 takes into account the three emissions scopes, including construction, operation and use. While this provides an overview of all the infrastructure's risks and opportunities, the infrastructure itself is not accountable for all the emissions generated in its supply chain. Carbone 4 therefore allocates emissions in accordance with the sector in question.

INFRASTRUCTURE PORTFOLIO GREENHOUSE GAS EMISSION INDICATORS

Source — Carbone 4

	ABSOLUTE EMISSIONS	CARBON FOOTPRINT (tCO_2e/€m INVESTED)
2020	36 $ktCO_2e$ attributed	310 tCO_2e/€m

For each emission indicator considered, emissions are mainly concentrated in a handful of assets whose activity is linked to gas storage, transport and distribution, as well as the transport of oil.

However, in accordance with ERAFP's SRI guidelines, none of the assets under review in the primary funds are involved in coal extraction or combustion.

For the private equity portfolio

The analysis covers €106.6 million invested by ERAFP at the end of 2020, i.e. 85% of the portfolio invested by Access. In terms of number of assets analysed, this represents 118 assets out of a total of 163.

However, there remains a degree of uncertainty regarding the absolute emissions attributed to ERAFP, the carbon footprint and carbon intensity presented below, owing to the nature of these indicators. Efforts are underway to progressively improve the robustness of this data.

PRIVATE EQUITY PORTFOLIO GREENHOUSE GAS EMISSION INDICATORS

Source — Carbone 4

	ABSOLUTE EMISSIONS	CARBON FOOTPRINT (tCO_2e/€m INVESTED)	CARBON INTENSITY (tCO_2e/€m REVENUE)
2020	99 $ktCO_2e$ attributed	307	588

Absolute emissions are concentrated in three assets in the industrial sector, which represent 40% of the emissions attributed to the portfolio.

Methodology note

The emissions calculation methodology used requires the asset's business sector to be identified, based on its NACE code* and a description of its activity. The asset's revenue and balance sheet are also needed. Due to the lack of maturity of carbon data on unlisted companies, sector ratios are applied from Carbone 4's database, which classes sectors as being of low or high importance for the energy transition. For "high importance" sectors, significant sources of scope 3 emissions are taken into account. For an airport services company, for example, part of the "downstream" scope 3 emissions related to aircraft journeys are taken into account.

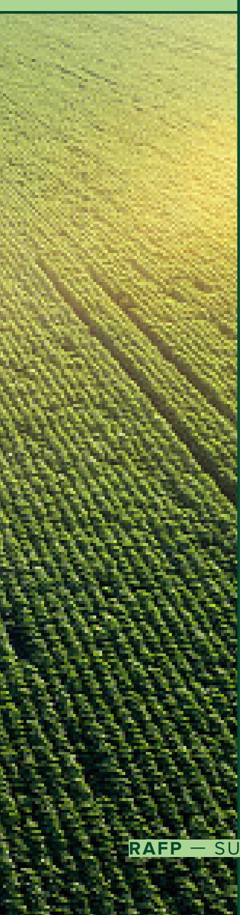
The portfolio's emissions can be expressed in absolute terms, based on the portion of each asset's absolute emissions that corresponds to ERAFP's holding**, in terms of tCO_2 per million euros invested*** and tCO_2 per million euros of revenue, according to the asset's weight in ERAFP's total investment.

* Statistical classification of economic activities in the European Community. The level 2 NACE code is used.

** Allocation to the portion held by ERAFP based on the asset's capital and debt.

*** Allocation to the portion held by ERAFP based on the asset's capital and debt.

PART



Improvement measures

8. **IMPROVEMENT** MESURES

THEME	MEASURE(S) IMPLEMENTED IDENTIFIED TO DATE	PLANNED IMPROVEMENT ACTION(S)	REFERENCE IN THE REPORT
Engagement	The number of companies with which ERAFP's delegated asset managers have engaged.	ERAFP will work on developing a new indicator for monitoring engagement initiatives in relation to the equity, corporate bond and convertible bond portfolios. The indicator will represent the portion of assets in these listed portfolios covered by engagement actions.	"Engagement conducted by asset managers on ERAFP's behalf", p. 34
Exposure to fossil fuels	Information regarding the analysis of the portfolio's exposure to fossil fuels in ERAFP's 2021 sustainability report is concentrated on the listed assets managed under delegated mandates, assets held in dedicated funds and directly managed portfolios (i.e. 80% of total assets).	The scope covered by the analysis of the portfolio's fossil fuel exposure will be extended to include infrastructure holdings in ERAFP's 2022 sustainability report.	"Portfolio exposure to companies active in the fossil fuel sector", p. 46
Climate roadmap – Objective of aligning the real estate portfolio with the CRREM 1.5°C scenario 2025 transition point	The target set in the climate roadmap adopted by the board of directors in October 2021 concerns the non-residential real estate portfolio.	Integration of residential assets in the scope covered by the target in the coming years.	"Targets adopted under the climate roadmap", p. 53
Investments that contribute to the decarbonisation of the economy	Failure to refer to the Taxonomy of sustainable activities to analyse the share of assets in the portfolio that contribute to the decarbonisation of the economy.	Use the Taxonomy of sustainable activities as a reference once the latest developments and their impacts have been established.	"Targets for financing the transition to a low-carbon economy", p. 59
Climate roadmap – Target of reducing the greenhouse gas emissions of the equity and corporate bond portfolios AND Target for financing the transition to a low-carbon economy	In 2021, ERAFP launched a call for tenders to award three mandates to manage mid- and large-cap equity portfolios under an index-replication approach linked to one or more "Paris Aligned Benchmarks" (PABs), initially in the euro-zone, and, if appropriate, a mid- and large-cap index in "developed market countries".	Awarding of the mandates. Operational implementation of the mandates. The amount allocated over the term of the contract will be in the region of €300 million. This amount may be revised upwards or downwards, depending on decisions taken by the board of directors, ERAFP's market forecasts and the asset manager's performance.	"Changes in the investment strategy consistent with the target of aligning with the Paris climate agreement", p. 62
Consideration of biodiversity issues	Note on the "Protection of biodiversity" theme in the listed company portfolio.	ERAFP will launch a public tender in 2022 to award a contract for the provision of biodiversity data from 2023 to enhance the analysis of its listed company portfolio.	"Consideration of biodiversity issues", p. 65

APPENDICES

Appendix 1.
Table summarising the coverage of indicators

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Key aspects of ESG and climate performance - Listed portfolios	SRI rating	Listed companies	Listed mandates (excluding small caps - emerging market debt - US midcap equities)	22,896	84%	54.6%	N/A	N/A	15
Key aspects of ESG and climate performance - Listed portfolios	Change in the average SRI rating of the euro-zone equity portfolio	Euro-zone equities	European equity mandates	11,161	100%	26.6%	N/A	N/A	15
Key aspects of ESG and climate performance - Listed portfolios	SRI rating	Real Estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	N/A	N/A	16
Engagement conducted by asset managers on ERAFP's behalf	Engagement actions taken	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	34
Portfolio exposure to fossil fuels	Share of revenues of companies in the listed company Portfolio linked to unconventional fossil fuels	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	46
Portfolio exposure to fossil fuels	Share of assets in the listed company portfolio that derive most of their revenue from fossil fuels	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	46

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Focus on the energy mix of ERAFP's listed company portfolio	Analysis of the energy mix of ERAFP's listed company portfolio	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	47
Focus on the energy mix of ERAFP's sovereign portfolio	Analysis of the energy mix of ERAFP's sovereign portfolio	Sovereign bonds	Sovereign bonds	8,587	100%	20.5%	N/A	N/A	48
Portfolio exposure to thermal coal	Share of assets in the listed company portfolio in companies involved in coal-related activities	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	48
Portfolio exposure to thermal coal	Breakdown of revenue attributed to ERAFP	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	48
Portfolio exposure to unconventional hydrocarbons	Share of revenues of companies in the listed company portfolio linked to unconventional fossil fuels	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	50
Portfolio exposure to unconventional hydrocarbons	Share of listed company portfolio assets in companies involved in unconventional hydrocarbons	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	50
Target monitoring indicators: AOA listed company portfolio	Carbon intensity of the listed company portfolio	Listed companies	Listed equity and debt mandates	23,629	87%	56.3%	Scopes 1 and 2	WACI	57
Target monitoring indicator: AOA real estate portfolio	Surface intensity of the non-residential property portfolio	AOA real estate	Real Estate - roadmap	2,196	100%	5.2%	Scopes 1 and 2 + tenant consumption	Surface intensity	57

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Temperature alignment target	Percentage of the listed company portfolio covered by science-based targets, by type of approach	Listed companies	Listed mandates	24,739	91%	59.0%	Scopes 1 and 2	Emissions per € million invested	61
Consideration of biodiversity issues	Breakdown of score	Listed companies	Listed mandates (excluding small caps - emerging market debt - US midcap equities)	22,896	84%	54.6%	N/A	N/A	65
Assessment of regulatory risks related to the energy transition	“Biodiversity” of ERAFP’s listed company portfolio	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	71
Assessment of physical risks related to climate change	Share of EBITDA at weighted risk in 2030	Listed companies	Listed mandates	24,739	91%	59.0%	N/A	N/A	74
Assessment of physical risks related to climate change	Exposure to physical risks	Real estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	N/A	N/A	74
Assessment of physical risks related to climate change	Exposure to physical risks	Private equity	Access mandate	243	40%	0.6%	N/A	N/A	74
Assessment of physical risks related to climate change	Exposure to physical risks	Infrastructure	Ardian mandate and certain open-ended funds	393	100%	0.9%	N/A	N/A	74

SECTION NAME	EXPOSURE TO PHYSICAL RISKS	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Carbon intensity - Equities	Listed equities	Equity mandates	15,606	96%	37.2%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	WACI	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Corporate bonds	Listed corporate bonds	Debt mandates	8,024	95%	19.1%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	WACI	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Convertible bonds	Convertible bonds	Convertible mandates	1,110	100%	2.6%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	WACI	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Emissions per € million invested - Equities	Listed equities	Equity mandates	15,606	96%	37.2%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Emissions per € million invested	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Issues per € million invested - Corporate bonds	Listed corporate bonds	Debt mandates	8,024	95%	19.1%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Emissions per € million invested	78

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Emissions per € million invested - Convertible bonds	Convertible bonds	Convertible mandates	1,110	100%	2.6%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Emissions per € million invested	78
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Attributed emissions - Equities	Listed equities	Equity mandates	15,606	96%	37.2%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Attributed emissions	78
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Attributed emissions - Corporate bonds	Listed corporate bonds	Debt mandates	8,024	95%	19.1%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Attributed emissions	78
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Attributed emissions - Convertible bonds	Convertible bonds	Convertible mandates	1,110	100%	2.6%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Attributed emissions	78
Main negative impacts of ERAFP's investments on sustainability - listed company portfolio	Carbon intensity - Listed companies	Listed companies	Listed mandates	24,739	91%	59.0%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	WACI	78

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Issues per € million invested - Listed companies	Listed companies	Listed mandates	24,739	91%	59.0%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Emissions per € million invested	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Attributed emissions - Listed companies	Listed companies	Listed mandates	24,739	91%	59.0%	Tables 1 - 4: Direct emissions and direct suppliers scopes Tables 5 - 8: Scopes 1, 2 and 3	Attributed emissions	78
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity by sector	Listed companies	Listed mandates	24,739	91%	59.0%	Chart 1 - Scopes 1 and 2 - Chart 2 - Scopes 1, 2 and 3	WACI	78
Main negative impacts of ERAFP's investments on sustainability - Sovereign bond portfolio	Sovereign bond portfolio - Carbon intensity weighted average	Sovereign	Sovereign	8,587	100%	20.5%	Domestic, imported and exported emissions	WACI per € million of GDP	83
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Absolute issues - Real estate	Real estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	Scopes 1, 2 and 3	Attributed emissions	84
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon footprint - Real estate	Real estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	Scopes 1, 2 and 3	Emissions per € million invested	84

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon intensity - Real estate	Real estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	Scopes 1, 2 and 3	WACI	84
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Surface intensity - Real estate	Real estate	Real estate mandates (excluding certain funds)	4,499	100%	10.7%	Scopes 1 and 2 + tenant consumption	Surface intensity	84
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Comparison of the French real estate portfolio's surface intensity with a French sample	Real estate France	Real estate mandates in France (excluding certain funds)	2,828	100%	6.7%	Scopes 1 and 2 + tenant consumption	Surface intensity	84
Main negative impacts of investments on sustainability - Infrastructure portfolio	Absolute emissions - Infrastructure	Infrastructure	Ardian mandate	180	46%	0.4%	Scopes 1, 2 and 3	Attributed emissions	85
Main negative impacts of investments on sustainability - Infrastructure portfolio	Carbon footprint - Infrastructure	Infrastructure	Ardian mandate	180	46%	0.4%	Scopes 1, 2 and 3	Emissions per € million invested	85
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Absolute emissions - Private equity	Private equity	Access mandate	243	40%	0.6%	Scopes 1, 2 and 3	Attributed emissions	86

SECTION NAME	DATA	SEGMENT	PORTFOLIOS	ASSETS	% OF SEGMENT	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Carbon footprint - Private equity	Private equity	Access mandate	243	40%	0.6%	Scopes 1, 2 and 3	Emissions per € million invested	86
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Carbon intensity - Private equity	Private equity	Access mandate	243	40%	0.6%	Scopes 1, 2 and 3	WACI	86

Appendix 2.
Table of concordance with Article 29 of the French Energy and Climate Law

INFORMATION REQUIRED UNDER DECREE NO. 2021-663 OF 27 MAY 2021.		PAGE(S)
General approach adopted by the entity	Presentation of the entity's general approach to the consideration of ESG criteria, particularly in its investment policy and strategy.	7-21
	Content, frequency and means used by the entity to inform members and contributors about the criteria relating to the ESG targets incorporated in its investment policy and strategy.	21
	Overall share of assets under management that take ESG criteria into account, relative to the total amount of assets managed by the entity.	14
	Consideration of ESG criteria in the decision-making process for the award of new management mandates.	13
	Any charter, code, initiative or label relating to the consideration of ESG criteria to which the entity subscribes, and a brief description of them.	18-19
Internal resources to contribute to the transition	Description of the financial, human and technical resources dedicated to taking ESG criteria into account in the investment strategy, relative to the total assets managed or held by the entity.	24, 26
	Measures taken to strengthen the entity's internal capabilities.	88
Information on the entity's approach to incorporating ESG considerations in its governance structure	Knowledge, skills and experience of the governance bodies.	23
	Inclusion in remuneration policies of information on how these policies are adapted to take sustainability risks into account.	26
	Consideration of ESG criteria in the rules of procedure of the entity's board of directors or supervisory board.	
Strategy of engagement with issuers and asset managers	Scope of companies covered by the engagement strategy.	30
	Review of the voting policy.	36
	Report on the voting policy, particularly as regards the submission of and voting on ESG-related resolutions at general meetings.	37-40
	Decisions taken on investment strategy, including disengagement from certain sectors.	48
Sustainable investments and investments in fossil fuels	Proportion of assets under management relating to sustainable activities.	42-45
	Proportion of assets in companies active in the fossil fuel sector.	46-51
Strategy for alignment with the Paris climate agreement	Quantitative target for the period to 2030, reviewed every five years until 2050.	53-56
	Where the entity uses an internal methodology, inputs into this methodology to assess the investment strategy's alignment with the Paris Agreement.	53-56, 63
	Quantification of results using at least one indicator.	57-62
	Role and use of the evaluation in the investment strategy.	62
	Changes in the investment strategy related to the strategy of alignment with the Paris climate agreement.	62
	Possible measures to monitor results and changes that have occurred.	43-45, 62
	The frequency of the assessment, provisional update dates and the relevant development factors used.	53-56

INFORMATION REQUIRED UNDER DECREE NO. 2021-663 OF 27 MAY 2021.		PAGE(S)
"Biodiversity" alignment strategy	Assessment of compliance with the objectives set out in the Convention on Biological Diversity adopted on 5 June 1992.	
	An analysis of the contribution to reducing the main pressures and impacts on biodiversity.	65-66
	Mention of the use of a biodiversity footprint indicator.	
Consideration of ESG risks in the risk management system	The process for identifying, assessing, prioritising and managing risks related to the consideration of ESG criteria, how risks are integrated into the entity's established risk management framework.	68, 71
	Description of the main ESG risks taken into account and analysed.	69-71
	Indication of the frequency of review of the risk management framework.	68
	Action plan to reduce the entity's exposure to the main environmental, social and governance risks considered.	69, 71
	Quantitative estimate of the financial impact of the main ESG risks identified and the proportion of assets exposed, as well as the timeframe associated with these impacts, at the level of the entity and the assets concerned.	70, 71-76
	Indication of changes in methodological choices and results.	68
Improvement measures	In the event that the entity does not publish some of the required information, it shall, where appropriate, publish a continuous improvement plan covering the missing information.	88

Appendix 3.
Table of concordance with TFCD recommendations

THEMES	TCFD RECOMMENDATIONS	PAGE(S)
Governance	a) Description of how the board of directors oversees climate change risks and opportunities.	23, 69
	b) Description of the role of management in the assessment and management of climate-related risks and opportunities.	24
Strategy	a) Description of the risks and opportunities identified in the short, medium and long term.	70, 71
	b) Description of the impact of these risks and opportunities on the investment policy.	62, 71
	c) Description of the resilience of the investment strategy under different scenarios, including the scenario of global warming of 2°C or lower.	71-76
Risk management	a) Description of the procedures for identifying and assessing climate-related risks.	53, 68, 73
	b) Description of the climate risk management procedure.	71
	c) Description of how the procedures for identifying, assessing and managing climate-related risks are integrated into the overall risk management system.	
Indicators	a) Publication of indicators used to assess climate risks and opportunities as part of the investment strategy and risk management process.	71-72, 74-86
	b) Publication of indicators on greenhouse gas emissions and associated risks for scopes 1 and 2 and, if relevant, scope 3.	77-86
	c) Publication of targets set to manage climate-related risks and opportunities and information on actual performance compared to these targets.	53-63

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