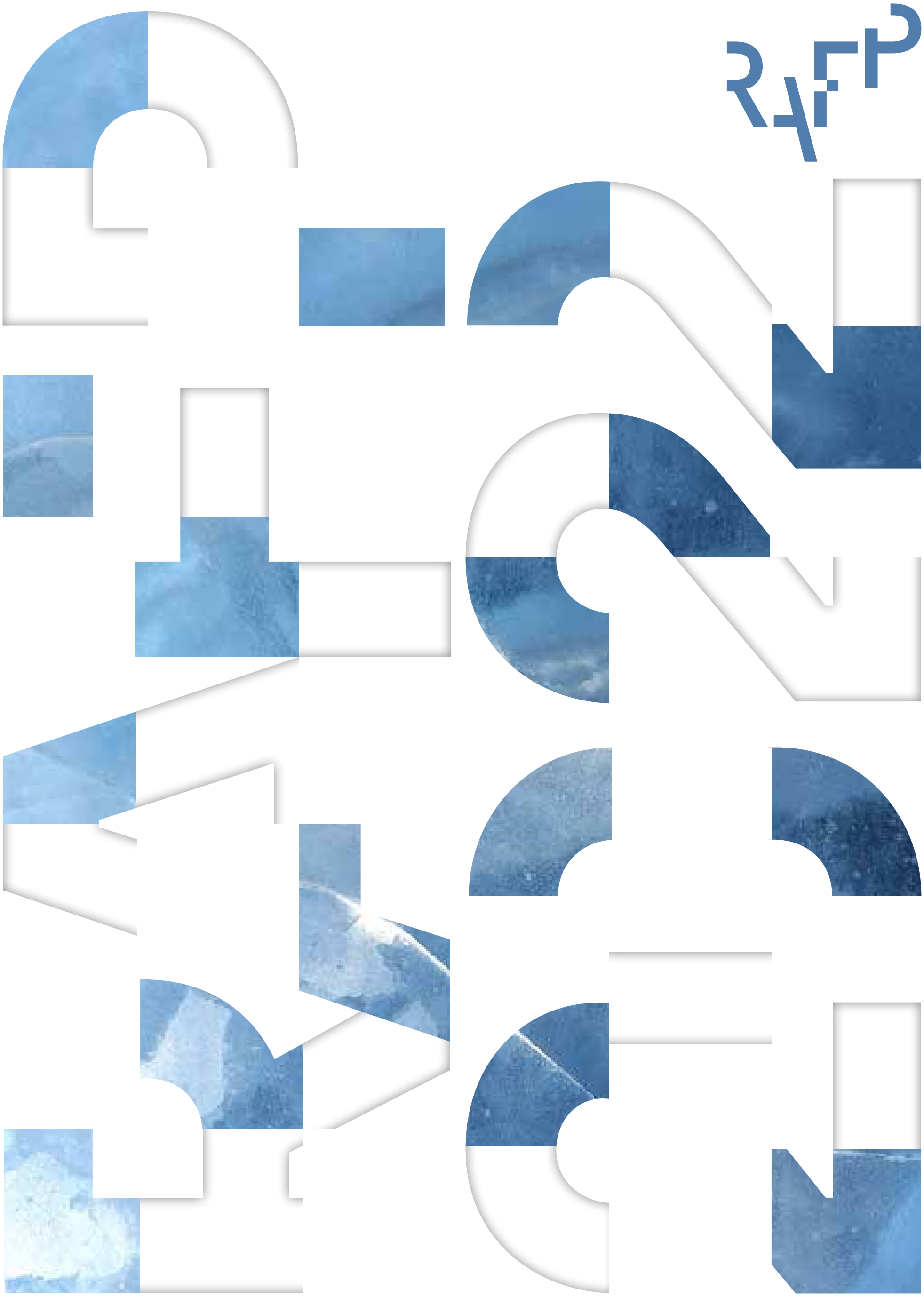

SUSTAINABILITY REPORT

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.

CONTENTS

INTRODUCTION

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, in its 2019 public report ERAFP set out the measures it had taken to incorporate climate considerations into its practices. In doing so, it implemented the recommendations of the G20 Taskforce on Climate-related Financial Disclosures before they became mandatory. 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 second 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.

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 2022 public report, which, while it does not cover the Scheme's compliance with the regulation, 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 public 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 various regulations governing sustainable finance undeniably pose challenges for investors in terms of strategy, methodology and data collection. In this report we take stock of the measures that ERAFP has implemented 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.

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 well.

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PART 1

ERAFP's General approach

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, 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 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

According to the latest report by the Intergovernmental Panel on Climate Change (IPCC), published on 20 March 2023, the 1.5°C warming threshold, beneath which the harmful effects of climate change can be better contained, will be reached as soon as 2030. With extreme temperatures, heavy rainfall and rising sea levels, the climate risks identified years ago are already materialising in extreme ways, pushing biodiversity and human populations towards their limits, and in some cases even beyond them. Some of the consequences of global warming are already irreversible and any further delay in implementing concerted action across the globe will wipe out any hope of securing a liveable future.

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 strategy aligned with a 1.5°C warming scenario 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.

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.

ERAFP expects companies to pay particular attention to respect for human rights and decent working conditions in their supply chain 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 just transition into their transition strategies.

1.2. ERAFP's ESG approach

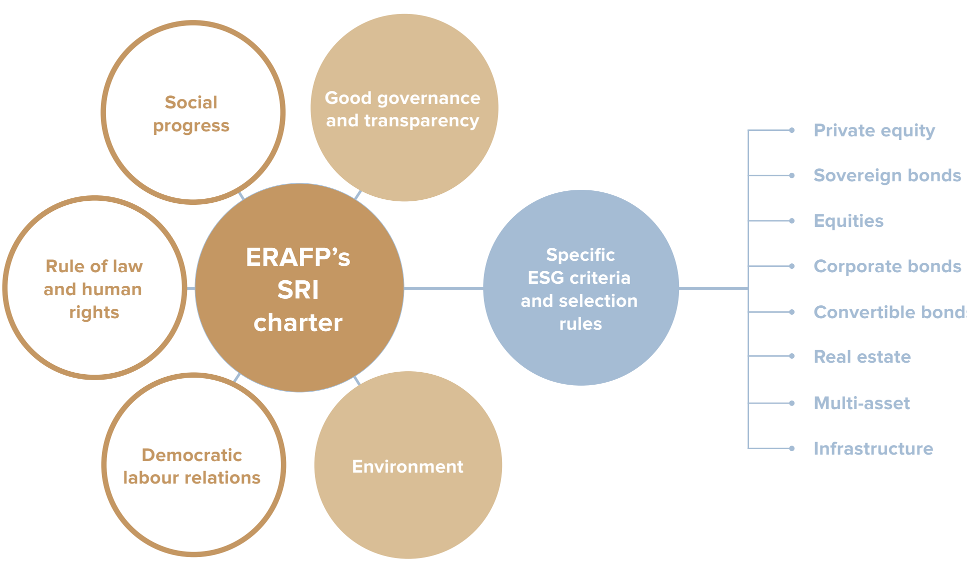
THE SCHEME'S SRI APPROACH

→ 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 revenue.
- 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 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.

> "ERAFP's SRI Charter, which was drawn up at the instigation of its board of directors, is based on French public service values."

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 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 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, client 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 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, an exception relating to two index-tracking management mandates, based respectively on the Climate Transition Benchmark (CTB) and Paris-Aligned Benchmark (PAB) indices, in accordance with European regulations on climate indices.

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 MULTI-INVESTOR FUND SELECTION PROCESS

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	6,826	100%
Cash & cash equivalents	182	100%
Delegated management / Mandates or dedicated funds		
Corporate bonds	7,418	100%
Convertible bonds	1,000	100%
Listed equities	13,624	100%
Multi-asset	1,288	100%
Private equity and infrastructure	1,331[1]	100%
Real estate	4,994	100%
Dedicated currency hedging	308	0%
Delegated management / Multi-investor funds		
Multi-investor funds	2,153	100%

All the asset classes in ERAFP's portfolio are subject to an ESG/climate analysis, with the exception of the currency hedging portfolio (for which this type of analysis is not relevant and which represented less than 1% of assets under management at end-2022).

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

1 Market value of the assets in ERAFP's portfolios invested in private equity and infrastructure at 31/12/2022.

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 ASSET PORTFOLIOS

The selectivity rate compared with the potential investment universe[3] – i.e. the percentage of companies excluded under ERAFP's best in class 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[4]. In 2022, the vast majority of its portfolios outperformed their benchmark in terms of SRI.

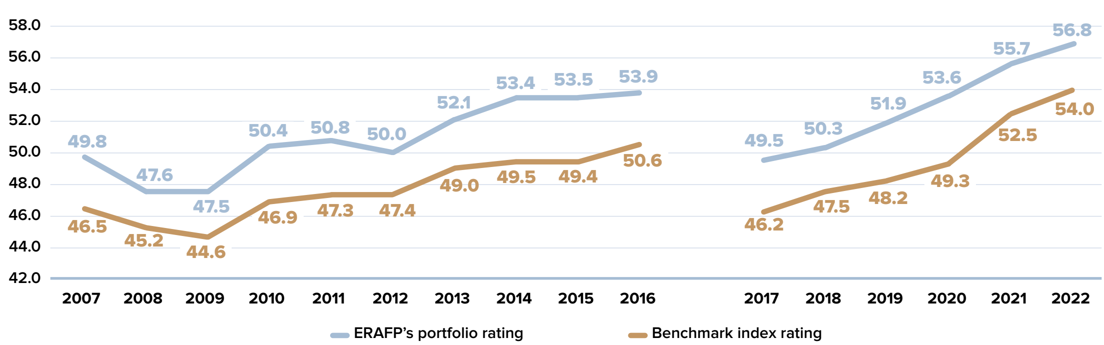
LISTED ASSETS AT 31/12/2022	2017 SRI RATING		2021 SRI RATING		2022 SRI RATING	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
Sovereign issuers	81.1	80.5	82.2	81.1[5]	81.9	81.0
Listed companies	46.6	42.7	50.6	47.8	51.6	49.1
Corporate bonds	48.2	42.3	50.4	47.3	51.3	47.9
Convertible bonds	41.4	34.5	41.7	35.8	42.9	36.8
Equities	46.2	43.6	51.3	49.0	52.5	50.8

Looking at the euro-zone equity portfolio[6], 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, 31 December 2022



3 ERAFP compares its portfolios with benchmark indices in this report. These are selected based on the geographical region and market capitalisation of the companies covered by the mandate in question. They will simply be referred to as the "benchmark", it being understood that they vary depending on the portfolio concerned. When the various segments are aggregated, a composite index is created, made up of the various underlying indices, weighted by the market capitalisation of the corresponding portfolios. The universe mentioned here thus corresponds to the aggregate listed company indices.

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

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

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

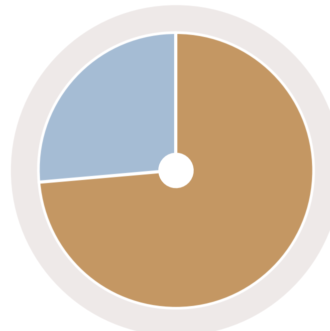
→ Multi-asset portfolio

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 that follow a thematic approach based on environmental criteria (preventing climate change, protecting water resources, etc.) or social criteria (health-care, 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.

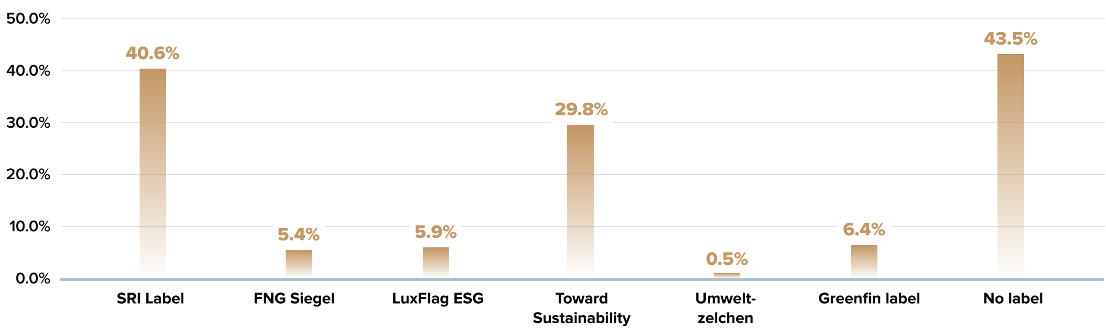
BREAKDOWN OF FUNDS IN THE MULTI-ASSET PORTFOLIO BY SFDR CLASSIFICATION[7] (%)

Source — ERAFP, 31 December 2022



BREAKDOWN OF FUNDS IN THE MULTI-ASSET PORTFOLIO BY TYPE OF ESG LABEL[8] (%)

Source — ERAFP, 31 December 2022



As at 31 December 2022, all the funds in the multi-asset portfolio had an SRI dimension. In accordance with the SFDR classification rule, 73.7% of these funds promoted environmental or social characteristics ("Article 8" funds), and 29.3% pursued a sustainable investment objective ("Article 9" funds).

In addition to the SFDR interpretation grid, which is based on the classification of funds by the fund managers themselves, the breakdown of funds by type of ESG label shows how external entities view the funds in question. At 31 December 2022, 56.5% of the funds in the multi-asset portfolio had been awarded one or more ESG labels. 40.6% of these funds had obtained the french "SRI Label", 29.8% the "Toward Sustainability" label and 6.4% the "Greenfin" label.

7 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 (known as the Sustainable Finance Disclosure Regulation – SFDR).

8 The total for labelled funds is more than 100% because some funds have more than one label.

UNLISTED ASSET 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:

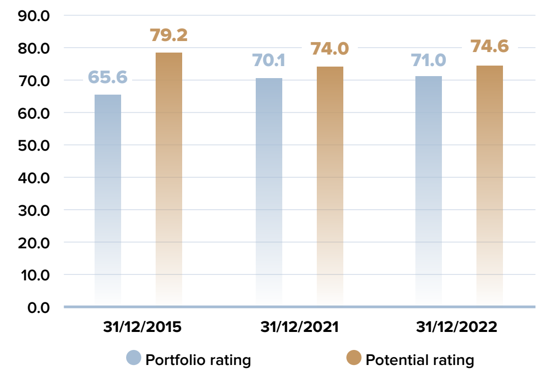
- a relative performance that compares the non-financial characteristics of these buildings and their management (lease, use, maintenance) with those of other buildings of the same type (same usage and type of construction, equivalent location);
- a dynamic performance that aims to raise each asset to 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.

In 2022, the consolidated rating for ERAFP's real estate portfolio[9] continued to improve compared with the previous year (from 70.1 to 71.0). This increase was driven in particular by renovation work and the delivery of buildings with high ratings. The potential rating increased slightly versus the previous year (from 74.0 to 74.6). However, the spread between the consolidated portfolio rating and the potential rating is narrower in 2022 than in 2021 (3.9 points in 2021 versus 3.6 points in 2022). 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 (81%) of the real estate assets in ERAFP's portfolio are certified[10] to standards of minimum environmental and social performance.

CONSOLIDATED REAL ESTATE PORTFOLIO AVERAGE SRI RATING

Source — Asset managers, 31 December 2022



The certifications obtained or pending are mainly NF Habitat, HQE "high environmental quality" and BREEAM (BRE Environmental Assessment Method) certifications.

→ 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.

9 Consolidated rating of the five real estate management mandates.

10 Obtained or pending.

As the delegated manager invests 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 2022[11], all the managers selected for ERAFP's private equity fund mandate signed ERAFP's delegated asset manager ESG clause. 65% of management companies issued an ESG report (compared with 43% in 2021) and 82% had signed the Principles for Responsible Investment (versus 71% in 2021).

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. According to the assessment by ERAFP's private equity portfolio manager, the average ESG rating obtained by managers of the portfolio's underlying funds is 6.9/10, down 0.5 points on last year. The company response rate fell between 2021 and 2022, from 58% to 51%. The delegated manager is currently redesigning the questionnaire in order to improve the response rate and the quality of underlying companies' responses.

> **"In 2022, all the managers selected for ERAFP's private equity fund mandate signed ERAFP's delegated asset manager ESG clause."**

→ 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 2022[12], 100% were PRI signatories.

Last year, the asset manager suggested revising the reporting framework so as to align it with a recognised international framework[13], to focus on transversal and comparable performance indicators and to reduce the number of indicators collected in order to achieve a greater quantity of higher quality information.

Under the new reporting framework, the underlying assets of funds invested in on behalf of ERAFP are assessed based on 21 ESG criteria (versus 32 in the previous reporting framework). Based on the 2022 assessment, which covered the underlying assets of funds invested in at 30 September 2022, the average ESG performance of assets in the portfolio was 38.6. The assessment covered 94% of the portfolio's market value (compared with 92% in 2021).

The fund managers are therefore assessed both on their ESG performance and on their management of the ESG performance of their underlying assets.

11 Based on data as at the end of 2021.

12 Based on an assessment in the first quarter of 2022.

13 ESG Data Convergence Project.

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	UN initiative to encourage investors to implement the following principles: • incorporating ESG issues into their investment analysis and decision-making processes; • being active investors and incorporating ESG issues into their ownership policies and practices; • seeking appropriate disclosure on ESG issues by the entities in which they invest; • promoting acceptance and implementation of the principles within the investment industry; • working together to apply the principles more effectively; • reporting on their activities and progress towards implementing the principles.	2006
IIGCC The Institutional Investors Group on Climate Change	Climate	A network of investors with the common aim of taking climate action.	2014
ShareAction» *Investor Decarbonisation Initiative* (IDI)	Climate	Initiative led by the NGO Share Action in the area of climate change to help investors to: • collaborate; • learn, by sharing research; • advocate.	2015
FIR Forum pour l'Investissement Responsable	ESG/Climate	A multi-stakeholder association aiming 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	Charter whose signatories agree 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.	2019

INITIATIVE / CHARTER	THEME(S)	OBJECTIVES	ENTRY DATE
Tobacco-Free Finance Pledge	SDGs	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[14]
CDP	Environment / Climate	Organisation which each year 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	Statement by investors and financial institutions with the following objectives: • 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	SDGs	Global engagement coalition led by Finance for Tomorrow, which has the following 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 2022 ERAFP participated in the following work and action:

- Net-Zero Asset Owner Alliance: ERAFP was involved in drafting the third version of the Target Setting Protocol as part of the Monitoring, Reporting and Verification (MRV) working group responsible for the document's annual update. The third edition incorporates the latest IPCC climate scenarios, published in April 2022. It also includes new asset classes (sovereign bonds, unlisted assets), new indicators (for real estate) and additional methodology notes.
- IIGCC/Climate Action 100+: In partnership with the IIGCC (Institutional Investors Group on Climate Change) and Climate Action 100+, ERAFP continued to engage with French and English audit firms by sending letters to discuss measures already implemented and yet to be completed. In particular, the signatories to the letters wished to draw audit firms' attention to ensuring consistency between the financial assumptions used in companies' financial statements and their climate objectives. The firms were also invited to analyse the financial impacts of adopting a 1.5°C-aligned global warming trajectory. As a reminder, taking the main climate-related risks into account in companies' accounts is part of the Net-Zero Company Benchmark assessment developed by the Climate Action 100+ initiative.

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

- CDP (Carbon Disclosure Project): ERAFP supported the Science Based Targets campaign, which aims to accelerate companies' adoption of 1.5°C-aligned global warming pathways. In 2022, this campaign focused on 1,000 international companies targeted due to their impact on the climate, representing market capitalisation of USD 25 trillion.
- PRI (Principles for Responsible Investment): In 2022, ERAFP was involved in the third edition of the initiative to combat aggressive tax optimisation practices. As part of this initiative, ERAFP participated in listing various courses of action that can be taken, such as submitting shareholder resolutions for highly exposed companies and raising awareness among voting advisory companies so that they can support these shareholder proposals.

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

	PRE-INVESTMENT	INVESTISSEMENT	POST-INVESTMENT
Investment process	Set SRI requirements for each mandate Regulatory engagement "Non-targeted" collaborative engagement	Rules for selecting investments/ securities Targeted thematic investment	Half-yearly 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	Management committee *Ex-post* control by the SRI rating agency 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 members on criteria relating to the investment policy's ESG targets

From the outset, RAFP has been keen to keep its contributors fully informed about its SRI approach and actions through a range of communication channels and events, with the aim of demonstrating, in an informative manner, that implementing a 100% socially responsible investment policy guarantees long-term sustainability and security.

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 sector 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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PART 2

ESG governance and dedicated resources

2. ESG GOVERNANCE **AND DEDICATED RESOURCES**

2.1. The board of directors

Pursuant to Article 22 of Decree no. 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 no. 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;
- half-yearly SRI reporting on the Scheme's investments;
- monitoring of ERAFP's involvement in engagement initiatives.

SRI TRAINING FOR SCHEME DIRECTORS

Each year, the Scheme's directors are offered at least one training course on an ESG or climate-related theme.

In June 2021, under the decree implementing Article 29 of the Energy and Climate Act (referred to as "Article 29 LEC"), changes were made to the regulatory framework applicable to French investors, including ERAFP, with regard to the disclosure of non-financial information. With this in mind, in 2022 ERAFP's directors were offered a training session to shed light on the challenges associated with these developments, followed by a presentation to the CSPP and the board of directors of the Scheme's first sustainability report, published in accordance with the provisions of the decree.

As part of this training, directors were able to attend a presentation of the new regulatory framework by a representative of the French Ministry of Ecological Transition, who had been involved in drafting it. This was followed by presentations by S&P Global and La Française, setting out the challenges they faced in implementing the provisions of the decree, from a methodological and data collection perspective. The day ended with a presentation by the SRI team on the impact of the new regulations on ERAFP's non-financial reporting.

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 asset management companies 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 Agreement;
  - updates to the Scheme's shareholder engagement policy.

2.3. Internal human resources

THE SRI TEAM

ERAFP's SRI team comprises 2.5 FTEs (5.4% of the total workforce). In 2022, it was decided to create an additional position to strengthen the team. From 2023, it will therefore comprise 3.5 FTEs.

Among other activities, ERAFP's SRI team monitors the implementation of ERAFP's SRI policy by the ESG and Climate analysis teams of the delegated management companies (more than 270 analysts in total). 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.

"All ERAFP employees are highly engaged in working on SRI and climate-related issues."

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

- establishing the procedures for adapting ERAFP's SRI Charter to each new asset class and updating them as and when necessary;
- 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 climate roadmap, ERAFP has set up an internal steering committee composed of the chief executive officer, the deputy chief executive officer in charge of technical and financial management, the heads of the various asset classes and the head of SRI.

This committee met four times in 2022 to monitor the implementation of the roadmap.

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

From the outset, ESG issues were fully integrated into ERAFP's internal operations. Whether through training, providing the latest information or consultations, ERAFP has always been keen to involve and empower its employees in these areas.

All employees are thus made aware of recycling and energy-saving initiatives, and information on internal initiatives is published 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 and the Biodiversity Fresk workshop scheduled for 2023. A fun-based challenge for employees was also organised internal focusing on quality of life at work, which fostered team spirit while raising awareness of various social issues within ERAFP.

ERAFP also holds regular sessions to inform and enlighten all its employees on topics relating to its 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 contributions from external specialists.

2.4. Internal financial resources

In 2022, ERAFP allocated €846,000 to SRI, i.e. 2.5% of its total budget.

The SRI budget covers internal human resources (2.5 FTEs), membership of the various initiatives, the purchase of ESG and 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 no. 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 chief executive officer, the deputy chief executive officer in charge of technical and financial management, the heads of the various asset classes and the head of SRI all incorporate SRI considerations.

"In 2023, ERAFP selected the non-financial rating agency Sustainalytics."

2.6. External technical resources

NON-FINANCIAL RATING AGENCY

In 2022, Moody's ESG Solutions was the non-financial rating agency tasked with analysing the asset portfolio and providing half-yearly reports on the bond and equity portfolios, as well as assessing the compliance with SRI criteria of sovereign and similar bonds managed directly by the Scheme.

When the contract for a non-financial rating agency came up for renewal, in February 2023 ERAFP selected Sustainalytics to provide this service.

ASSET MANAGEMENT COMPANIES

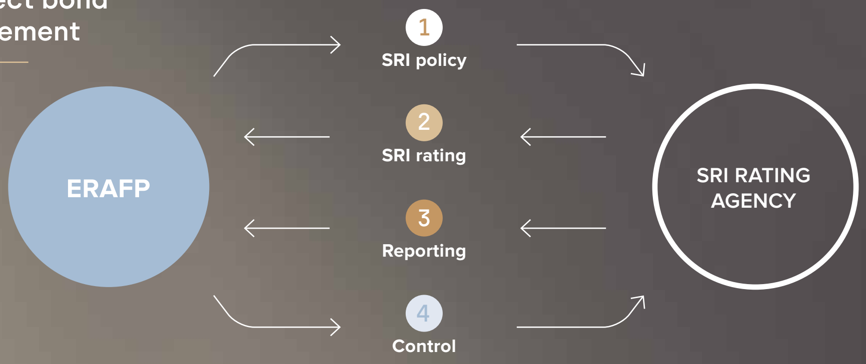
The management of 67.1% of ERAFP's assets is delegated to some 28 asset management companies. The resources that these companies allocate for the purpose of incorporating ESG/climate criteria in their practices is a decisive factor in ERAFP's selection process for these firms.

The asset management companies 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.

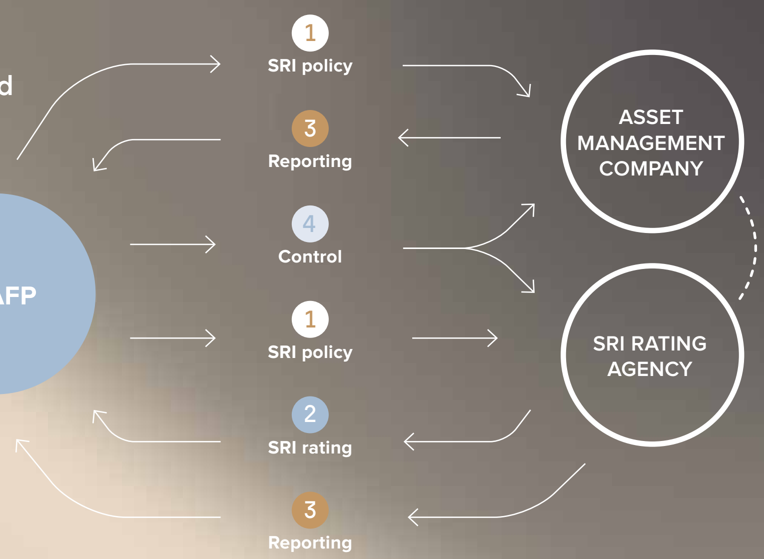
The ratings assigned by the asset managers to each issuer in the portfolio are compared to those assigned by Moody's ESG Solutions. In the event of a discrepancy, discussions are held with the manager to identify the root causes. If an issuer's SRI rating is downgraded, ERAFP may consider asking the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

ROLES OF THE VARIOUS ENTITIES AND CONTROL PROCEDURES

For direct bond management



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

- Half-yearly reporting
- Regular updates

4 Monitoring

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

CLIMATE AND BIODIVERSITY RISK ASSESSMENT AGENCIES

In 2022, S&P Global and Carbone 4 assisted ERAFP in assessing the exposure of its asset portfolio to climate change issues, covering the asset classes and indicators presented in the table below.

CLIMATE INDICATORS PROVIDED BY THE AGENCIES

DATA PROVIDER	ASSET CLASS	INDICATEURS
S&P Global	Sovereign bonds	Carbon intensity, energy mix alignment with a 1.5°C scenario
	Equities Corporate bonds 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

When renewing these contracts in 2022, ERAFP extended the scope of analysis to include biodiversity issues. Following the public procurement procedure launched in May 2022 to select one or more specialist climate and biodiversity strategy consulting firms for its portfolios of listed, real estate and unlisted assets (infrastructure and private equity), ERAFP allocated the listed assets lot to Iceberg Data Lab and the real estate assets lot to CBRE Conseil & Transaction. The tender for the unlisted assets lot (infrastructure and private equity) was terminated due to a lack of sufficiently competitive bids.

> “ERAFP allocated the listed assets lot to Iceberg Data Lab and the real estate assets lot to CBRE Conseil & Transaction.”

PROXY ADVISORY FIRMS

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 around 40 major French companies and 20 major international companies. For this purpose, in 2022 ERAFP used the services of two proxy advisory firms, 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.

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PART 3

Strategy of engagement with issuers and asset managers

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

ERAFP's shareholder engagement guidelines

ERAFP practises 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 2022, ERAFP pursued its engagement approach on a number of environmental, social and governance fronts, 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 Agreement

- IIGCC / Climate Action 100+
- IDI[15] / 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 / Share Action
- CDP
- Net-Zero Asset Owner Alliance

3.

Making a positive contribution to the SDGs

- Finance for Tomorrow

4.

Combating aggressive tax optimisation practices

- Principles for Responsible Investment

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.

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

15 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 with 166 companies identified as being not only the world's largest greenhouse gas emitters, but also as having 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 Institutional Investors Group on Climate Change), the initiative currently brings together 700 investors representing $68 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.

The utilities and automotive sectors, which are key to the energy transition, and particularly the companies targeted by ERAFP's engagement initiatives, have started to take significant steps (with the aim of reducing their emissions, shifting from fossil fuels/combustion vehicles towards renewable energies/electric vehicles, etc.) but must still make major efforts to achieve carbon neutrality by 2050.

Of the companies targeted by the initiative, 75% have now set a target of achieving carbon neutrality by 2050, whereas only 5 had done so in 2018, when the initiative was launched.

→ THE INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (IIGCC)

IIGCC is an international organisation that brings together 375 members (asset owners and financial managers), representing $60 trillion in assets under management, to collaborate on incorporating climate change-related risks and opportunities in their investment processes. The IIGCC's main missions are to provide the knowledge and tools needed to assess the effects of climate change on assets, to encourage investors to manage the effects of climate change on their investments by incorporating climate risks in their analyses, and to push for public policies and solutions for markets to ensure an effective transition towards a secure climate system, compatible with long-term investment objectives.

As a member of this organisation, ERAFP has participated in multiple letter writing campaigns, one of which 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 their fleet of electric vehicles. 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 but also representing a major source of opportunities to promote the energy transition.

➔ 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 engages with eight of the companies directly, via Climate Action 100+, and its asset managers 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, an offshoot 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[16], in particular Goals 13 (Climate action) and 8 (Decent work and economic growth).

16 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 2022, ERAFP also endorsed several investor statements containing messages aimed at companies or governments:

- ERAFP signed a statement published by the French SIF, which sets out the main challenges and expectations of investors with regard to the Say on Climate (SoC) initiative.
  The statement presents Say on Climate as a tool for shareholder democracy, enabling ongoing dialogue on climate issues to take place at general meetings through an annual advisory vote.
  The document lays down the minimum non-financial information expected to be provided, so that investors can perform a thorough assessment of companies' climate ambitions in the short, medium and long term.
  The statement proposes that Say on Climate should be institutionalised in company law to provide a legal framework for the resolutions concerned.
- ERAFP signed the financial sector statement on biodiversity, initiated by the UNEP Finance Initiative, the Principles for Responsible Investment (PRI) and the Finance for Biodiversity Foundation. This statement has been signed by 150 financial institutions representing more than $24 trillion in assets under management.
  It underscores the signatories' commitment to helping to protect and restore biodiversity and calls for the adoption of a global biodiversity framework at COP 15 (in the same way as the Paris Agreement).

3.2. Engagement conducted by asset management companies 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 2022, the number of engagement actions by ERAFP's delegated asset managers increased slightly[17] compared with the previous year. It should be noted that, with both types of engagement, the approaches used can vary considerably in terms of practices used and time allocated (letters, occasional or recurring dialogue, submission of shareholder resolutions, etc.).

ENGAGEMENT ACTIONS TAKEN ON THE LISTED COMPANY PORTFOLIO[18]

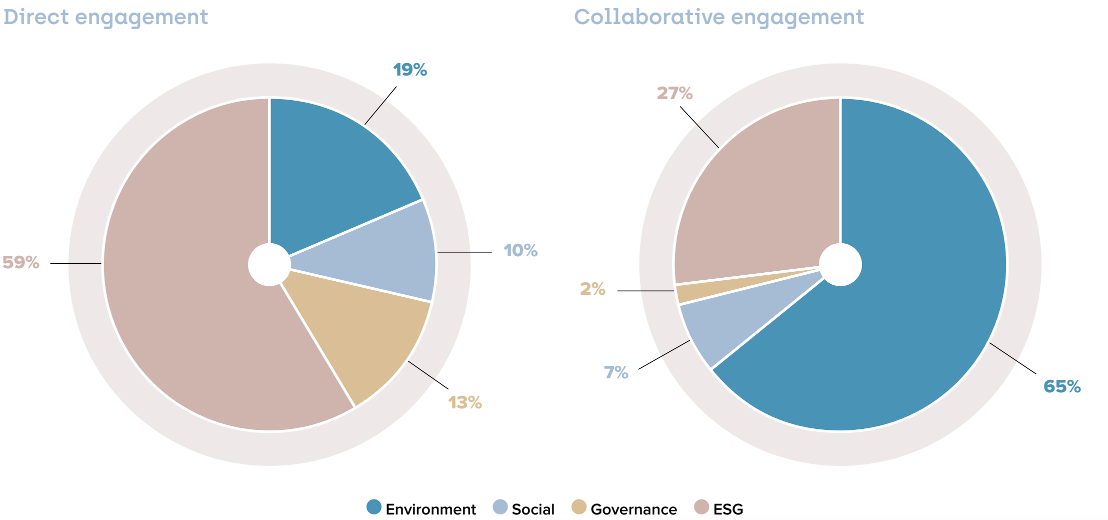
Direct engagement	704
Engagement via a collaborative initiative	243
Of which "lead" role	38
Number of companies that made a formal commitment to change following the engagement procedure	180

17 The figures in the table "Engagement actions taken on the listed company portfolio" were supplied by our asset management companies.

18 Equity, corporate bond and convertible bond portfolios.

ENGAGEMENT ACTIONS BY THEME

Source – ERAFP



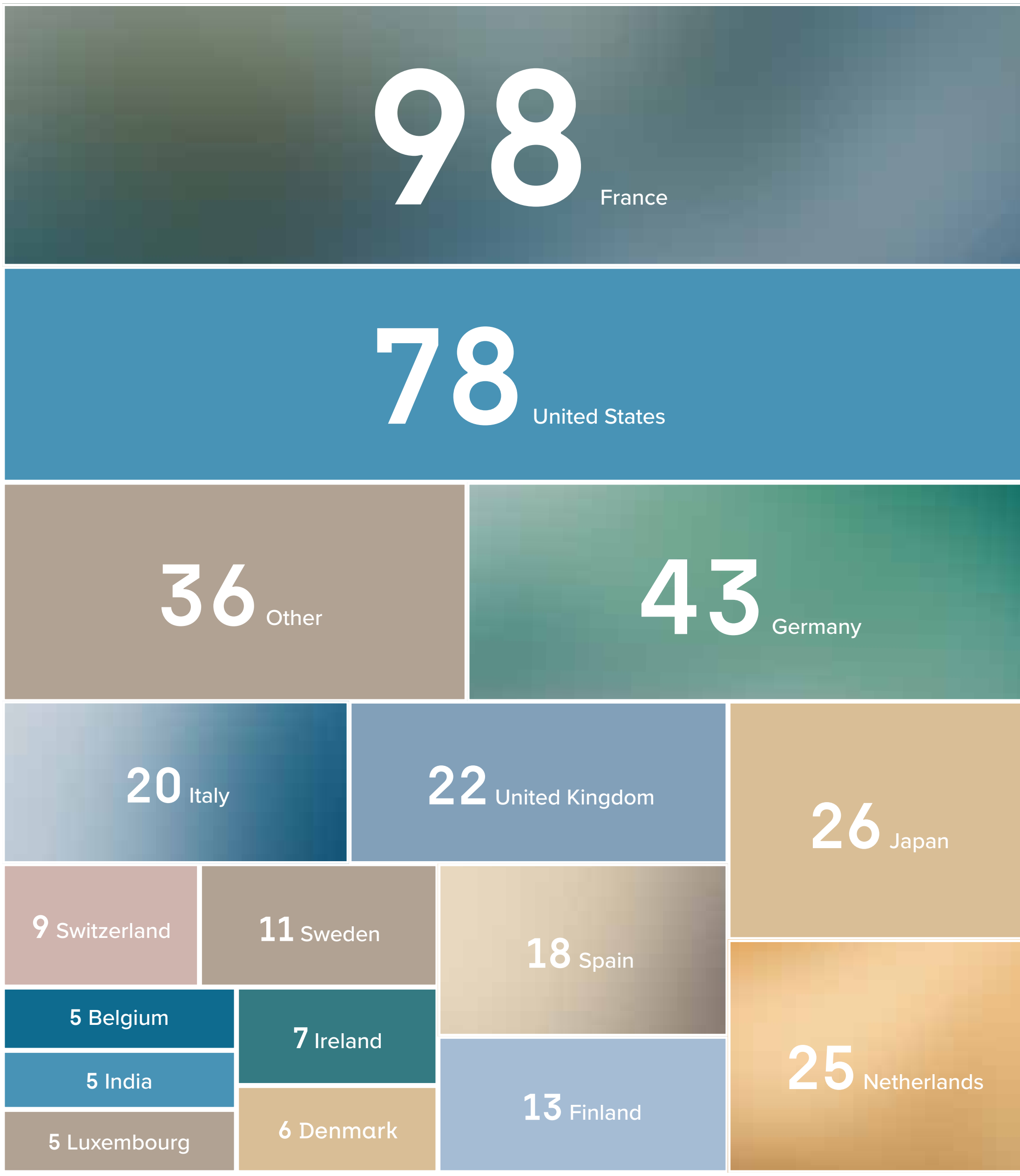
In this context, in 2022 ERAFP improved its information gathering, enabling it to monitor engagement actions covering the listed company portfolio and to disclose for the first time the percentage of assets therein covered by these initiatives.

Of the 1,022 issuers in ERAFP's listed company portfolio, 429 were covered by at least one engagement action, i.e. 42%. This engagement covers 80% our total AUM.

Based on this data, the issuers covered by engagement actions can also be broken down by sector and region (see table below).

ENGAGEMENT ACTION BY REGION AND SECTOR

Source — ERAFP



The sectors in which ERAFP's asset management companies carry out the largest number of engagement actions are manufacturing and finance. The geographic breakdown of our engagement actions confirms the strong representation of French, US and German companies covered, which reflects the exposure of ERAFP's portfolio to these countries.

Alongside these activities, 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. This commitment is either undertaken directly by ERAFP, notably as part of the Climate Action 100+ initiative, or delegated to its asset management companies, allocating approximately two companies to each manager.

ERAFP asked its managers to carry out an initial assessment using the analysis grid developed by the Climate Action 100+ initiative ("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 results of this analysis are presented in Part 5 of the report ("Strategy for alignment with the Paris Agreement").

3.3. A demanding voting policy consistent with public service values

ERAFP's voting policy is updated annually, in order to draw lessons from each general meeting season and any regulatory developments 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 2022, this sample comprised some 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 2022 GENERAL MEETING SEASON

The backdrop for the 2022 general meeting season differed from those of the previous two years due to the economic and financial rebound, which was reflected in corporate earnings releases. Nevertheless, despite high dividend payouts to shareholders, including ERAFP, the distribution of added value remains an important focal point for the Scheme, which is committed to ensuring that earnings are shared out fairly between managers, employees and shareholders. In France, another major development this season was the return of in-person general meetings, which resulted in a high overall participation rate (74% versus 71% in 2021).

In contrast to 2021, which was marked by a decrease in total executive pay for 2020 (-14% approximately for SBF 120 companies and -11% for CAC 40 companies), the remuneration for 2021 voted on in 2022 was significantly higher (up 52% in 2021 from 2019 for executives of CAC 40 companies and up 22% for SBF 120 executives). These results reflect the improved financial performances reported by these companies last year.

Non-financial themes also took centre stage at the 2022 general meetings. Carbon neutrality remains a predominant theme, with all CAC 40 companies presenting their "net-zero" goals[19]. This season also saw more companies presenting their corporate purpose, without this being reflected in particular commitments or policies. Conversely, the issue of value sharing within companies again took a back seat during this general meeting season, with only 5 companies presenting comprehensive information on this subject.

In line with the 2021 general meeting season, the number of climate resolutions (Say on Climate) increased sharply in 2022. This was evident both in France (10 resolutions in 2022, compared with 3 in 2021) and at the European level (30 resolutions in 2022 versus 15 in 2021). The proposals submitted by companies mainly concerned the approval of their climate strategy or sustainability report, sometimes both. At the aggregate level, however, external resolutions concerning climate strategies received a minority of votes, but were a source of tension at general meetings.

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 37% of resolutions put forward by the management of French companies (compared with 34% in 2021). In contrast, at international general meetings, ERAFP's opposition dropped to 32% (from 40% in 2021).

Taking into account the questions raised by the increase in remuneration, the non-sharing of added value and the ambitiousness of companies' climate strategies, in line with its voting policy, ERAFP's main opposition at general meetings in 2022 related to executive pay and the way in which companies integrate climate issues.

19 Institut du Capitalisme Responsable, Review of 2022 General Meetings, 22 June 2022.

→ Executive pay

In 2022, across the 40 French companies in its sample, ERAFP voted in favour of 58 resolutions on executive pay ("Say on Pay" votes) out of a total of 221.

ERAFP's opposition to executive pay in its French company sample was stable in 2022 versus 2021, with an objection rate of 74% (compared with 75% the previous year). Its opposition was mainly on the grounds of remuneration being above the thresholds set by ERAFP in its voting policy[20]. ERAFP also noted a lack of transparency in the definition of performance as it relates to pay, and considered the weight of qualitative performance criteria to be excessive.

With regard to the international companies in the sample, ERAFP's opposition was more pronounced (97% in 2022 versus 93% in 2021). As with the French companies, this was mainly on the grounds that pay levels were out of line with the thresholds set by ERAFP. Average executive pay at international companies is higher than at French companies (+15%). However, the gap narrowed last year due to average executive pay increasing at French companies (+58% year-on-year) and decreasing at international companies, following the removal of US companies from the sample. Since 2022, the sample has comprised companies with which ERAFP conducts engagement activities under the engagement target set in its climate roadmap, plus companies selected solely on the basis of their weight in the portfolio. Beyond the level of pay, insufficient transparency on pay structure remains a point of attention, particularly for companies in the international sample.

As regards governance issues, at the 40 French general meetings monitored in depth by ERAFP, its opposition to resolutions on the appointment or reappointment of directors averaged 30% in 2022 (versus 26% in 2021). The main reasons for ERAFP's opposition, which is in line with its guidelines, are multiple directorships, potential conflicts of interest and a low percentage of women on boards.

Conversely, in its international sample, ERAFP voted more frequently in favour of proposed appointments of directors (opposing just 24% in 2022 versus 42.1% in 2021). As with pay-related resolutions, this increase was due to changes in the sample of companies monitored by ERAFP as part of its voting activity.

→ Consideration of climate-related issues

As already mentioned, 2022 was marked by an increase in "Say on Climate" resolutions in France and Europe. In France, ERAFP opposed this type of action initiated by companies in its portfolio on three occasions. This was mainly due to inadequate climate-related targets, insufficient transparency in relation to these targets, and differences in the scopes used (scope 3 not taken into account). At the international level, ERAFP supported a "Say on Climate" resolution concerning the approval of a company's sustainability policy.

In 2023, ERAFP will support 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 ambitiousness, relevance, precision and practical implementation of the commitments assessed.

20 The socially acceptable maximum amount of an executive's total remuneration (salary, benefits, options, bonus shares and top-up pension plan contributions) corresponds to 100 times the minimum wage in force in the country in which the company's registered office is located, which in France is the SMIC.

SUMMARY TABLES: VOTES AT 2022 GENERAL MEETINGS (FRENCH AND INTERNATIONAL SAMPLES)

FRENCH SAMPLE

FIGURES FOR ERAFP SAMPLE	2022	2021	2020	2019	2018	2017
Women board members	47%	46%	47%	45%	45%	44%
Independent board members	56%	56%	59%	58%	56%	52%
Average remuneration of chief executive (€m)	6.2	4.0	5.0	5.4	4.6	4.8

ERAFP VOTES	2022	2021	2020	2019	2018	2017
Resolutions monitored in depth by ERAFP	943	959	1,030	915	913	889
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	63%	66%	68%	62%	57%	58%
ERAFP votes in favour of dividend distribution	90%	74%	92%	87%	87%	49%
Average adoption rate of AGM resolutions on dividend distribution	99%	96%	99%	99%	99%	99%
ERAFP votes in favour of resolutions on executive pay	26%	25%	13%	8%	10%	9%
Average adoption rate of AGM resolutions on executive pay	94%	91%	92%	87%	87%	87%
ERAFP votes in favour of appointments or reappointments of directors	70%	74%	78%	81%	67%	64%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	95%	94%	94%	94%	94%	93%

SHAREHOLDER-INITIATED RESOLUTIONS	2022	2021	2020	2019	2018	2017
Shareholder-initiated resolutions	14	10	11	8	6	3
Shareholder-initiated resolutions adopted by the AGM	0	1	1	0	1	0
Shareholder-initiated resolutions supported by ERAFP	57%	90%	45%	88%	67%	67%

INTERNATIONAL SAMPLE

FIGURES FOR ERAFP SAMPLE	2022	2021	2020	2019	2018	2017
Women board members	38%	36%	33%	35%	29%	29%
Independent board members	57%	71%	63%	67%	65%	70%
Average remuneration of chief executive (€m)	7.4	5.1	7.0	6.8	8.3	7.2

ERAFP VOTES	2022	2021	2020	2019	2018	2017
Resolutions monitored in depth by ERAFP	309	297	319	326	239	214
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	68%	60%	60%	60%	64%	44%
ERAFP votes in favour of dividend distribution	95%	85%	94%	87%	93%	50%
ERAFP votes in favour of resolutions on executive pay	3%	7%	3%	0%	0%	7%
ERAFP votes in favour of appointments or reappointments of directors	77%	58%	66%	74%	51%	29%

SHAREHOLDER-INITIATED RESOLUTIONS	2022	2021	2020	2019	2018	2017
Shareholder-initiated resolutions	3	24	24	28	10	16
Shareholder-initiated resolutions supported by ERAFP	0%	79%	71%	75%	70%	63%

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PART 4

EU Taxonomy alignment and investments in fossil fuels

4. **INVESTMENTS ALIGNED** WITH THE EUROPEAN TAXONOMY AND INVESTMENTS IN FOSSIL FUELS

THE EUROPEAN TAXONOMY FOR SUSTAINABLE ACTIVITIES

Since 2018, the European Commission, through its sustainable finance action plan, has started work on integrating non-financial criteria in the economic and financial sphere. With this objective in mind, one of the plan's proposals was to develop a standard classification system across the European Union (EU), commonly known as the "Taxonomy", which would define the economic activities that are considered to be environmentally sustainable. In 2020, the EU published the "Taxonomy" regulation (2020/852), supplemented in December 2021 by a first delegated act (2021/2178) to specify the content to be published by companies subject to reporting on their environmentally sustainable activities, as well as the method to adopt to comply with this reporting obligation.

For the period from 1 January 2022 to 31 December 2023, ERAFP is required to publish only the percentage of its total assets exposed to Taxonomy-eligible economic activities and the percentage exposed to non-Taxonomy-eligible economic activities. This a priori calculation is based on the NACE classification of business sectors.

4.1. Sustainable investments – European Taxonomy

LISTED COMPANY PORTFOLIO

Methodology note

At the end of November 2022, the Taxonomy, via its delegated acts, applies to only two of these objectives: climate change mitigation and adaptation to climate change, i.e. it focuses on the climate aspect of the text. To a lesser extent, the reporting requirements are beginning to take social thresholds into account. S&P Global, ERAFP's service provider, has therefore incorporated the Taxonomy's requirements that specify the criteria and thresholds that must be respected in order for an activity to be considered sustainable on three fronts:

- **A substantial contribution:** the activity must make a substantial contribution to one of the six environmental objectives defined by the regulation[21];
- **The "Do No Significant Harm" principle:** the activity must not cause any significant harm to other environmental objectives;
- **Minimum social safeguards:** the activity must meet minimum standards in terms of human and labour rights.

21 Climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

→ The main results of ERAFP's investments in relation to the European Taxonomy

In accordance with the European Taxonomy disclosure requirements, ERAFP is required to report the share of eligible revenue from companies subject to the European Non-Financial Reporting Directive (NFRD).

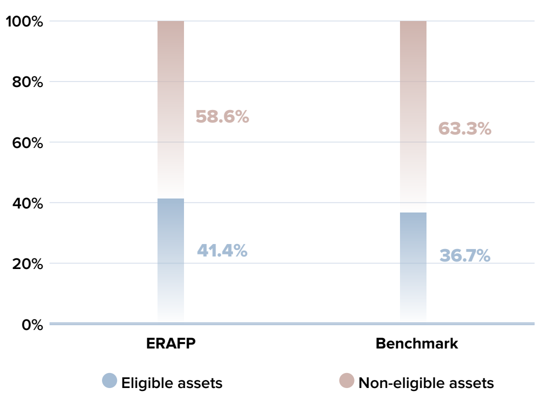
At 30 November 2022, ERAFP had data on the eligibility and alignment of the assets in its listed company portfolio, based on the first two objectives of the Taxonomy, as shown in the table below.

OBJECTIVES	TYPE OF ACTIVITY	FINANCIAL INDICATOR	ASSESSED ELIGIBILITY	ASSESSED ALIGNMENT
(1) Climate change mitigation	General	Revenue	Yes	Yes
	Transitional	Revenue	Yes	Yes
	Enabling	Revenue	Yes	Yes
(2) Climate change adaptation	General	Investments	No	No
	Enabling	Revenue	Yes	No

Based on the aggregate analysis of its listed company portfolios[22] ERAFP outperforms its benchmark index in both cases, as shown in the chart below.

SHARE OF THE REVENUE OF ERAFP'S LISTED COMPANY PORTFOLIO ELIGIBLE FOR THE EUROPEAN TAXONOMY COMPARED WITH THE BENCHMARK INDEX[23] (%)

Source — S&P Global, 30 November 2022



In the listed company portfolio, the main sectors eligible for alignment with the Taxonomy are manufacturing, information technology and telecommunications, finance and insurance, energy and transport. As a reminder, since this is the first reporting year, we are unable to show a historical breakdown of the share of Taxonomy-eligible assets. In addition, our data provider classifies economic activities in three categories, in accordance with the definitions of the European Taxonomy:

- "General" activities, which have the potential to directly mitigate carbon emissions (e.g. renewable energies).
- "Transitional" activities, which may have a relatively high carbon intensity but have significant potential to reduce their carbon emissions over time (e.g. steel manufacturing).
- "Enabling" activities, which could allow other sectors to reduce their carbon emissions (e.g. wind turbine manufacturing).

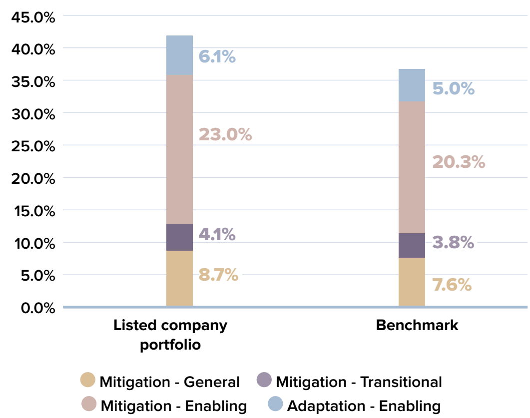
22 In accordance with Article 7(1) of Delegated Act 2021/2178, ERAFP is not required to include *"exposures to central governments, central banks or supranational issuers"*.

23 The share of assets in the listed company portfolio covered amounted to €20.6 billion.

As at 30 November 2022, enabling activities (mainly concentrated in renewable energies) within the climate change mitigation objective account for the largest share of eligible revenue in ERAFP's global aggregate portfolio, as shown in the chart below.

TAXONOMY-ELIGIBLE REVENUE BY POTENTIAL OBJECTIVE AND TYPE OF ACTIVITY (%)

Source — S&P Global, 30 November 2022



→ Areas for improvement and upcoming deadlines

From 2024, it will be required to calculate alignment (a posteriori) with the three criteria above (the substantial contribution, the *"Do No Significant Harm"* principle and the minimum safeguards) for financial companies[24]. ERAFP will be required, from that date, to disclose the proportion of assets in its portfolio that is now aligned with these criteria.

However, at 30 November 2022, many companies did not have quantitative and qualitative indicators in place to meet the requirements of this regulation. For information, ERAFP's asset alignment rate for its listed company portfolio would be 1.9% at that date, versus 1.4% for its benchmark index, based on S&P Global estimates.

UNLISTED PORTFOLIOS

The processes for selecting investment managers and multi-investor funds for ERAFP's private equity and infrastructure investments are set out in this report[25]. As regards monitoring indicators, ERAFP relies on Carbone 4, which calculates the sustainable proportion of ERAFP's private equity and infrastructure portfolios based on the European Taxonomy for sustainable activities.

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[26] broken down into 71 eligible 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.

24 Recital 12) of Commission Delegated Regulation (EU) 2021/2178.

25 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 12.

26 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.

Infrastructure

Carbone 4 uses the European Taxonomy to determine the sustainable share of the infrastructure portfolio. Thus, at the end of 2021:

- The average "sustainable share" of the Ardian mandate represented 10% of investments (versus 11% at end-2020). Direct portfolio management accounted for 39% of investments (compared with 52% in 2020). Given the large number of renewable energy generation assets, the direct portfolio has a significant sustainable share.
- The average "eligible potential sustainable share" of the Ardian mandate represented 42% of investments in 2021 (versus 46% at end-2020). Direct portfolio management accounted for 57% of investments in 2021 (compared with 68% in 2020). Physical data for 2021 was more disparate for the infrastructure portfolio managed directly by ERAFP, which helps explain the fall in the "potentially eligible sustainable share". 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[27], the company's business description and the European Taxonomy, the share of "sustainable" revenues was estimated at 4% at end-December 2021 (versus 3% in 2020)[28]. The assets concerned belong to the waste management and recycling sector and the electric mobility sector (e-bikes and charging points).

This is a conservative estimate, since ERAFP holds another 65 assets in eligible sectors but lacks sufficient information to determine whether or not they meet the European Taxonomy standards.

Real estate

ERAFP will incorporate eligibility and alignment data for its real estate portfolio in the coming years.

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.

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) and traditional industrial chemicals activities.

27 Statistical classification of economic activities in the European Community.

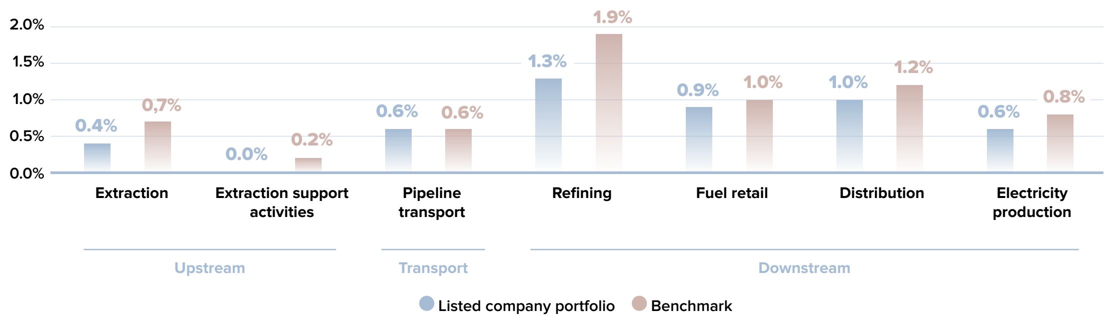
28 Source: Carbone 4.

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 0.4% and 0.6% respectively of their aggregate revenue. Taking the various fossil fuel-related activities in the downstream section into account, the exposure percentage rises to 3.7% of aggregate revenue, compared with 4.9% for the benchmark.

Looking at each activity individually, the portfolio's exposure is again lower than that of the benchmark index, with the exception of pipeline transport, for which the portfolio's exposure is very slightly higher. Overall, the companies in ERAFP's listed company portfolio generate 4.8% of their revenue in fossil fuel-related sectors, versus 6.5% for the benchmark.

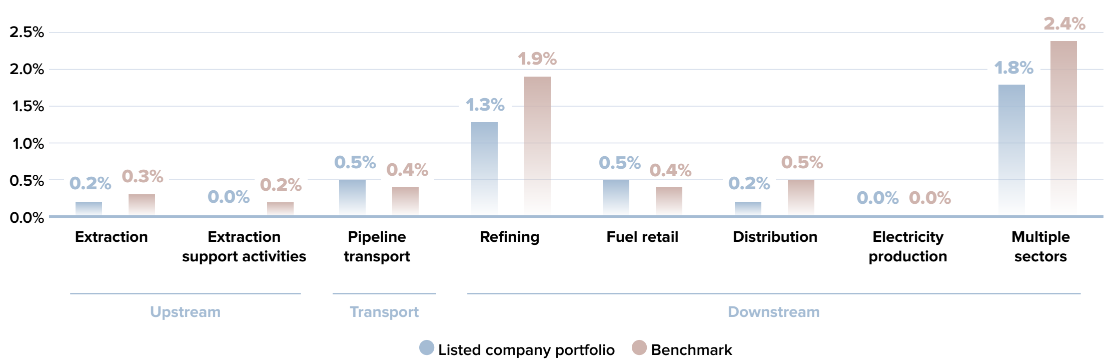
LISTED COMPANY PORTFOLIO'S EXPOSURE TO FOSSIL FUELS, BASED ON REVENUE BY ACTIVITY TYPE, COMPARED WITH THE BENCHMARK (%)

Source — S&P Global, 30 November 2022



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 2022



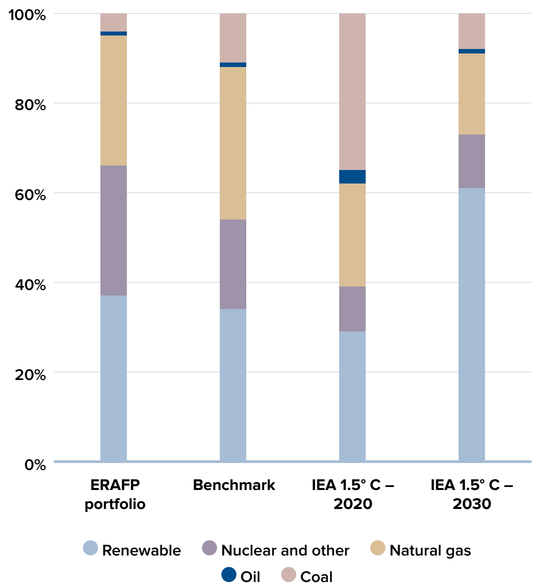
In addition to the indicator above (share of aggregate revenue of companies in the listed company portfolio generated from fossil fuels), ERAFP also discloses the share of the portfolio invested in companies heavily involved in fossil fuel operations, compared with the benchmark.

It thus established that 4.5% 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 6.1% for the benchmark. Most of these assets relate to companies that are involved in multiple activities or oil refining.

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

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

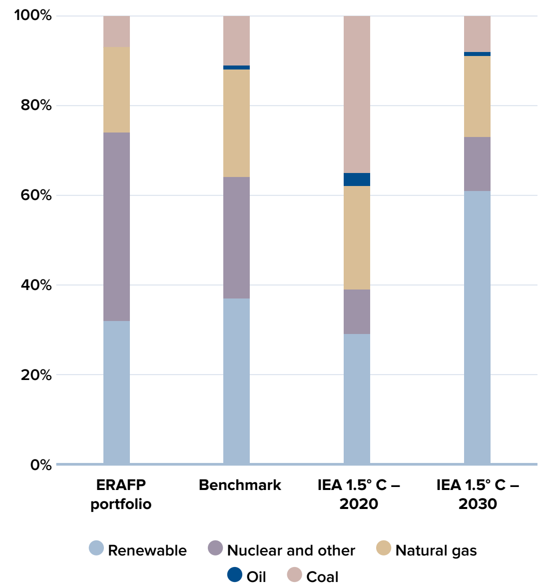
Source — S&P Global, International Energy Agency (IEA), 30 November 2022



→ Focus on the energy generation mix in the sovereign bond portfolio

ENERGY GENERATION MIX OF COUNTRIES IN ERAFP'S SOVEREIGN BOND PORTFOLIO, IN GWH (%)

Source — S&P Global, International Energy Agency (IEA), 30 November 2022



Compared with its benchmark, ERAFP's listed company portfolio shows a larger share of nuclear energy (29% versus 20%) and, to a lesser extent, renewable energies (38% versus 35%), as well as a significantly lower percentage of fossil fuels (34% versus 46%).

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.

As for the listed company portfolio, the energy generation mix in the countries in ERAFP's sovereign bond portfolio shows a higher share of nuclear energy than the benchmark (41% versus 27%), but a slightly lower share of renewable energies (32% versus 36%). The share of energy produced from fossil sources is also well below the benchmark (26% versus 36%).

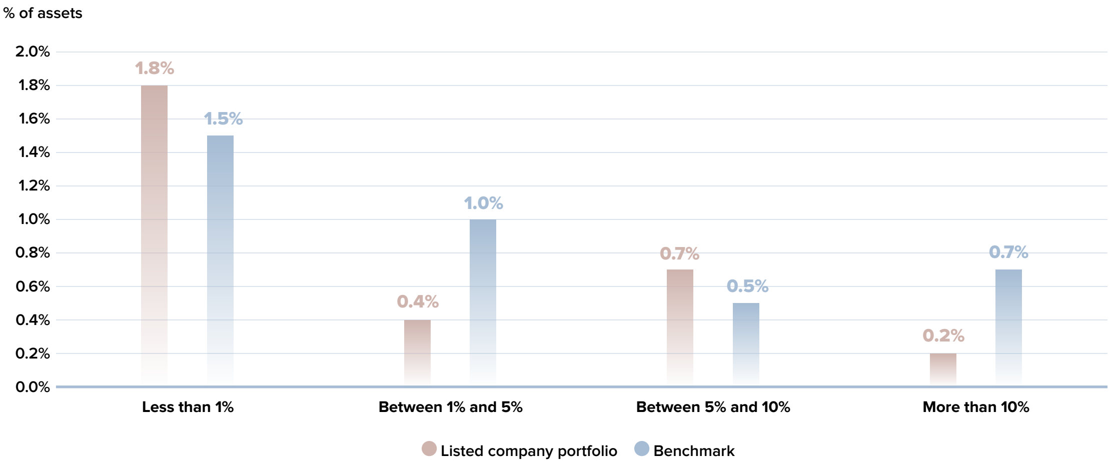
The energy mix of ERAFP's sovereign bond portfolio also compares favourably with that laid down for 2020 in the IEA's 1.5°C global warming scenario, with a higher proportion of renewable energy and a lower proportion of fossil fuels.

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 Agreement. An exception is made for investments in green bonds, with the aim of supporting the issuing companies in their energy transition. 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, which 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 (%)

Source — S&P Global, 30 November 2022



As shown, ERAFP's listed company portfolio is less exposed than its benchmark to companies engaged in thermal coal-related activities (3.1% of assets under management for the portfolio versus 3.7% for the benchmark), and, most importantly, ERAFP has invested in companies that generate only a small fraction of their revenue in these businesses: 1.8% 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.

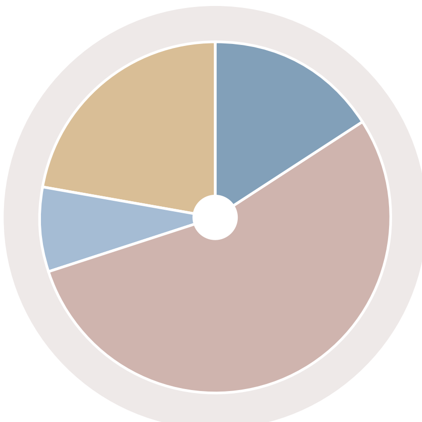
Two companies, representing 0.2% of ERAFP's portfolio assets, generate more than 10% of their revenue from the production of electricity using thermal coal. In accordance with ERAFP's specific exclusion policy, one of these companies has put in place a strategy aligned with the objectives of the Paris Agreement, and the investment in the other company is via a green bond. In the benchmark, 0.7% of the assets are in companies that generate more than 10% of their revenue from thermal coal-related activities; these companies represent 9% of the index's carbon footprint (scopes 1 and 2).

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 revenue attributed[29] to ERAFP that is 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.

29 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.

BREAKDOWN OF REVENUE FROM THERMAL COAL-RELATED ACTIVITIES ATTRIBUTED TO ERAFP (%)

Sources — S&P Global, SBTi, ERAFP, 30 November 2022



54% – SBTi-validated 1.5°C target
22% – 2030/2040 exit target but no SBT approach
16% – Green bonds
8% – SBTi-validated target of well below 2'C

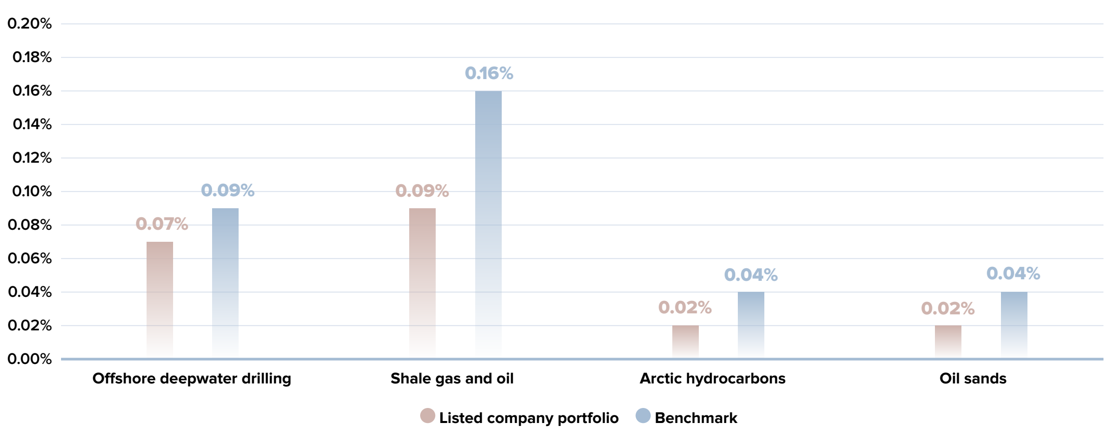
The source of 16% of the revenue attributed to ERAFP that is generated in coal-related activities is its exposure to companies via green bonds. Of the remaining 84% of this revenue, 53% comes from companies that have had a 1.5°C-aligned target validated by the Science Based Targets initiative (SBTi) and 8% from companies that have had a target aligned with a temperature scenario of 2°C or "well below 2°C" validated by the SBTi. The remaining 23% of revenue attributed to ERAFP comes from five companies, all of which have plans in place to exit coal, with specified dates and in line with international and scientific recommendations on exiting thermal coal activities by 2030 in OECD countries and by 2040 worldwide.

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 2022

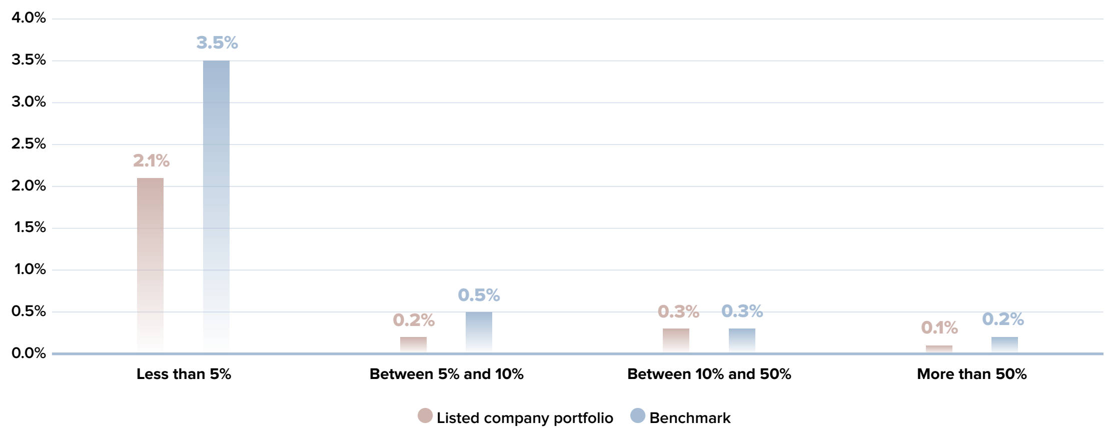


Overall, 0.20% of the revenue generated by companies in ERAFP's listed company portfolio comes from unconventional hydrocarbons, which compares favourably to the benchmark index (0.32%). ERAFP's exposure to each individual type of unconventional hydrocarbon is also lower than that of the index.

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 2022



In total, 2.6% of ERAFP's investments are in companies whose activities involve unconventional hydrocarbons, compared with 4.4% for the benchmark. Note that for the majority of these companies, unconventional hydrocarbons account for a small part of their activities.

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PART 5

Strategy for alignment with The Paris Agreement

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

By joining the Net-Zero Asset Owners Alliance (AOA) in 2020, ERAFP marked a turning point in its investment policy by setting a target to achieve carbon neutrality in its investment portfolio by 2050. As a first step towards this target, ERAFP's climate roadmap for the period 2019-2024, adopted in October 2021 by the board of directors, was implemented in 2022.

"By joining the AOA, ERAFP marked a turning point in its investment policy."

5.1. Targets adopted under the climate roadmap: methodologies and latest developments

For ERAFP, as for the other members of the Alliance, the net-zero target for 2050 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.

ERAFP set its targets in alignment with the 2025 Target Setting Protocol[30] developed jointly with the other members of the Alliance. During this first period, the protocol in force when ERAFP drew up its roadmap requires members to achieve a reduction of 16% to 29% in their greenhouse gas emissions relative to the end-2019 level.

30 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 is 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 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% CO2 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.

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.

RECAP OF ERAFP'S CLIMATE ROADMAP TARGETS

TYPE OF TARGET	SCOPE COVERED	REFERENCE IN THE REPORT	TARGET
Reduction in greenhouse gas emissions	Equities / Bonds[31]	AOA listed company portfolio	25% reduction in carbon intensity between 2019 and 2024 (scopes 1 and 2).
	Real estate	AOA real estate portfolio	Alignment with the CRREM 1.5°C scenario for 2025 (scopes 1 and 2 and part of scope 3 emissions).
	Real estate	AOA real estate portfolio	15% reduction in surface intensity between 2019 and 2024.
Engagement	Equities / Bonds / Convertibles	Listed company portfolio	Build shareholder dialogue with 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 Agreement.
Transition financing	Global portfolio	—	Increase the amounts invested in assets that contribute to the energy transition and decarbonisation of the economy.
Temperature alignment	Equities / Bonds / Convertibles	Listed company portfolio	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 validated by the SBTi.

ERAFP has therefore set several targets in these areas, which are summarised in the table above. The implementation and degree of achievement of these targets is published each year in both ERAFP's public report and sustainability report.

31 I.e. corporate bonds.

THE SCOPES FOR MEASURING GREENHOUSE GAS EMISSIONS

- **Scope 1** (direct emissions) includes emissions physically produced by an activity such as the combustion of fossil fuels (gas, oil or coal).
- **Scope 2** (indirect emissions) covers emissions relating to the consumption of electricity, heat or steam required for the company's activities.
- **Scope 3** (indirect emissions) refers to emissions produced upstream or downstream of production. "upstream scope 3" refers to emissions relating to the supply chain (for example, the extraction and transport of materials purchased by the company for its production activities), and "downstream scope 3" refers to emissions relating in particular to a product's transport, use and end of life.

PORTFOLIO EMISSIONS TARGETS

SCOPE	TARGET	STARTING POINT	% OF ASSETS COVERED BY ENGAGEMENT AT END-2019	DEADLINE
AOA listed company portfolios	25% reduction in carbon intensity[32]	30/11/2019	92% of listed company assets 52% of total assets	30/11/2024
AOA real estate portfolio[33]	Portfolio alignment with a 1.5°C target scenario 15% reduction in surface intensity	31/12/2019	47% of real estate assets 4% of total assets	31/12/2024
Total			56% of total assets	

→ AOA listed company portfolio

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 €1 million of revenue rather than per €1 million 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 €1 million 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 71 to 93).

→ AOA real estate portfolio

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 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[34]), as well as scopes 1 and 2.

32 Carbon intensity per €1 million of revenue, scopes 1 and 2.

33 Excluding investments in funds or assets over which the manager has no operational control.

34 Data is estimated if not known .

The scope initially used did not include residential real estate assets since there was insufficient climate data to assess them. However, a commitment was made to incorporate this data as soon as possible. As the availability of climate data for these assets has now improved, ERAFP was able to extend the scope in 2022. As of 31 December 2021, 61% of assets in the real estate portfolio are covered by the alignment target, compared with 47% as of 31 December 2019.

In addition, thanks to the improved visibility on the carbon performance of its real estate portfolio due to the broader scope covered by the climate analysis, when drawing up its roadmap in 2022 ERAFP was able to set a target of reducing the surface intensity of its AOA real estate portfolio by 15% over the period 2019-2024. Like the alignment target, this target includes part of scope 3 emissions (relating to tenants' energy consumption), as well as scopes 1 and 2.

ENGAGEMENT TARGET

Engagement involves building shareholder dialogue with 30 of the companies with the highest greenhouse gas emissions in its portfolio, in order to promote the energy transition in accordance with the targets of the Paris Agreement.

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 ambitiousness of the target set[35];
- 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.

In order to assess the progress made by the companies targeted by this objective and to steer the engagement actions carried out with them, ERAFP relies on the "Net-Zero Company Benchmark" methodology developed by the Climate Action 100+ initiative. Launched in March 2021, it involves analysing the positioning of 166 companies in relation to the main challenges of the climate transition. If a company covered by ERAFP's engagement action is not included in the scope of the assessment carried out by Climate Action 100+, it is the managers' responsibility to carry out the assessment themselves, based on the grid used by the initiative.

TARGET FOR FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

As part of its objective to finance the transition to a low-carbon economy, ERAFP reports annually on the amount it has invested in the energy transition or to contribute to the decarbonisation of the economy. In 2021, for the first time, it set a target to increase this amount by 2024, covering all its asset classes. Each year, ERAFP reports on the implementation of this target by announcing the action it has taken on this front since the adoption of its climate roadmap. At the same time, it will continue to closely monitor changes in the amounts invested in assets that contribute to the decarbonisation of the economy. The classification of investments included in this category is based on an internal system, which is broader than the European Taxonomy.

TEMPERATURE ALIGNMENT TARGET

Carbon intensity or carbon footprint metrics provide a retrospective view of changes in the portfolio's greenhouse gas emissions. Looking forward, companies' emission reduction or carbon neutrality targets facilitate a better assessment of the portfolio's alignment with Paris Agreement-aligned climate trajectories.

The benchmark Science Based Targets (SBT) Initiative invites companies to base their greenhouse gas emissions reduction pathway within a common, science based framework.

35 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.

The share of the carbon footprint relating to companies that have set a target aligned with an SBT[36] validated warming scenario of 1.5°C or lower gives a useful indication of a portfolio's future emissions trajectory.

ERAFP's aim is to achieve a situation where companies representing 50% of the carbon footprint[37] of its listed company portfolio[38] (equities, corporate bonds and convertible bonds) have set targets consistent with global warming of 1.5°C or lower that have been validated by the SBTi.

5.2. Target monitoring indicators: results obtained in 2022

PORTFOLIO EMISSIONS TARGETS

In 2022, the carbon intensity of ERAFP's AOA listed company portfolio per €1 million of revenue fell compared with 2021, from 137 tonnes of "CO_2 equivalent" (tCO_2eq) to 114, a reduction of 16.8%.

-28%

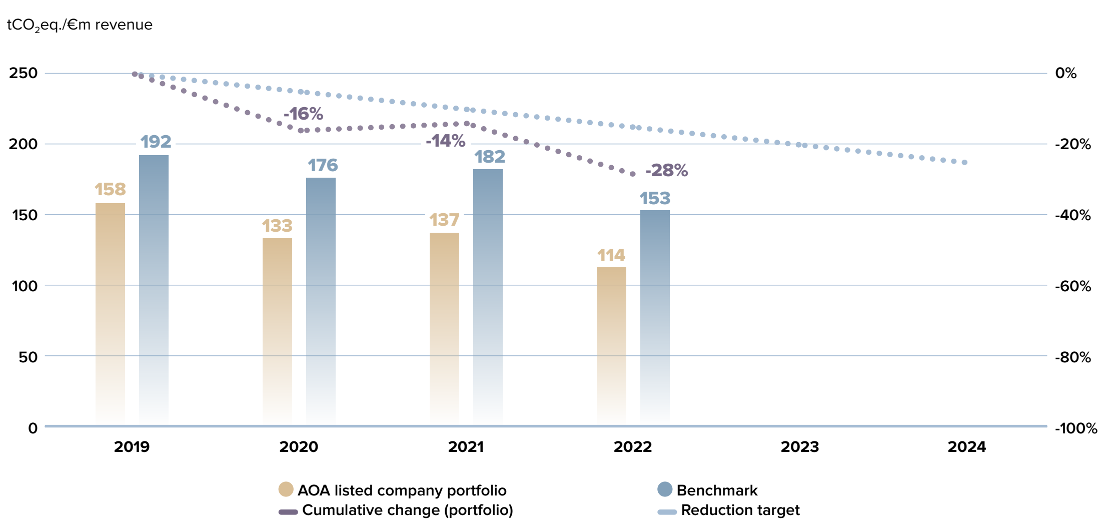
Reduction in cumulative carbon intensity at end-2022

This reduction is largely explained by the increase in company revenue in 2021, due to the post-Covid catch-up effect, while absolute emissions increased only slightly over the same period. The benchmark experienced a comparable decline over this period (-15.7%) and the portfolio continues to outperform it, with a substantial gap between its emissions and those of the benchmark (25.9% lower in 2022, versus 24.9% in 2021).

At the end of 2022, the cumulative change in carbon intensity since the beginning of the period (2019-2022) was -28%. This very encouraging result leaves ERAFP well placed on its trajectory towards its 2025 target.

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

Source — S&P Global, 30 November 2022



36 As from 2022, the SBTi only validates targets that are 1.5°C-aligned or more ambitious.

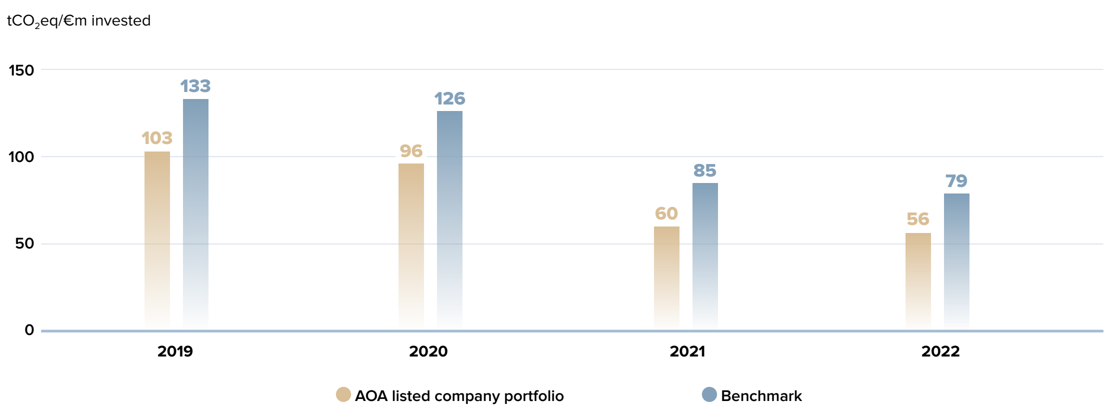
37 Scopes 1 and 2.

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

FOR INFORMATION

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

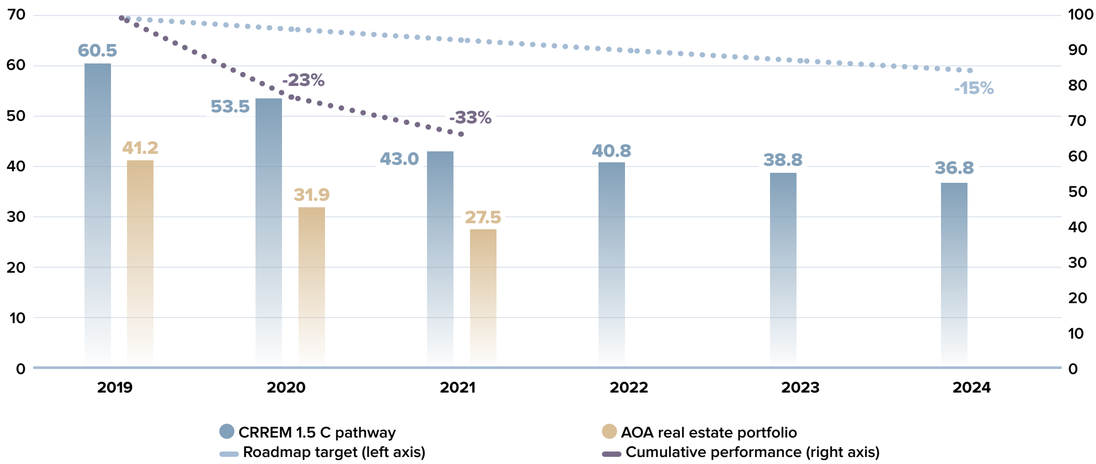
Source — S&P Global, 30 November 2022



If we look at another carbon intensity metric, i.e. carbon intensity in millions of euros invested (tCO_2eq/€m invested), again for ERAFP's AOA listed company portfolio, it also shows a decline between 2021 and 2022 (-6.9%). The benchmark shows a similar reduction (-6.9%). The spread between the portfolio and the index remains significant (-29%). After an exceptional reduction between 2020 and 2021 (-38% for the portfolio and -34% for the benchmark), the downturn in carbon intensity was less spectacular in 2022. Companies' stock market values at the end of 2022, which are used to calculate this indicator, fell significantly over the year, following the shocks in the equity markets. At the same time, absolute emissions in 2021, also used to calculate the indicator, remained close to the 2020 level. Over the full period considered (2019-2022), the portfolio's carbon intensity per €1 million invested fell by 45.7%.

SURFACE INTENSITY OF THE AOA REAL ESTATE PORTFOLIO[39] RELATIVE TO THAT OF THE CRREM 1.5°C PATHWAY (KG CO_2EQ/M²)[40]

Sources — Carbone 4, CRREM, ERAFP, 31 December 2021



In 2021[41], the surface intensity of ERAFP's AOA real estate portfolio[42] decreased compared with 2020, from 31.9 to 27.5 kgCO_2eq/m², i.e. a reduction of 13.8%. This is significantly lower than the surface intensity required by the CRREM for the year for bringing the portfolio into alignment with a 1.5°C scenario in 2025 (43.0 kgCO_2eq/m²).

At the end of 2021, the cumulative change in surface intensity since the beginning of the period (2019-2021) was -33%. This is a very satisfactory development in light of ERAFP's target for 2025.

-33%

Cumulative change in the AOA real estate portfolio's surface intensity at end-2021

39 Excluding investments in funds or assets over which the manager has no operational control.

40 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.

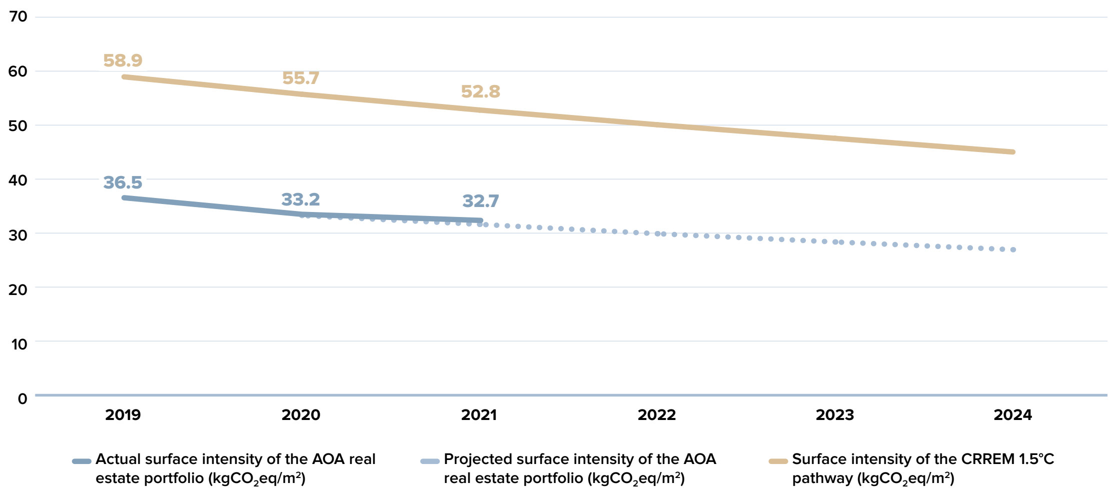
41 Most recent known data.

42 A more in-depth analysis of the indicator is presented on p. 90-91 of the report.

FOR INFORMATION

SURFACE INTENSITY OF THE AOA REAL ESTATE PORTFOLIO[43] EXCLUDING RESIDENTIAL ASSETS RELATIVE TO THAT OF THE CRREM 1.5°C PATHWAY (IN KG CO_2EQ/M²)[44]

Sources — Carbone 4, CRREM, ERAFP, 31 December 2021



Excluding residential assets (i.e. on a same-scope basis), the surface intensity of ERAFP's AOA portfolio also decreased, from 33.2 to 32.7 kg CO_2/m², i.e. a reduction of 1.5%. Alignment with the transition point to the 1.5°C scenario in 2021 was also achieved. However, the indicator's performance was less pronounced than when residential assets are included. This shows that the broadening of the scope contributed significantly to the sharp decrease in surface intensity between 2020 and 2021. ERAFP's residential assets are mainly located in France, which has one of the lowest-carbon energy mixes. In addition, most of the buildings are of recent construction.

43 Excluding investments in funds or assets over which the manager has no operational control.

44 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.

ENGAGEMENT TARGET

COMPANIES COVERED BY ERAFP'S ENGAGEMENT TARGET BY BUSINESS SECTOR AT END-2022

Source — S&P Global, ERAFP, 30 November 2022

BUSINESS SECTOR	NUMBER OF COMPANIES COVERED BY THE TARGET IN 2022	PERCENTAGE OF ASSETS IN 2022	PERCENTAGE OF THE CARBON FOOTPRINT (TCO_2EQ/€M INVESTED, SCOPES 1 AND 2)
Materials	10	2.6%	18.8%
Utilities	6	2.9%	16.8%
Energy	5	1.8%	9.8%
Industrials	5	1.7%	5.7%
Consumer discretionary	4	2.0%	1.8%
Total	**30**	**10.9%**	**52.9%**

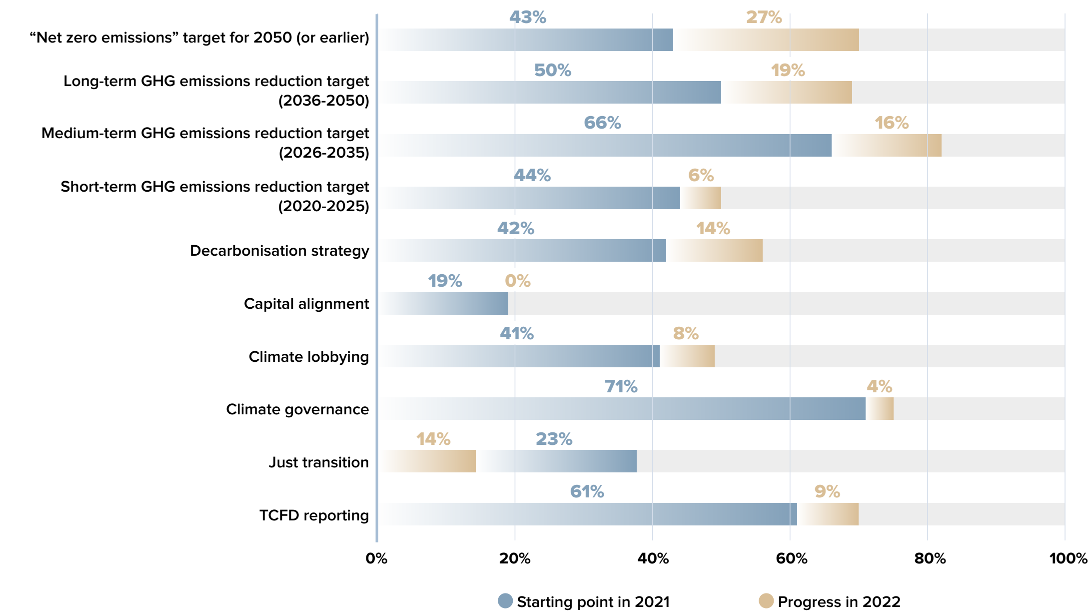
The table above shows the breakdown of the 30 companies selected by ERAFP as part of its engagement target, by business sector at the end of 2022. One third (10) of these companies are in the materials sector, while the rest are split evenly between utilities (6), energy (5), industrials (5) and consumer discretionary (4).

In total, at 30 November 2022, 10.9% of ERAFP's assets and 52.9% of the portfolio's carbon footprint were covered by this engagement target.

> "In total, at 30 November 2022, 10.9% of ERAFP's assets and 52.9% of the portfolio's carbon footprint were covered by this engagement target."

AOA ENGAGEMENT INDICATOR ATTAINMENT RATE FOR THE 30 COMPANIES MONITORED (%)

Sources — ERAFP, Climate Action 100+, 30 December 2022



Between 2021 and 2022, ERAFP made progress across all the AOA engagement indicators, except for the "just transition" indicator. The main indicators attained for the 30 companies monitored, with which ERAFP and the asset management companies have engaged, are the targets of reducing greenhouse gas emissions in the medium and long term (2026-2050), the climate governance target and the "net zero emissions" target for 2050 at the latest.

Looking more closely, with regard to the medium- and long-term greenhouse gas emission reduction targets (2026-2050), most of the companies analysed have implemented policies with precise targets linked to emissions scopes covering at least 95% of scopes 1 and 2 over these two periods (2026-2035 and 2036- 2050). There was a slight improvement in the "climate governance" indicator, thanks to the inclusion of a criterion reflecting the company's assessment of its board of directors' climate risk management competencies. Lastly, there was a significant improvement in the "net zero emissions" target for 2050 at the latest for the companies analysed, thanks to their greater commitment to the criteria covering at least 95% of their scope 1 and 2 emissions, and the criteria most relevant to their business sectors in scope 3.

However, improvements should be made in terms of "alignment of investments", an indicator that barely changed between 2021 and 2022. Over the period, the companies analysed by ERAFP did not publish any commitments to align their investments with their greenhouse gas emission reduction targets or with the Paris Agreement. They also failed to publish the methodology used to report on the aforementioned commitments. That said, across all the results published by Climate Action 100+, according to the organisation this indicator is the one least aligned-with. Lastly, coverage of the companies' alignment with the "just transition" criterion was the only area that declined between 2021 and 2022. This reflects the fact that this criterion is currently in the development phase in the framework developed by Climate Action 100+, but is nevertheless used by ERAFP to measure companies' alignment with climate criteria, in accordance with its engagement policy.

TARGET FOR FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

In 2022, ERAFP invested €238.7 million in equity segment assets contributing to the transition to a low-carbon economy. These investments break down as follows: €105 million in the "Climate Transition Benchmark" mandate, €83.7 million in funds under the theme of climate change and €50 million in the "Paris-Aligned Benchmark" mandate. ERAFP also invested €180 million in multi-investor private equity and infrastructure funds under the energy transition theme. Lastly, it invested €13 million in a "sustainable bond" issued by a French local authority.

Overall, in 2022 ERAFP made investments totalling €431.7 million that contribute to the transition to a low-carbon economy.

INVESTMENTS IN THE ENERGY TRANSITION OR THAT CONTRIBUTE TO THE DECARBONISATION OF THE ECONOMY AT 31 DECEMBER 2022

Source — ERAFP

ASSET CLASS		2021	2022	
		AMOUNT INVESTED (MARKET VALUE IN €M)[45]	AMOUNT INVESTED (MARKET VALUE IN €M)[46]	% CHANGE 2021-2022
Equities	"Climate Transition Benchmark" mandate	2,741.0[47]	2,395.9	-12.6%
	Equity funds – climate theme	548.0	437.5	-20.2%
	"Paris-Aligned Benchmark" mandate	—	50.0	—
Bonds	Green bonds	649.2	776.8	19.7%
	Bond funds – thematic	55.6	82.5	48.4%
Equity, bond and convertible mandates	Issuers with a 1.5°C SBTi target	4,600.7[48]	6,868.0[49]	49.3%
Real estate	Forestry	28.8	29.0	0.7%
	1.5°C-aligned real estate assets	2,459.7[50]	2,486.8[51]	1.1%
Infrastructure	Energy transition	252.1[52]	400[52]	59%
Private equity	Energy transition	50,0[52]	100[52]	100%
Total		11,385.1	13,928.6	22.3%

45 At 31 December 2021.

46 At 31 December 2022.

47 Amount invested at the end of 2020 in the "low-carbon" mandate managed by Amundi which, in 2021, was converted into a "Climate Transition Benchmark" mandate.

48 All mandates, except "low-carbon" mandates and green bonds.

49 All mandates, except the "Climate Transition Benchmark" mandate and green bonds.

50 Real estate assets aligned with the CRREM 1.5°C pathway. Data at 31 December 2020.

51 Real estate assets aligned with the CRREM 1.5°C pathway. Data at 31 December 2021.

52 Amount committed.

At 31 December 2022, ERAFP's total investments in assets that contribute to the transition to a low-carbon economy amounted to €13,929 billion, up 18% compared with 2021 (€11,385 billion). These investments represent around 36.4% of its assets (versus 22.3% in 2021). The change compared to 2021 can be attributed to the following:

- the higher number of companies that have 1.5°C-aligned global warming targets – or more ambitious ones – validated by the SBTi
- an increase in investments in green bonds and, to a lesser extent, in thematic bond funds;
- the launch of the "Paris-Aligned Benchmark" mandate;
- new inflows into investments, driven by an increase in contributions;
- new investments that contribute to the energy transition in the private equity and infrastructure portfolio.

The valuation of investments in the equity portfolio that contribute to the decarbonisation of the economy fell in 2022 amid worsening market conditions.

→ "Paris-Aligned Benchmark" mandate

In 2022, ERAFP awarded Amundi a management mandate for mid and large cap equities with the aim of replicating one or more Paris-Aligned Benchmarks (PABs), for an indicative amount allocated over the term of the contract of €300 million. It also launched a call for tenders to select a management mandate for euro-zone equities based on a Climate Transition Benchmark (CTB) approach.

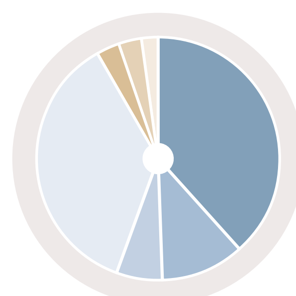
Created by a European Union regulation, the European climate indices known as "PAB" and "CTB" contribute to ERAFP's achievement of its target of reducing greenhouse gas emissions for the "AOA listed companies" portfolio. Both indices provide for a decarbonisation trajectory with annual emission reductions of 7%, in line with the IPCC's 1.5°C scenario. They also include a requirement to reduce carbon intensity relative to the investment universe, by 50% for "PAB" indices and by 30% for "CTB" indices.

→ Green bond monitoring indicators

ERAFP makes investments through its portfolio of "green bonds" issued by private companies with the aim of reducing greenhouse gas emissions. Of the 133 green bonds in the portfolio, approximately half (60 bonds, or 45%) were able to be analysed. This figure remains low due to the lack of information provided by issuers, but it is nevertheless up sharply from the previous year, when 20 of the 84 bonds could be analysed (24%). These 60 bonds, which represent €345 million in market value at 30 November 2022, have already made it possible to avoid 1,428 tCO_2/million euros invested, mainly by helping to finance renewable energy and building-related projects (in particular energy efficiency upgrades). These figures should nevertheless be treated with caution as they are based on the methodologies used by each issuer, which may vary significantly. In addition, in 2022 ERAFP invested €51 million directly in green sovereign bonds.

GREEN BONDS BY PROJECT CATEGORY BASED ON THE TAXONOMY OF THE CLIMATE BONDS INITIATIVE[53] (%)

Source — S&P Global, 30 November 2022



38% – Renewable electricity and heat production
11% – Transmission, distribution and storage
6% – Transport
36% – Buildings
3% – Information and communication technologies
3% – Other green funds
2% – Not specified

53 Click for further information on the taxonomy of the Climate bonds Initiative.

→ Monitoring indicators for forestry

ERAFP's forestry assets comprise 12,600 hectares of Finnish forest, the manager of which is Forest Stewardship Council (FSC)[54] certified. The carbon footprint produced by these forests is calculated each year by an independent Finnish company (Simosol[55]), 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 2022, the forests sequestered 18,743 tonnes of CO_2 in trees and soils (net of logging). Another 17,817 tonnes of CO_2 are sequestered in processed wood products (net of the emissions produced during processing and transport). A total of 36,561 tonnes of CO_2 were sequestered in 2022, representing 2.9 tonnes per hectare per year.

→ Infrastructure and private equity

In 2022, ERAFP's infrastructure and private equity investments contributed €1.3 billion, representing 3.5% of its consolidated portfolio, towards its targets of financing a low-carbon economy. ERAFP wishes to contribute to the development of electric charging stations, which is essential for the development of sustainable mobility. Through a €30 million investment in the Meridiam Transition fund, ERAFP was involved in the acquisition of a French company among the leading providers of electric charging stations in Europe.

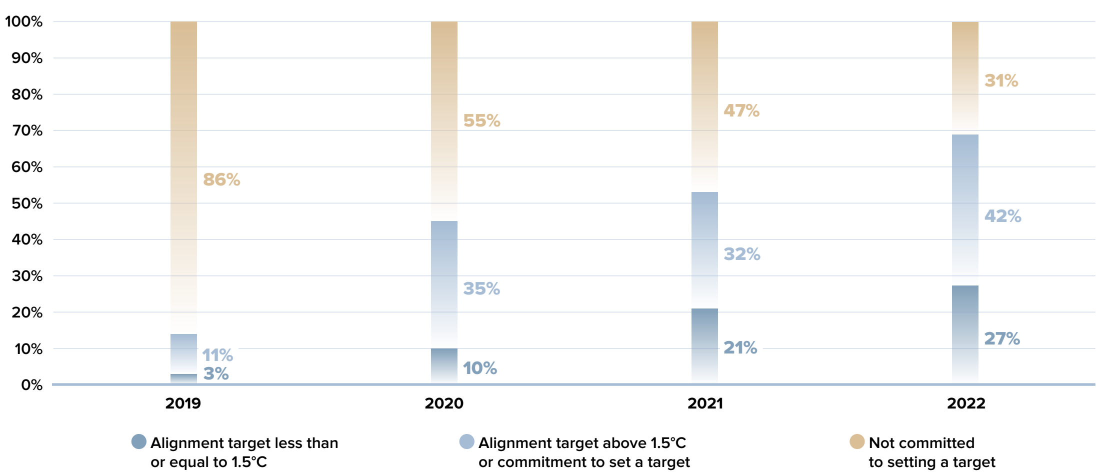
TEMPERATURE ALIGNMENT TARGET

ERAFP has set a target for 2050 of achieving a situation where companies representing 50% of its carbon footprint have set SBTi-validated targets aligned with a temperature rise of 1.5°C or lower. At 31 December 2022, 27% of the listed company portfolio's carbon footprint related to companies that had set 1.5°C-aligned targets – or more ambitious ones – that had been validated by the SBTi.

At the same time, the share of the portfolio's carbon footprint relating to companies with SBTi-validated targets of more than 1.5°C or companies that have undertaken to set a target rose from 11% to 40% between 2019 and 2022.

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, 30 November 2022



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

55 Recently acquired by AFRY.

5.3. 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 aligned with the targets of the Paris Agreement – a requirement that was extended to all companies when the SRI system was updated in 2022 – and sold its holdings in companies that lacked such strategies and generated more than 10% of their revenue from 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"[56].

"ERAFP has asked companies to adopt a strategy aligned with the Paris Agreement."

5.4. Changes in the investment strategy consistent with the target of aligning with The Paris Agreement

As the targets for reducing greenhouse gas emissions were set by ERAFP and not by the asset management companies to which it delegates the management of a large part of its assets, ERAFP decided to assess the ability of candidates bidding for new equity, corporate bond[57] and real estate management mandates to implement innovative approaches and tools to support it in its approach. To this end, in 2022 it decided to use the following levers:

- Stating, as part of the purpose of mandates awarded for the management of assets covered by the greenhouse gas emission reduction target, that the asset manager must contribute to achieving this target. This therefore applied to the US bond mandate, which was renewed in 2022. It will also apply to the mandates for euro-zone equities, European equities and Japanese equities, once the call for tenders launched in 2022 to renew these mandates has been finalised.
- Amending the SRI guidelines for the asset classes in question, to provide details on contributing to reducing greenhouse gas emissions in the Environment section and include a paragraph similar to that in the mandate's purpose regarding contributing to this target.

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

57 The greenhouse gas emission reduction target covers listed assets in the equity and corporate bond portfolios, referred to collectively as the "AOA listed company portfolio".

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PART 6

Consideration of biodiversity issues

6. CONSIDERATION OF BIODIVERSITY ISSUES

BIODIVERSITY LOSS: A NEW CHALLENGE FOR INVESTORS

For several years, scientific reports, notably those of the IPBES[58], have been warning us about the accelerating pace of biodiversity loss, with the aim of raising awareness of this issue, particularly among companies, so that corrective action can be taken. The impacts, or pressures, on biodiversity can be broken down into five categories: changes in land and sea use, overexploitation of resources, climate change, pollution and invasive alien species. Managing companies' contributions to these developments and controlling the associated risks to their viability is a crucial challenge for the future.

As an investor that contributes to corporate financing, ERAFP was keen to strengthen its engagement on this front. In 2021, it signed the Finance for Biodiversity Pledge, a statement by investors and financial institutions committed to collaborating and sharing their knowledge of biodiversity matters, engaging with companies, measuring the biodiversity impact of their financing and investments, setting targets and reporting publicly on progress made. In 2022, a year marked by the Kunming-Montréal COP 15, ERAFP and other investors signed a financial sector declaration on biodiversity. By doing so, ERAFP committed to helping to protect and restore biodiversity and ecosystems through its financing activities and investments.

At the same time, given the complexity of biodiversity issues, training has been provided as a key lever to improve internal expertise in the various areas involved. During the second half of 2022, the SRI team attended three half-day training sessions, organised by CDC Biodiversité. As part of its ongoing efforts to deliver training throughout the organisation, a session for the Scheme's directors was planned for 2023 to present the challenges that preserving biodiversity poses for investors. Lastly, awareness-raising sessions will be offered to all employees, including fun-based collaborative workshops provided by the Biodiversity Fresk.

INCLUSION IN ERAFP'S SRI APPROACH

Since its establishment in 2006, ERAFP's SRI approach has factored in the importance of tackling biodiversity loss by including it in the "Controlling environmental impacts" criterion of its SRI Charter. In order to assess companies in this area, its SRI assessment covers the efforts that they make to prevent threats to biodiversity. They must therefore:

- 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.

58 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

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;
- exploited areas affected by 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.).

FUTURE DEVELOPMENTS

The lack of clearly defined and reliable quantitative indicators remains a barrier when it comes to defining a strategy and setting targets.

In view of this, ERAFP seeks to supplement the data and analyses received from its delegated management companies, and in 2022 launched a public tender to award a contract for the provision of biodiversity data as from 2023 to enhance the analysis of its listed company portfolio. The contract was awarded to Iceberg Data Lab, which will provide ERAFP with an assessment of companies' Corporate Biodiversity Footprints (CBF). While the results are not yet available, a methodology summary is presented below.

The CBF is based on the issuer's underlying economic activities responsible for its impact on nature. It is calculated using generally accepted environmental accounting rules and based on a scientific approach that covers all the material impacts of the company's supply chain, processes and products throughout its value chain. It is broken down into scopes (emission scopes 1, 2 and 3, upstream and downstream, in accordance with the definitions and limits established in the Greenhouse Gas Protocol (GHG Protocol). The method used to calculate the CBF is based on life cycle analysis, in accordance with the Organisation Environmental Footprint (OEF) recommended methods and guide published by the European Commission. This tool covers three of the five main pressures on biodiversity listed above: changes in land and sea use, climate change and pollution. Overexploitation of resources and invasive alien species are not currently covered.

The CBF uses the Mean Species Abundance (MSA) metric to quantify the impact on biodiversity.

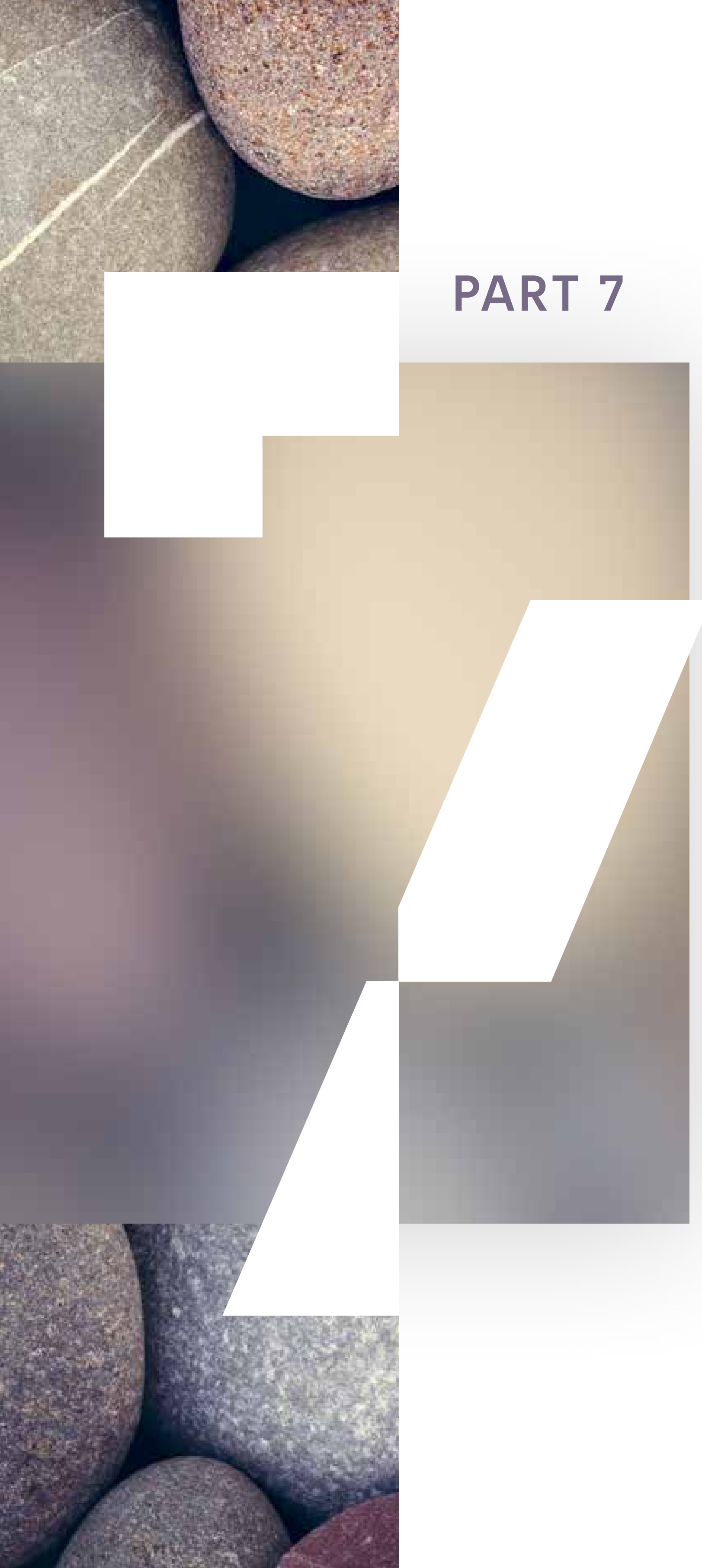
Mean species abundance is a biodiversity metric that expresses the mean relative abundance of native species in an ecosystem compared to their abundance in an ecosystem undisturbed by human activities and pressures. As such, it measures the state of preservation of an ecosystem compared to its original state.

An area with an MSA of 0% will have lost all of its original biodiversity (or will be exclusively colonised by invasive species), while an MSA of 100% reflects a level of biodiversity where an ecosystem remains in its undisturbed natural state.

To make the calculation, the CBF model maps and assesses the various environmental pressures linked to the company based on its economic activities. The core of the model consists of quantitative pressure-impact relationships which have been established using extensive databases and make it possible to express data for different activities using the same impact unit, “km^2.MSA”. Lastly, the various impacts are aggregated into an absolute overall impact.

The CBF approach calculates biodiversity footprints expressed in terms of km^2.MSA, representing a negative impact (footprint) on biodiversity, i.e. the difference between an initial state and a final state of biodiversity. For example, 1 km^2.MSA corresponds to the value of the biodiversity contained in 1 km^2 of virgin tropical forest undisturbed by human activities (MSA = 100%). Thus, an activity that transforms 1 km^2 of virgin tropical forest (100% MSA) into a totally artificial area that has lost all its original biodiversity (MSA = 0%) will have a footprint of -1 km^2.MSA.

At this stage, only the negative impact of activities is measured. However, developments are underway to measure the positive contributions of certain activities to biodiversity in the form of reduced impact, avoided impact or offset impact.



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PART 7

Consideration of ESG risks in the risk management system

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

This part of the report provides information in compliance with the recommendations of the G20 Task Force on Climate-related Financial Disclosures (TCFD), as well as the European Sustainable Finance Disclosure Regulation[59], and the decree implementing Article 29 of the Energy and Climate Law of 8 November 2019. The purpose of these three 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 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 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[60] 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's analysis of ESG and energy transition risks covers all its asset classes and geographical regions. It 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 attaching greater importance to the climate theme in the SRI guidelines for companies. Moreover, ERAFP further developed its best in class approach in 2019, requiring companies in key sectors for the energy transition to develop a strategy aligned with the targets of the Paris Agreement, and divesting holdings in companies that generate more than 10% of their revenue from thermal coal-related activities.

59 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.

60 Delegated management covers all asset classes other than sovereign bonds. See page 26.

ESG RISKS

→ Description of the main ESG risks

The main ESG risks to which companies are exposed are as follows:

- 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, climate risks relate to 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 business 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
Technological 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 damages 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 electricity generation, transport, basic materials (steel, cement & aluminium), agriculture, forestry & fisheries, chemicals, construction & building materials, water supply, textiles and leather.

TYPE OF PHYSICAL RISK	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, bonds, 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 revenue from thermal coal-related activities[61];
- implementing its strategy for alignment with the Paris Agreement, including its pre-investment and post-investment analyses and its climate roadmap[62].

→ Assessment of regulatory risks related to the energy transition

Carbon pricing mechanisms now seem indispensable for reducing greenhouse gas emissions. As at 1 August 2022, there were 68 carbon pricing mechanisms (tax or quota-based market), representing 70% of global GDP. 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 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 as their suppliers incur higher carbon prices and seek to cover some or all of this cost by increasing their own prices in turn.

Factors have thus been developed to estimate the proportion of additional costs that will 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[63] at risk' provides a good indication of its potential vulnerability. The bar chart below summarises the exposure of the listed company portfolio to a rise in carbon prices in 2022 and 2021 in a high carbon price scenario based on the IPCC's representative concentration pathways (scenario "SSP1 - RCP 2.6")[64].

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.

61 See "Portfolio exposure to thermal coal" on pages 49 -50.

62 See "Strategy for alignment with the Paris Agreement", pages 53 to 67.

63 Earnings before interest, taxes, depreciation and amortisation.

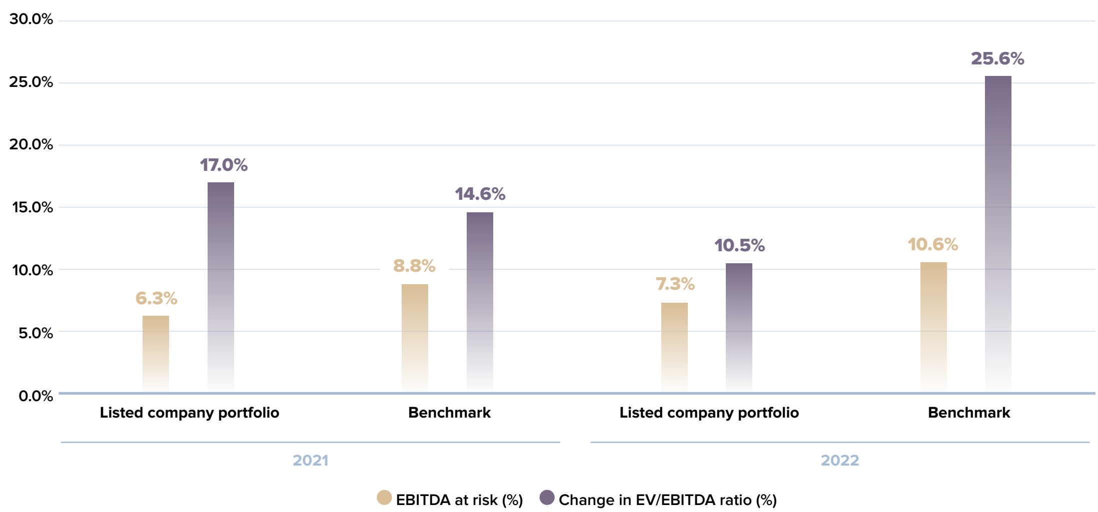
64 The scenarios based on the IPCC's Representative Concentration Pathways (RCP) are presented on page 77.

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 "high carbon price" scenario:

- in 2022 the EBITDA margin will fall by 7.3% for the listed company portfolio relative to its current level, versus a 10.6% decline for the benchmark index;
- there will be a 10.5% reduction in the average value of portfolio companies, measured by the ratio of enterprise value to EBITDA, compared with 25.6% for the benchmark index.

SHARE OF EBITDA AT WEIGHTED RISK IN 2030 BASED ON A HIGH CARBON PRICE SCENARIO (%)

Source — S&P Global, 30 November 2022



A new set of climate scenarios was developed as part of the sixth IPCC report ("CC AR6"), known as the Shared Socio-economic Pathways (SSP). Compared to the previous RCP scenarios, the new SSPs illustrate various socio-economic developments linked to multiple trajectories of greenhouse gas concentrations in the atmosphere. These new scenarios can be used alongside the RCPs defined in the earlier fifth IPCC report.

→ LOW SCENARIO [SSP1 - RCP 2.6]

This scenario assumes that policies are implemented that are considered sufficient to reduce greenhouse gas emissions in accordance with the Paris Agreement target of limiting climate change to 2°C by 2100. Based on research by the OECD and the IEA, it steers the focus towards human well-being rather than economic growth, with a reduction in income inequalities between and within states. Consumption is geared towards minimising the use of material resources and energy.

→ INTERMEDIATE SCENARIO [SSP2 - 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. 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. In terms of socio-economic trajectory, this scenario extrapolates past and current global development to the future. Environmental systems face some degradation.

→ MODERATE-HIGH SCENARIO [SSP3 - RCP 7.0]

This scenario is set against a backdrop of regional rivalries. It appears to be the most pessimistic scenario in terms of climate resilience. It features the lowest GDP growth, a low level of education across the population and a large population size. Emissions are high because States prioritise energy sovereignty over cooperation and companies struggle to adapt in the face of regional conflicts and weak technical advances.

→ HIGH SCENARIO [SSP5 - RCP 8.5]

This scenario reflects the full implementation of nationally determined country contributions under the Paris 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 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. This scenario's socio-economic trajectory implies that development remains driven by fossil fuels, with coal still representing a high percentage of usage, and highly energy-intensive lifestyles continuing across the globe.

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.

Results for ERAFP

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

The composite score for ERAFP's listed company portfolio in terms of exposure to the eight physical risks at the end of 2022 was 73.1, compared with 72.8 estimated for its benchmark index. The weighted average financial impact of ERAFP's portfolios is estimated at 4.19%, compared with 4% for the benchmark index, covering all the types of physical risk defined.

In 2022, thanks to its better stocked databases S&P Global was able to analyse the physical risk of ERAFP's portfolios covering some 566,110 assets, compared with 72,707 in 2021. At the same time, data analysed for benchmark indices covered nearly 1.6 million assets, compared with 224,591 in 2021. The number of companies covered also increased in 2022 (965 versus 757 in 2021). In 2022, the risk levels increased virtually across the board for all eight physical risks identified (in particular "extreme heat").

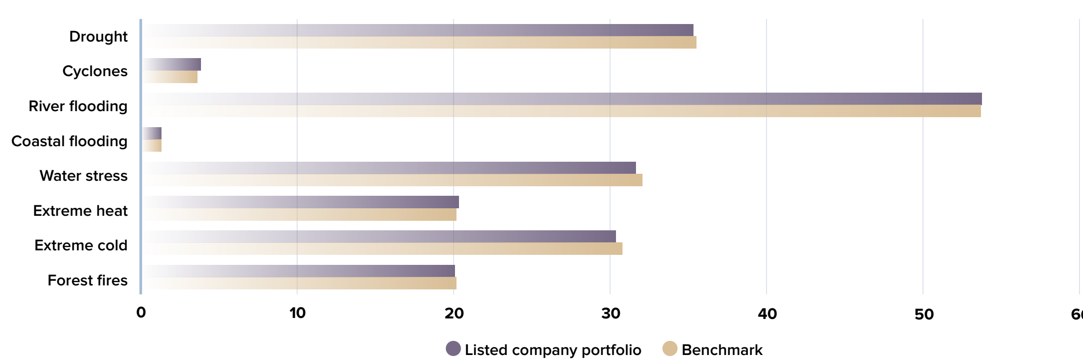
Methodology note

The physical risks associated with ERAFP's listed company portfolio are analysed by S&P Global, which updated its methodology on the basis of data from more than 500,000 assets relating to more than 15,000 companies. These assets are now assessed based on their exposure and vulnerability to eight physical risks, versus seven previously: coastal flooding, river flooding, extreme heat, extreme cold, tropical cyclones, forest fires, water stress and drought.

Assessments are performed based on four climate scenarios (low, intermediate, moderate-high, and high levels of global warming) that are in turn based on the IPCC's representative concentration pathways (RCP 2.6, 4.5, 7.0 and 8.5). Companies are rated from 1 to 100 for each of the eight risks in all four 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 eight scores is then calculated to obtain a composite physical risk score for each company. In addition, whereas previously this rating consisted solely of physical risk, the S&P methodology now incorporates the financial impact into the measurement of physical risk. The financial impacts of the risks associated with each asset are calculated and aggregated for ERAFP's portfolios. The financial impact is calculated for each asset based on more than 1,200 financial impact scenarios linked to more than 260 types of assets. The time horizon has also been extended to eight deadlines (2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090), compared with three previously (2020, 2030, 2050).

ERAFP'S LISTED COMPANY PORTFOLIO EXPOSURE TO THE EIGHT PHYSICAL RISKS (/100) COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2022



To recap, the composite exposure score is intended to provide a combined metric expressing the portfolios' exposure to the eight physical risks associated with climate change. It has been adjusted to ensure that assets and, by extension, portfolios with high risk exposures to one particular risk but little exposure to all the others are assigned a moderate or high composite score for their physical risk exposure.

The chart above shows the exposure scores for the eight physical risks per indicator in order to provide a more granular view of this risk for ERAFP's listed company portfolio compared with the benchmark index. It can be seen that the main risk for both the portfolio and its benchmark is river flooding, followed by the risk of drought and water stress. This distribution of physical risks for ERAFP is similar to that of the benchmark index.

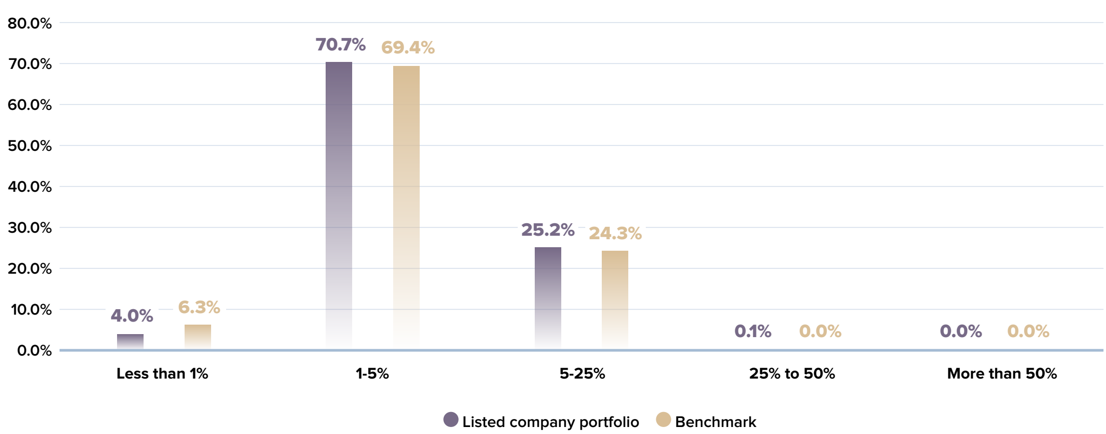
This financial impact metric corresponds to financial losses (e.g. CapEx, OpEx or business interruption), expressed as a percentage of asset value, due to exposure to physical climate-related risks. The score incorporates the previous assessment of exposure to the eight physical risks identified, together with the financial impact of physical risks on the asset. In 2022, under a scenario of high warming by 2050, the potential financial losses of the ERAFP portfolio of listed companies would be 4.19%, compared with 4% for the benchmark index.

"In 2022, the potential financial losses of the ERAFP's equity portfolio would be 4.19% by 2050."

More specifically, 4% of ERAFP's assets were exposed to a financial impact of less than 1% of their value, compared with 6.3% of the benchmark's assets. Most of ERAFP's assets (70.7%) fall in the financial impact tranche of 1% to 5% of their value, compared with 69.4% of the benchmark's assets. The second most populated tranche is that of assets subject to a financial impact of between 5% and 25% of their value. 25.2% of ERAFP's assets fall into this tranche, compared with 24.3% of the benchmark's assets. There are few or no assets in the portfolio subject to financial impacts greater than 25% of their value.

ESTIMATED LISTED COMPANY PORTFOLIO EXPOSURE TO PHYSICAL RISKS (AS A PERCENTAGE OF INVESTMENTS), BY TRANCHE OF FINANCIAL IMPACT

Source — S&P Global, 30 November 2022



→ 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 at least 50 points higher than the baseline.

Drought risk remains moderate on average (46/100) in the portfolio through to 2050. Only a few assets have ratings close to the high risk threshold (70/100). These assets are located in France and Spain. Absolute risk remains moderate for the portfolio (40/100) and relates to flood risk.

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.

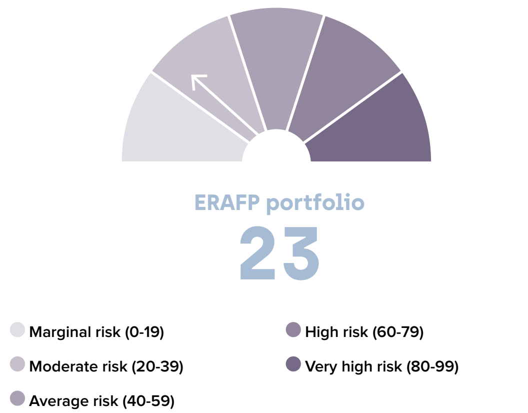
→ Private equity

The physical risks associated with ERAFP's private equity investments[65] 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.

PRIVATE EQUITY PORTFOLIO PHYSICAL RISKS

Source — Carbone 4, 31 December 2021



The portfolio shows a score of 23 for the period to 2050, similar to the 2020 score, 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).

The composition of ERAFP's 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.

→ Infrastructure

The physical risk exposure of infrastructure assets[66] was also analysed by Carbone 4, using the same methodology as for private equity.

The average rating for the infrastructure portfolio under direct management, all risks combined, was 38/100 for the period to 2050, which represents moderate risk, while the rating of the infrastructure portfolio managed by Ardian was 35/100.

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

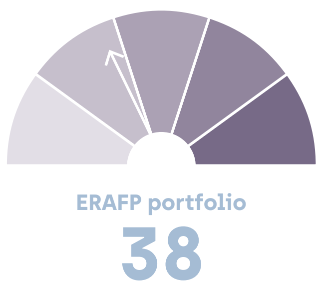
66 Assets invested in infrastructure at 31/12/2021. The analysis covered 92% of the infrastructure assets under the Ardian mandate and 58% in the directly managed portfolio.

Overall, the most sensitive assets were airports located 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 detailed assessment of this risk category.

INFRASTRUCTURE PORTFOLIO PHYSICAL RISKS

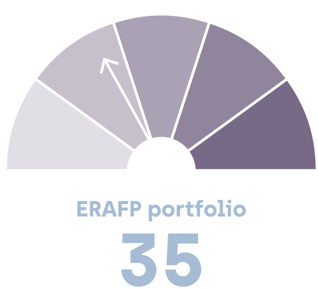
Source — Carbone 4, 31 December 2021



- Marginal risk (0-19)
- Moderate risk (20-39)
- Average risk (40-59)
- High risk (60-79)
- Very high risk (80-99)

ARDIAN-MANAGED INFRASTRUCTURE PORTFOLIO PHYSICAL RISKS

Source — Carbone 4, 31 December 2021

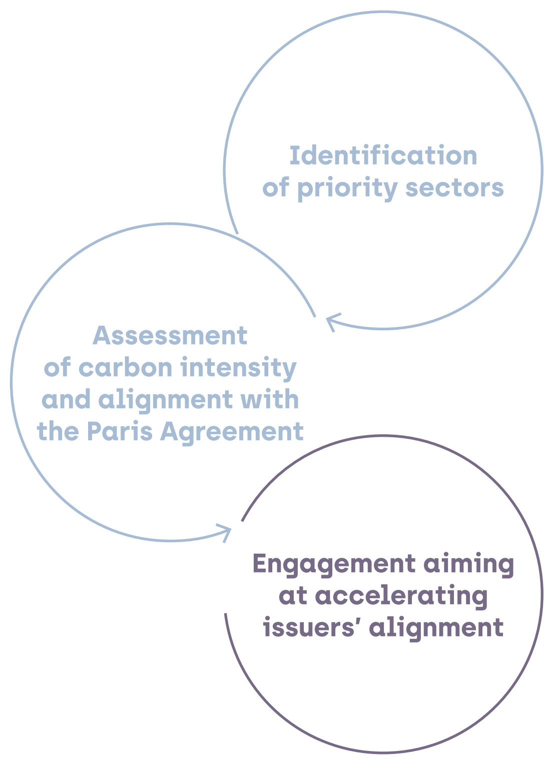


- Marginal risk (0-19)
- Moderate risk (20-39)
- Average risk (40-59)
- High risk (60-79)
- Very high risk (80-99)

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 €1 million 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 investments.



Measurement of the investor's carbon "responsibility"

Measurement of the investor's carbon "risk" exposure

CALCULATION OF ABSOLUTE EMISSIONS

1

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

Attribution to the investor of some of these emissions in proportion to its share of the issuer's:

- capital (for an equity investment),
- 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: factoring in of carbon intensity, in terms of CO_2 emissions per unit of either revenue (companies) or GDP (countries)

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)

LISTED COMPANY PORTFOLIO

This section presents the change since 2016 in the "carbon" impact[67] of the listed company portfolio, measured using the three indicators mentioned above (data as at 30 November 2022 provided by S&P Global). The results for each indicator are shown for each portfolio segment and on an aggregate basis.

The analysis of the portfolio's greenhouse gas emissions focuses primarily on a limited scope encompassing scope 1 and 2 emissions. Current calculation standards and data reporting for scope 3 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 the emission scopes are nevertheless presented for 2019 onwards by way of information.

→ Carbon intensity

Carbon intensity per €1 million of revenue

CARBON INTENSITY OF THE AGGREGATE EQUITY, CORPORATE BOND AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ/€M OF REVENUE, DIRECT EMISSIONS AND DIRECT SUPPLIERS)

	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
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
2022	192	223	216	253	232	386
Change 2021/2022	-5%	-8%	-17%	-8%	7%	63%
Change 2016/2022	**-17%**	**-20%**	**-49%**	**-9%**	**-13%**	**-12%**

The metric expressing carbon intensity per €1 million of revenue is the Weighted Average Carbon Intensity or "WACI".

For all the portfolios, this metric decreased over the period 2016-2022. For the equity portfolio, the decrease is slightly lower than that of the benchmark index, but the portfolio's carbon intensity remains around 14% lower than that of the benchmark.

The corporate bond portfolio's carbon intensity fell sharply (-49%) over the period in review, compared to a much smaller reduction for the index (-9%), resulting in the portfolio reporting lower carbon intensity than the index in 2022, whereas it had been higher until 2020. Despite having increased (+7%), the carbon intensity of the convertible bond portfolio remains far lower than that of the benchmark (40% lower in 2022), which rose sharply in 2022 (+63%).

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

CARBON INTENSITY OF THE AGGREGATE EQUITY, CORPORATE AND CONVERTIBLE BOND PORTFOLIOS (TCO$_2$EQ/€M OF REVENUE, ALL SCOPES COMBINED)

	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
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
2022	1,156	1,187	1,097	1,115	809	2,220
Change 2021/2022	-6%	5%	-12%	-10%	-11%	195%
Change 2019/2022	**13%**	**10%**	**-12%**	**7%**	**2%**	**36%**

→ **Carbon intensity per €1 million invested**

CARBON INTENSITY PER €1 MILLION INVESTED IN THE AGGREGATE EQUITY, CORPORATE BOND AND CONVERTIBLE BOND PORTFIOLIOS (TCO$_2$EQ/€M INVESTED, DIRECT EMISSIONS AND DIRECT SUPPLIERS)

	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
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
2022	99	126	118	126	141	191
Change 2021/2022	13%	9%	-9%	2%	17%	33%
Change 2016/2022	**-75%**	**-67%**	**-70%**	**-42%**	**-45%**	**-21%**

Carbon intensity per €1 million invested is the ratio of emissions to amounts invested.

All the portfolios showed a sharp fall in carbon intensity per €1 million invested over the 2016-2022 period and outperformed their respective benchmarks in this respect.

CARBON INTENSITY PER €1 MILLION INVESTED IN THE AGGREGATE EQUITY, CORPORATE BOND AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ/€M INVESTED, ALL SCOPES COMBINED)

	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
2019	746	842	1,210	739	692	885
2020	1,068	941	1,769	901	905	696
2021	709	582	615	543	456	486
2022	704	683	622	518	457	553
Change 2021/2022	-1%	17%	1%	-5%	0%	14%
Change 2019/2022	**-6%**	**-19%**	**-49%**	**-30%**	**-34%**	**-37%**

→ Absolute emissions attributed to ERAFP

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.

ABSOLUTE EMISSIONS ATTRIBUTED TO THE AGGREGATE EQUITY, CORPORATE BOND AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ, DIRECT EMISSIONS AND DIRECT SUPPLIERS)

Source — S&P Global, 30 November 2022

PORTFOLIO	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
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
2022	1,329	1,703	760	809	128	172
Change 2021/2022	4%	0%	-18%	-8%	7%	18%
Change 2019/2022	**-15%**	**-23%**	**-30%**	**5%**	**-26%**	**13%**

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.

ABSOLUTE EMIISSIONS ATTRIBUTED IN THE AGGREGATE EQUITY, CORPORATE BOND AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ, ALL SCOPES COMBINED)

Source — S&P Global, 30 November 2022

	AGGREGATE EQUITY PORTFOLIO		AGGREGATE CORPORATE BOND PORTFOLIO		AGGREGATE CONVERTIBLE BOND PORTFOLIO	
	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
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
2022	9,490	9,223	3,997	3,330	413	500
Change 2021/2022	-9%	8%	-9%	-14%	-8%	4%
Change 2019/2022	**13%**	**-3%**	**-29%**	**-3%**	**-21%**	**-26%**

→ Aggregate results

Carbon impact of the portfolio

Since 2019, ERAFP has published aggregate data for its listed company portfolio[68]. The results obtained for the three indicators set out above since that date are presented here.

It can be seen that despite the increase in the portfolio's assets (+25% over the period), total emissions attributed to ERAFP decreased (-22%).

CARBON IMPACT OF THE LISTED COMPANY PORTFOLIO (DIRECT EMISSIONS AND DIRECT SUPPLIERS)

Source — S&P Global, 30 November 2022

	ASSETS (€M)	EMISSIONS ATTRIBUTED (TCO_2EQ)		CARBON INTENSITY TCO_2EQ/€M REVENUE		CARBON INTENSITY (TCO_2EQ/€M INVESTED)	
	PORTFOLIO	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK
2019	16,640	2,829	3,145	253	272	170	189
2020	18,130	2,864	3,204	213	245	158	177
2021	22,782	2,313	2,727	220	253	102	120
2022	20,835	2,217	2,683	201	240	107	129
Change 2021/ 2022	-9%	-4%	-2%	-9%	-5%	4%	7%
Change 2019/ 2022	**25%**	**-22%**	**-15%**	**-21%**	**-12%**	**-37%**	**-32%**

68 This portfolio is the sum of the equity, corporate bond and convertible bond portfolios.

CARBON IMPACT OF THE LISTED COMPANY PORTFOLIO (ALL SCOPES COMBINED)

Source — S&P Global, 30 November 2022

	ASSETS (€M)	EMISSIONS ATTRIBUTED (TCO_2EQ)		CARBON INTENSITY TCO_2EQ/€M REVENUE		CARBON INTENSITY (TCO_2EQ/€M INVESTED)	
	PORTFOLIO	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCHMARK	PORTFOLIO	BENCH MARK
2019	16,640	14,514	13,545	1,072	1,091	872	814
2020	18,130	22,927	16,536	1,192	1,028	1,265	913
2021	22,782	15,226	12,911	1,216	1,147	668	566
2022	20,835	13,900	13,034	1123	1,209	668	626
Change 2021/ 2022	-9%	-9%	1%	-8%	5%	0%	11%
Change 2019/ 2022	**25%**	**-4%**	**-4%**	**5%**	**11%**	**-23%**	**-23%**

Carbon intensity by sector

The breakdown of the carbon intensity of ERAFP's listed company portfolio confirms that its "carbon" impacts are highly concentrated in "high risk" sectors[69].

The five sectors targeted by engagement action as part of ERAFP's efforts to meet the target included in its climate roadmap (materials, utilities, energy, industrials and consumer discretionary) account for 86% of the portfolio's carbon intensity (scope 1 and 2 emissions) and 32% of its assets[70].

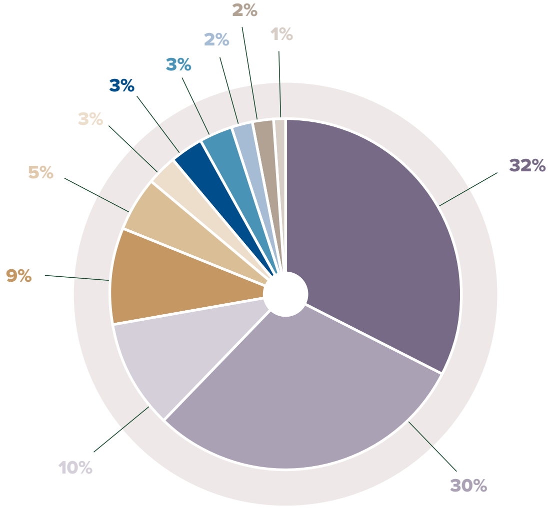
If all the emission scopes are included, the above analysis remains valid, but with a greater share of carbon intensity attributed to the industrials, consumer discretionary and financials sectors.

69 See "Description of the main climate-related risks" on pages 74 and 75.

70 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).

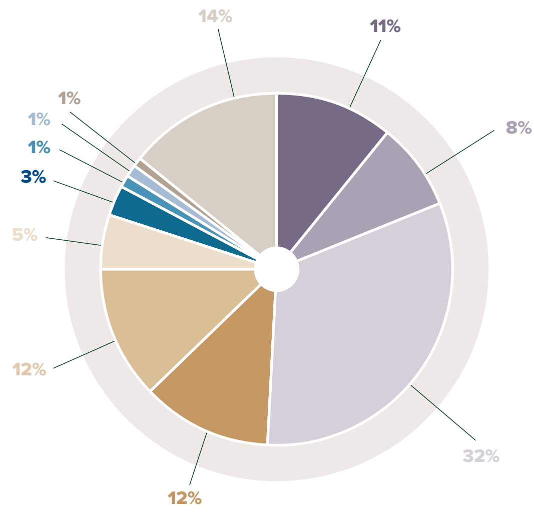
LISTED COMPANY PORTFOLIO CARBON INTENSITY BY SECTOR, SCOPE 1 AND 2 EMISSIONS (%)

Source — S&P Global, 30 November 2022



LISTED COMPANY PORTFOLIO CARBON INTENSITY BY SECTOR, SCOPE 1, 2 AND 3 EMISSIONS (%)

Source — S&P Global, 30 November 2022



- Materials
- Utilities
- Industrials
- Energy
- Consumer discretionary
- Consumer staples
- Information technology
- Telecommunications
- Real estate
- Healthcare
- Financials

EXPOSURE TO ACTIVITIES WITH HIGH STAKES REGARDING CLIMATE CHANGE

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

- fossil fuels[71];
- electricity producers.

The latter have a key role to play in the energy transition. In response to the climate emergency, the IEA[72] 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[73].

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

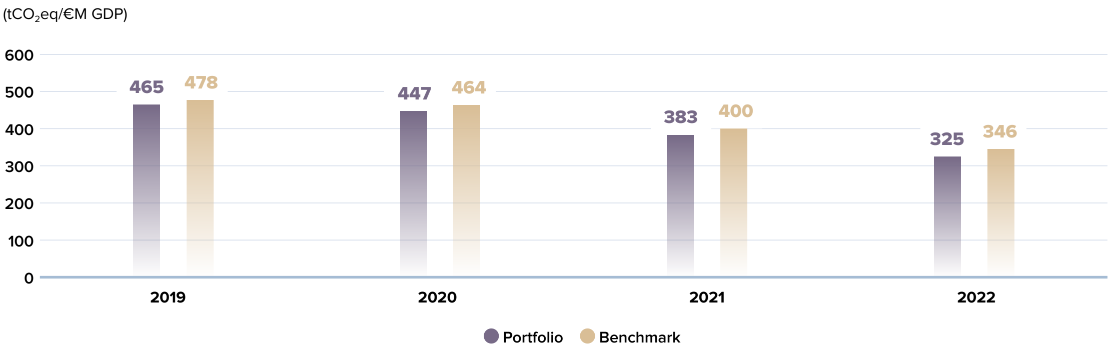
72 International Energy Agency.

73 See "Focus on the electricity generation mix in the listed company portfolio" on page 48.

SOVEREIGN BOND PORTFOLIO

CARBON INTENSITY OF THE SOVEREIGN BOND PORTFOLIO COMPARED WITH THE BENCHMARK

Source — S&P Global, 30 November 2022



The carbon intensity of ERAFP's portfolio, calculated as a weighted average, is 6% lower than that of its benchmark index. The positive difference is mainly due to the portfolio's overweighting of French government securities. Over two thirds of the energy produced in France is from a low-carbon nuclear source. Thus, although the share of renewable energies remains relatively low in France, the country has a low-carbon energy mix. France is one of the euro-zone countries with the lowest greenhouse gas emissions relative to GDP.

The fall in carbon intensity between 2021 and 2022, both for the portfolio (-15.1%) and for the benchmark (-13.5%), relates to the fact that the figures reported for 2022 show the greenhouse gas emissions and GDP values for 2021, when, due to the post-Covid-19 economic recovery, the GDP growth rate increased more steeply than that of emissions.

REAL ESTATE PORTFOLIO

The analysis covers €3.9 billion in amounts invested by ERAFP at the end of 2021, i.e. 75% of the real estate portfolio.

REAL ESTATE PORTFOLIO GREENHOUSE GAS EMISSION INDICATORS

Source — Carbone 4, 31 December 2021

	ABSOLUTE EMISSIONS (TCO_2EQ)	CARBON FOOTPRINT (TCO_2EQ/€M INVESTED)	CARBON SURFACE INTENSITY ($KGCO_2EQ/M^2$/YEAR)	ENERGY SURFACE INTENSITY (KWH FE/M^2/YEAR)
2018	30,100	15	42	-
2019	37,700	14	38	-
2019 (excluding travel)	27,900	-	38	-
2020 (excluding travel)	23,900	8.6	33.2	184.8
2021 (excluding travel)	31,700	8.3	28.1	166.1

There was a sharp increase in absolute emissions between 2020 and 2021 (+33%). This is due to a scope effect linked to the expanded coverage of ERAFP's analysis of real estate assets, notably to include a portfolio of residential assets, and the increased size of the overall real estate portfolio. The surface area studied, in square metres, increased even more compared to last year (+52%). All in all, the analysis now covers €3.9 billion in assets under management, versus €2.6 billion in 2020, i.e. an increase of 51%.

Taking the portfolio's surface carbon intensity as an indicator, a decrease can be seen between 2020 and 2021, mainly due to the inclusion of new French residential assets, which are driving the portfolio's intensity down. It should be noted that the partial recovery in economic activity in 2021 has had little impact on energy consumption.

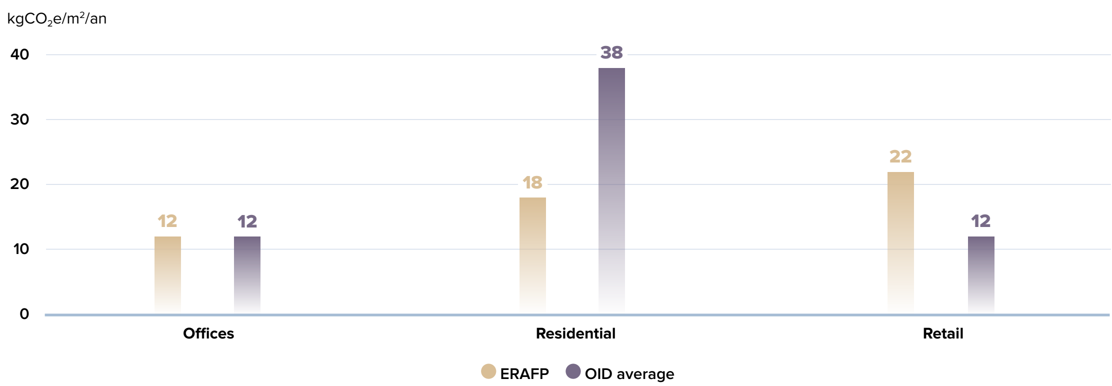
This year, ERAFP published for the first time the energy surface intensity of its real estate portfolio, measured in kilowatt hours per square metre per year of final energy. This is a useful indicator for studying the energy performance of assets, regardless of the energy source used, as well as for comparing assets in different countries, as it is not linked to the carbon content of electricity.

This dual approach, based on carbon intensity and energy intensity, is analysed by ERAFP and its asset management companies to inform their building work plans. As with the comparison of its real estate portfolio with the carbon trajectories developed by the CRREM tool, as set out in part 5, ERAFP can study the energy trajectories available using this same tool.

This year, ERAFP was again able to compare the surface intensity of its French real estate portfolio with that of a benchmark index[74]. The residential assets in ERAFP's portfolio are seen to be much less carbon intensive than those in the benchmark sample, notably because a majority are of recent construction and meet increasingly stringent energy performance requirements. Conversely, the retail assets in the portfolio have a higher surface intensity than the benchmark sample, mainly due to the portfolio's exposure to large Parisian retail spaces.

FRENCH REAL ESTATE PORTFOLIO'S SURFACE INTENSITY VERSUS A BENCHMARK SAMPLE

Sources — Carbone 4, OID, 31 December 2021



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

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 96 assets, i.e. 92% of the investments covered by the Carbone 4 analysis at 31 December 2021, representing an amount of €154.8 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 (e.g. installed capacity (MW) or production (in MWh) for electricity generation, road length (in km) for road infrastructure, etc.). When the data is not available or not relevant for the business sector under review (e.g. the waste or water management sectors), financial 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. This provides an overview of all the risks and opportunities associated with the infrastructure. However, 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, 31 December 2021

	ABSOLUTE EMISSIONS	CARBON FOOTPRINT (TCO_2EQ/€M INVESTED)
Ardian portfolio	52 $ktCO_2$ attributed	337 tCO_2eq/€m
Directly managed portfolio	30 $ktCO_2$ attributed	164 tCO_2eq/€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.

PRIVATE EQUITY PORTFOLIO

The analysis covers €187.1 million invested by ERAFP at the end of 2021, i.e. 89% of the portfolio invested by Access. In terms of number of assets analysed, this represents 189 assets out of a total of 195.

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

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

PRIVATE EQUITY MANDATE GREENHOUSE GAS EMISSION INDICATORS

Source — Carbone 4, 31 December 2021

	ABSOLUTE EMISSIONS	CARBON FOOTPRINT (TCO_2EQ/€M INVESTED)	CARBON INTENSITY (TCO_2EQ/€M REVENUE)
2021	130 ktCO_2eq attributed	229	572

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 €1 million invested*** and tCO_2 per €1 million of revenue, according to the asset's weight in ERAFP's total investment.

* 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.

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PART 8

Improvement measures

8. **IMPROVEMENT** MEASURES

THEME	MEASURE(S) IDENTIFIED IN 2022	MEASURE(S) IMPLEMENTED IN 2022	PLANNED IMPROVEMENT ACTION(S) IN 2023	REFERENCE IN THE REPORT
Engagement	The number of companies with which ERAFP's delegated asset managers have engaged.	ERAFP developed a new indicator for monitoring engagement by its delegated asset managers with companies in its listed company portfolio. It also reports the portion of assets in these portfolios covered by engagement actions. 429 issuers were covered by at least one engagement action, i.e. 42% of issuers in the listed company portfolio. These issuers represent 80% of ERAFP's assets.	X	"Strategy of engagement with issuers and asset managers", p. 34
Exposure to fossil fuels	The scope covered by the analysis of the portfolio's fossil fuel exposure will be extended to include the infrastructure portfolio in ERAFP's 2022 sustainability report.	The call for tenders in 2022 did not enable a service provider to be selected to analyse the infrastructure portfolio's exposure to fossil fuels.	In 2023, ERAFP will work on establishing and publishing a policy on fossil fuels covering all its asset classes. In 2023/2024 ERAFP will work on integrating the analysis of the infrastructure portfolio's fossil fuel exposure into its operational tools.	"Portfolio exposure to companies active in the fossil fuel sector", p. 46
Climate roadmap – Objective of aligning the real estate portfolio with the CREEM 1.5°C scenario for 2025	Residential assets will be included in the scope covered by the target in the coming years.	ERAFP included the residential real estate assets covered by this objective.	In 2023, the scope of the objective will automatically increase in view of the portfolio's growth.	"Targets adopted under the climate roadmap", p. 53

THEME	MEASURE(S) IDENTIFIED IN 2022	MEASURE(S) IMPLEMENTED IN 2022	PLANNED IMPROVEMENT ACTION(S) IN 2023	REFERENCE IN THE REPORT
Investments aligned with the European Taxonomy	Use the Taxonomy of sustainable activities as a reference once the latest developments and their impacts have been established.	Publication of the portion of the listed portfolio that is eligible and aligned with the European Taxonomy.	Integration of a historical analysis to measure changes in the alignment of ERAFP's assets with the European Taxonomy versus the first results published in 2022. In the coming years, ERAFP will publish data on its real estate assets' eligibility for and alignment with the Taxonomy.	"Main results of ERAFP's investments in relation to the European Taxonomy", p. 44
Climate roadmap – Objective of reducing the greenhouse gas emissions of the equity and corporate bond portfolios Objective of 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".	In 2022, ERAFP awarded the mandates tendered and set up their operational development.	ERAFP's PAB mandates will contribute to the targets of financing the ecological and energy transition in line with the commitments it has made as a member of the AOA.	"Changes in the investment strategy consistent with the target of aligning with the Paris Agreement", p. 67
Consideration of biodiversity issues	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.	ERAFP completed 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.	ERAFP will publish the biodiversity footprint results for its listed portfolios as part of the 2023 sustainability report . In 2023, ERAFP will develop training for the members of its board of directors on biodiversity issues and publish the first biodiversity-related indicators for its portfolios.	"Consideration of biodiversity issues", p. 68

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APPENDICES

Appendices

Appendix 1.
Table summarising the coverage of indicators

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% 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 cap equities, US mid cap equities and emerging market bonds)	20,330	88%	53.2%	N/A		14
Key aspects of ESG and climate performance - Listed portfolios	Change in the average SRI rating of the euro-zone equity portfolio	Listed companies	Euro equity mandates	9,842	43%	25.7%	N/A		14
Key aspects of ESG and climate performance - Multi-asset portfolio	SFDR classification	Multi-asset portfolio	Multi-asset mandates	1,288	100%	3.4%	N/A		15
Key aspects of ESG and climate performance - Multi-asset portfolio	Certification	Multi-asset portfolio	Multi-asset mandates	1,288	100%	3.4%	N/A		15
Key aspects of ESG and climate performance - Unlisted portfolios	SRI rating	Real estate	Real estate mandates (excluding certain funds)	4,863	100%	12.7%	N/A		16
Engagement conducted by asset management companies on ERAFP's behalf	Engagement actions implemented	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		34
Sustainable investments - European Taxonomy	Revenue eligible for the European Taxonomy	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		44

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Portfolio exposure to fossil fuels	Share of revenue of companies in the listed company portfolio linked to fossil fuels	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		47
Portfolio exposure to fossil fuels	Share of assets in the listed company portfolio relating to companies generating a majority of their revenue from fossil fuels	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		47
Focus on the electricity generation mix in the listed company portfolio	Breakdown of energy produced by companies in the listed company portfolio	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		48
Focus on the energy generation mix in the sovereign bond portfolio	Breakdown of energy produced by countries in the sovereign bond portfolio	Sovereign bonds	Sovereign bonds	6,826	100%	17.9%	N/A		48
Portfolio exposure to thermal coal	Share of assets in the listed company portfolio relating to companies involved in thermal coal-related activities	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		49
Portfolio exposure to thermal coal	Breakdown of revenue from thermal coal-related activities	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		50

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Portfolio exposure to unconventional hydrocarbons	Share of revenue of companies in the listed company portfolio linked to unconventional fossil fuels	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		50
Portfolio exposure to unconventional hydrocarbons	Share of listed company portfolio assets in companies involved in unconventional hydrocarbons	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		51
Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Carbon intensity of the AOA listed company portfolio	Listed companies	AOA listed mandates (equities + bonds)	21,047	91%	55.1%	Scopes 1 and 2	WACI	58
Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Carbon intensity of the AOA listed company portfolio	Listed companies	AOA listed mandates (equities + bonds)	21,047	91%	55.1%	Scopes 1 and 2	Carbon intensity per €1 million invested	59
Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Surface intensity of the AOA real estate portfolio	Real estate	AOA real estate	3,225	61%	7.2%	Scopes 1 and 2 + tenants' consumption	Surface intensity	60
Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Surface intensity of the AOA real estate portfolio excluding residential assets	Real estate	AOA real estate excluding residential assets	2,133	41%	4.8%	Scopes 1 and 2 + tenant's consumption	Surface intensity	61

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Target monitoring indicators: results obtained in 2022 - Temperature alignment target	Percentage of the listed company portfolio's carbon footprint covered by science based targets	Listed companies	Listed mandates	22,047	95%	57.7%	Scopes 1 and 2	Carbon intensity per €1 million invested	66
Assessment of regulatory risks related to the energy transition	Share of EBITDA at weighted risk in 2030	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		76
Assessment of physical risks related to climate change	Exposure to physical risks	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		78
Assessment of physical risks related to climate change	Exposure to physical risks by financial impact tranche	Listed companies	Listed mandates	22,047	95%	57.7%	N/A		79
Assessment of physical risks related to climate change	Exposure to physical risks	Private equity	Access mandate	187	31%	0.5%	N/A		80
Assessment of physical risks related to climate change	Exposure to physical risks	Infrastructure	Ardian mandate and certain open-ended funds	338	86%	0.9%	N/A		81
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Equities	Listed equities	Equity mandates	13,624	95%	35.6%	Table 1: Direct emissions and direct suppliers Table 2: Scopes 1, 2 and 3	WACI	83
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Corporate bonds	Corporate bonds	Bond mandates	7,423	95%	19.4%	Table 1: Direct emissions and direct suppliers Table 2: Scopes 1, 2 and 3	WACI	83

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Convertible bonds	Convertible bonds	Convertible mandates	1,000	100%	2.6%	Table 1: Direct emissions and direct suppliers Table 2: Scopes 1, 2 and 3	WACI	83
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity per €1 million invested - Equities	Listed equities	Equity mandates	13,624	95%	35.6%	Table 3: Direct emissions and direct suppliers Table 4: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	84
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity per €1 million invested - Corporate bonds	Corporate bonds	Bond mandates	7,423	95%	19.4%	Table 3: Direct emissions and direct suppliers Table 4: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	84
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity per €1 million invested - Convertible bonds	Convertible bonds	Convertible mandates	1,000	100%	2.6%	Table 3: Direct emissions and direct suppliers Table 4: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	84
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Attributed absolute emissions - Equities	Listed equities	Equity mandates	13,624	95%	35.6%	Table 5: Direct emissions and direct suppliers Table 6: Scopes 1, 2 and 3	Attributed absolute emissions	85
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Attributed absolute emissions - Corporate bonds	Corporate bonds	Bond mandates	7,423	95%	19.4%	Table 5: Direct emissions and direct suppliers Table 6: Scopes 1, 2 and 3	Attributed absolute emissions	85

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Attributed absolute emissions - Convertible bonds	Convertible bonds	Convertible mandates	1,000	100%	2.6%	Table 5: Direct emissions and direct suppliers Table 6: Scopes 1, 2 and 3	Attributed absolute emissions	85
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity - Listed company portfolio	Listed companies	Listed mandates	22,047	95%	57.7%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	WACI	86-87
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Emissions per €1 million invested - Listed company portfolio	Listed companies	Listed mandates	22,047	95%	57.7%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	86-87
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Attributed emissions - Listed companies	Listed companies	Listed mandates	22,047	95%	57.7%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	Attributed absolute emissions	86-87
Main negative impacts of ERAFP's investments on sustainability - Listed company portfolio	Carbon intensity by sector	Listed companies	Listed mandates	22,047	95%	57.7%	Chart 1: Scopes 1 and 2 Chart 2: Scopes 1, 2 and 3	WACI	88
Main negative impacts of ERAFP's investments on sustainability - Sovereign bond portfolio	Carbon intensity of the sovereign bond portfolio	Sovereign bonds	Sovereign bonds	6,826	100%	17.9%	Domestic, imported and exported emissions	WACI per per €1 million of GDP	89

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Absolute emissions	Real estate	Real estate mandates (excluding certain funds)	3,942	75%	8.8%	Scopes 1, 2 and 3	Attributed absolute emissions	90
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon footprint	Real estate	Real estate mandates (excluding certain funds)	3,942	75%	8.8%	Scopes 1, 2 and 3	Carbon intensity per €1 million invested	90
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon surface intensity	Real estate	Real estate mandates (excluding certain funds)	3,942	75%	8.8%	Scopes 1 and 2 + tenants' consumption	WACI	90
Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Energy surface intensity	Real estate	Real estate mandates (excluding certain funds)	3,942	75%	8.8%	N/A	Surface intensity	90
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	Real estate mandates in France (excluding certain funds)	2,341	45%	6.1%	Scopes 1 and 2 + tenants' consumption	Surface intensity	91
Main negative impacts of ERAFP's investments on sustainability - Infrastructure portfolio	Absolute emissions	Infrastructure	Ardian mandate	155	39%	0.4%	Scopes 1, 2 and 3	Attributed absolute emissions	92
Main negative impacts of investments on sustainability - Infrastructure portfolio	Carbon footprint	Infrastructure	Ardian mandate	155	39%	0.4%	Scopes 1, 2 and 3	Carbon intensity per €1 million invested	92

SECTION	DATA	PORTFOLIO	PORTFOLIOS	ASSETS	% OF PORTFOLIO	% OF GLOBAL ASSETS	EMISSIONS SCOPE	CARBON CALCULATION METHOD	PAGE
Main negative impacts of ERAFP's investments on sustainability - Infrastructure portfolio	Absolute emissions	Infrastructure	Directly managed portfolio	183	47%	0.5%	Scopes 1, 2 and 3	Attributed absolute emissions	92
Main negative impacts of ERAFP's investments on sustainability - Infrastructure portfolio	Carbon footprint	Infrastructure	Directly managed portfolio	183	47%	0.5%	Scopes 1, 2 and 3	Carbon intensity per €1 million invested	92
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Absolute emissions	Private equity	Access mandate	187	31%	0.5%	Scopes 1, 2 and 3	Attributed absolute emissions	93
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Carbon footprint	Private equity	Access mandate	187	31%	0.5%	Scopes 1, 2 and 3	Carbon intensity per €1 million invested	93
Main negative impacts of ERAFP's investments on sustainability - Private equity portfolio	Carbon intensity	Private equity	Access mandate	187	31%	0.5%	Scopes 1, 2 and 3	WACI	93

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.	6-21
	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.	13
	Consideration of ESG criteria in the decision-making process for the award of new management mandates.	12
	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.	24
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
	Presentation of the voting policy.	38
	Report on the voting policy, particularly as regards the submission of and voting on ESG-related resolutions at general meetings.	38-41
	Decisions taken on investment strategy, including disengagement from certain sectors.	49, 95
Information on the European Taxonomy and investments in fossil fuels	Share of assets relating to activities aligned with the Taxonomy.	43-45
	Proportion of assets in companies active in the fossil fuel sector.	46-51
Strategy for alignment with the Paris Agreement	Quantitative target for the period to 2030, reviewed every five years until 2050.	53-58
	Where the entity uses an internal methodology, it publishes information on this methodology to assess its investment strategy's alignment with the Paris Agreement.	55-58
	• The general approach and method used.	53-55
	• The level of coverage of the portfolio and the various asset classes, and the aggregation method.	53-55
	• The time horizon used for the assessment.	53
	• The assumptions used for estimated data.	60, 61

INFORMATION REQUIRED UNDER DECREE NO. 2021-663 OF 27 MAY 2021.		PAGE(S)
Strategy for alignment with the Paris agreement (continued)	• How the methodology adapts the energy/climate scenario used for the portfolios analysed, including a carbon intensity analysis as a weighted average, as well as based on absolute value and intensity value.	56-57
	• A quality analysis of the methodology and data used.	56-57
	• The scope adopted by the methodology in terms of covering greenhouse gas emissions within the value chain.	56-57
	• The method used to obtain a forward-looking estimate, based on the type of asset chosen.	
	• The level of temporal, sectoral and geographical granularity of the analysis.	
	Quantification of results using at least one indicator.	58-66
	Role and use of the assessment in the investment strategy.	66
	Changes in the investment strategy related to the strategy of alignment with the Paris Agreement.	66
	Possible measures to monitor results and changes that have occurred.	58-66
	The frequency of the assessment, provisional update dates and the relevant development factors used.	53, 95-96
“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.	69-70
	Mention of the use of a biodiversity footprint indicator.	70
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, and how risks are integrated into the entity’s established risk management framework.	72-75
	Description of the main ESG risks taken into account and analysed, including:	73-75
	• A characterisation of these risks.	73-75
	• Segmentation of these risks (physical risks, transition risks, litigation risks) and a descriptive analysis associated with each of the main risks.	73-75
	• An indication of the economic sectors and geographical areas affected by these risks, the recurring or one-off nature of the risks identified, and their possible weighting.	
	• An explanation of the criteria used to select significant risks and the choice of their possible weighting.	75
	Indication of the frequency of review of the risk management framework.	72
	Action plan to reduce the entity’s exposure to the main environmental, social and governance risks considered.	73-75
	Quantitative estimate of the financial impact of the main ESG risks identified and the share of assets exposed, as well as the time horizon associated with these impacts, at the level of the entity and the assets concerned, including the impact on the portfolio’s valuation (where a qualitative statement is published, the entity describes the difficulties encountered and the measures envisaged to quantitatively assess the impact of these risks).	71 et 75-81
	Indication of changes in methodological choices and results.	72
Improvement measures	Where the entity does not publish some of the required information, it shall, where appropriate, publish a continuous improvement plan.	95-96

Appendix 3.
Table of correspondence with TCFD recommendations

THEME	TCFD RECOMMENDATIONS	PAGE(S)
Governance	a) Description of how the board of directors oversees climate change risks and opportunities.	23-73
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	24
Strategy	a) Description of the risks and opportunities identified in the short, medium and long term.	73-75
	b) Description of the impact of these risks and opportunities on the investment policy.	67, 75
	c) Description of the resilience of the investment strategy under different scenarios, including the scenario of global warming of 2°C or lower.	73-81
Risk management	a) Description of the procedures for identifying and assessing climate-related risks.	53, 72, 74
	b) Description of the climate risk management procedure.	75
	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.	75-81
	b) Publication of indicators on greenhouse gas emissions and associated risks for scopes 1 and 2 and, if relevant, scope 3.	81-95
	c) Publication of targets set to manage climate-related risks and opportunities and information on actual performance in relation to these targets.	53-66

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