THE PUBLIC SERVICE ADDITIONAL PENSION SCHEME

RAFP

SUSTAINABILITY REPORT 2023

RAFP
Retraite additionnelle de la Fonction publique

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 disclosure — which has earned it several awards in recognition of the quality of its non-financial reporting — this year ERAFP publishes its third report specifically dedicated to the Scheme's 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 2023 public report, which presents the SRI policy implemented by the Scheme and the main results thereof, and refers readers to this report for a more in-depth analysis. Please note that the annual report, which covers all the factors that affected our activities during the past financial year, presents both the financial and non-financial aspects of our investment policy.

The various regulations governing sustainable finance undeniably pose challenges for investors in terms of strategy, methodology and data collection. As such, the aim of this report is to present the measures that ERAFP has implemented and discuss how to build on these initiatives.

Lastly, regulatory compliance aside, ERAFP intends this report to be a reference document readily available to its affiliates 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.

PART 1

GENERAL APPROACH ADOPTED BY THE ENTITY

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GENERAL APPROACH ADOPTED BY THE ENTITY

VISION AND VALUES

As a public institution established for the benefit of civil servants employed by the State, local and regional authorities, hospitals, the judiciary and the military, 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 profit 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. In a study published in September 2023, an international team of researchers at the Stockholm Resilience Centre (SRC) found that six of the nine planetary boundaries have already been crossed[1]. 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.

1 According to the researchers, six planetary limits have already been exceeded: climate change, biosphere integrity (biodiversity loss), biogeochemical flows (disruption of the cycles of nitrogen and phosphorus), land system change, freshwater change, and the introduction of novel entities into the biosphere (chemicals and substances introduced by humans that do not exist naturally, such as plastic). While critical thresholds for the last three limits (ocean acidification, stratospheric ozone depletion and atmospheric aerosol loading) have not yet been reached, indicators show that the situation is getting worse. For more information visit https://www.stockholmresilience.org/research/planetary-boundaries.html

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 fair transition into their transition strategies.

The very identity and composition of ERAFP's board of directors make the social dimension a fundamental one.

ERAFP'S ESG APPROACH

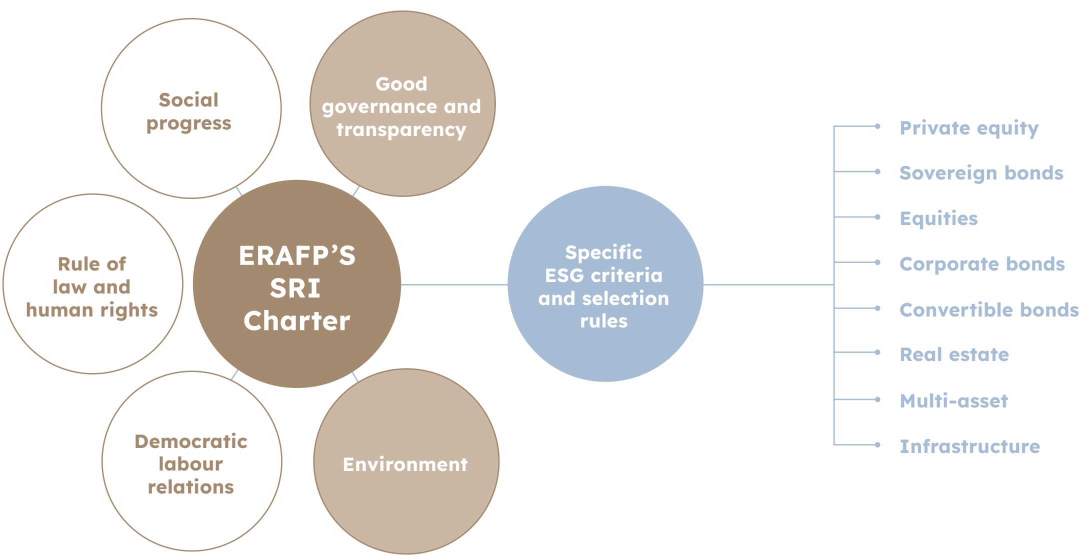
The scheme's SRI approach

An original SRI approach

The Scheme's SRI approach is original in several ways

- 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 the 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 consider 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;

— applies to a broad spectrum of values to all sectors, instead of theme-specific investments.

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 individually.

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;

— monitoring and supporting issuers that have adopted a continuous improvement approach.

ERAFP has taken its best in class approach even further by introducing thresholds and eligibility criteria for issuers exposed to certain activities, taking into consideration the specific issues involved (coal, conventional and unconventional fossil fuels). These criteria are detailed in section 5.3 of this report ("Climate-related exclusion policy")[2]. ERAFP divested from the tobacco sector in 2019.

Selection of the main criteria

ERAFP's SRI Charter, which was drawn up at the instigation of its board of directors, is based on 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.

Drawn up at the instigation of its board of directors, ERAFP's SRI Charter is based on public service values.

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 considering the issuer's business activity or the characteristics of the asset being assessed. Certain issues (highlighted in bold in the table on page 10) 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 "Control of the risks associated with climate change and contribution to the energy transition" criterion.

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.

2 See page 75.

THE CHARTER'S **5** VALUES AND **18** CRITERIA

1

RULE OF LAW AND HUMAN RIGHTS

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

2

SOCIAL PROGRESS

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

3

DEMOCRATIC LABOUR RELATIONS

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

4

ENVIRONMENT

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

5

GOOD GOVERNANCE AND TRANSPARENCY

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

THE ROLE OF CLIMATE IN ESG ANALYSIS

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

In particular, under the 'environment' value of ERAFP's SRI Charter, the 'Control of the risks associated with climate change and contribution to the energy transition' criterion makes it possible to assess the commitments that issuers have made, the measures that they have adopted and the tangible results that they have achieved as regards containing and reducing the greenhouse gas emissions associated with their activity. The listed and unlisted companies, countries and other issuers that score the highest 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 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.

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 products or services makes it possible to recognise companies that offer solutions to sustainable development challenges, particularly in connection with the energy and environmental transition.

In addition to these analysis criteria, ERAFP has implemented eligibility criteria for issuers exposed to certain activities, taking into consideration the specific issues involved (coal, conventional and unconventional fossil fuels). For more information, see section 5.3 of this report ("Climate-related eligibility policy"), page 75.

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 simultaneous screenings:

— a first 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 ESG criteria in the decision-making process for the award of new management mandates

In selecting its 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 considering 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. Applicants must be able to fully apply ERAFP's SRI framework. If this condition is met, ESG considerations represent 10% to 15% of the rating assigned to candidates, in both the application phase and the bid phase.

CONSIDERATION OF CLIMATE IN THE ISSUER SELECTION PROCESS

As a general rule, the issuer selection process does not dissociate climate-related criteria from other ESG criteria. There is, however, an exception for two index-tracking management mandates, based respectively on Climate Transition Benchmark (CTB) and Paris-Aligned Benchmark (PAB) indices, in accordance with European regulations on climate indices.

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	6,765	100%
Cash & cash equivalents	352	100%
Delegated management/Mandates or dedicated funds		
Corporate bonds	9,314	100%
Convertible bonds	1,117	100%
Listed equities	16,335	100%
Multi-asset	1,394	100%
Private equity and infrastructure	1,642[3]	100%
Real estate	4,396	100%
Dedicated currency hedging	351	0%
Delegated management/Multi-investor funds		
Multi-investor funds	1,660	100%

All the asset classes in ERAFP's portfolio are subject to an ESG/climate analysis, with the exception of the currency hedging segment (for which this type of analysis is not relevant and which represented less than 1% of assets under management at end-2023). The analysis covers all business sectors, the sole limitation being a lack of available data for certain unlisted assets[4].

3 Market value of the assets in ERAFP's portfolios invested in private equity and infrastructure at 31/12/2023.

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

KEY ASPECTS OF ESG PERFORMANCE

Listed assets portfolios

The selectivity rate compared with the potential investment universe – i.e. the percentage of companies excluded under ERAFP's best in class methodology – is around 23%.

In other words, nearly a quarter 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. In 2023, the vast majority of its portfolios outperformed their benchmark in terms of ESG score[5].

Following a public tender, Morningstar Sustainalytics was chosen as the new non-financial rating agency in 2023, replacing Moody's ESG Solutions. The change in agency and assessment method led to an increase in the ESG ratings of corporate issuers in the portfolio last year and a decrease in the ESG ratings of sovereign issuers. For information purposes, we have provided the SRI ratings from 2017 to 2022 calculated by the previous non-financial rating agency. A comparison of the 2023 rating with those obtained in previous years is not relevant given the change in methodology.

CHANGE IN THE SRI RATING OF ERAFP'S VARIOUS SEGMENTS OF INVESTMENT

Sources — Moody's ESG Solutions (2017 – 2022) and Morningstar Sustainalytics (2023), as of 31 December 2023

Listed assets at 31/12/2023	2017 SRI rating		2022 SRI rating		2023 SRI rating	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Sovereign issuers	81.1	80.5	81.9	81.0	65.4	64.3
Listed companies	46.6	42.7	51.6	49.1	55.6	54.9
Corporate bonds	48.2	42.3	51.3	47.9	54.2	53.4
Convertible bonds	41.4	34.5	42.9	36.8	49.1	43.4
Equities	46.2	43.6	52.5	50.8	56.8	56.6

Looking at the eurozone equity portfolio[6], 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.

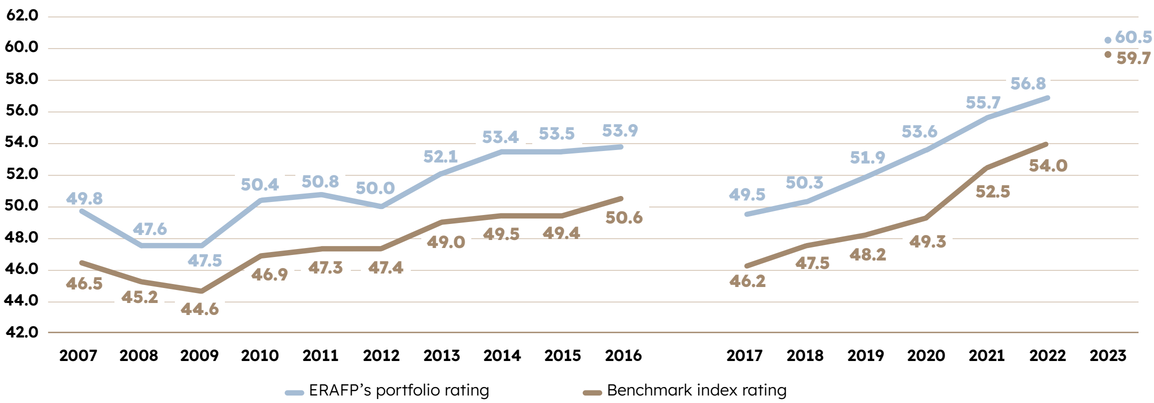
The dip from 2016 to 2017 and the uptick from 2022 to 2023 are due to a change in methodology.

5 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.

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

CHANGE IN THE AVERAGE SRI RATING OF THE EUROZONE EQUITY PORTFOLIO COMPARED WITH THE BENCHMARK

Source — Moody's ESG Solutions (2007 – 2022) and Morningstar Sustainalytics (2023), as of 31 December 2023



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 based on:

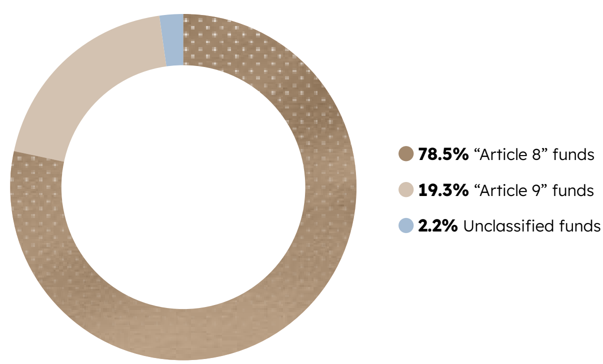
— an analysis of the management process put in place: the only funds eligible are those that apply a best in class SRI approach or that follow a thematic approach based on environmental criteria (preventing climate change, protecting water resources, etc.) or social criteria (healthcare, combating poverty, etc.);

— or an analysis of the fund's SRI quality based on the SRI rating of each issuer represented in the fund;

— or the fund obtaining an SRI label or being classified as an "Article 8" or "Article 9" fund under the European SFDR[7].

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

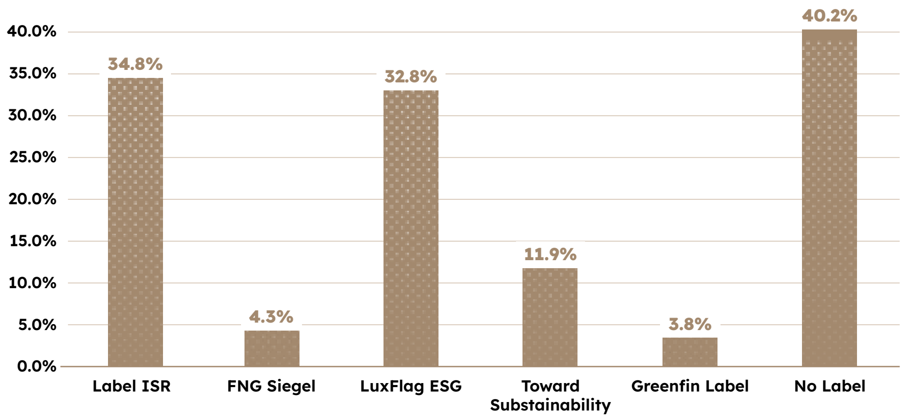
Source — ERAFP, as of 31 December 2023



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).

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

Source — ERAFP, as of 31 December 2023



As of 31 December 2023, all the funds in the multi-asset portfolio had an SRI dimension. In accordance with the SFDR classification rule, 78.5% of these funds (+6pps in one year) promoted environmental or social characteristics ("Article 8" funds), and 19.3% (-7pps in one year) pursued a sustainable investment objective ("Article 9" funds). The decrease in "Article 9" funds is mainly due to reclassification in 2023 pending clarification from the European Commission on the ESG requirements applicable to these funds.

In addition to the SFDR framework, 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 2023, 59.8% of the funds in the multi-asset portfolio had been awarded one or more ESG labels. 34.8% had obtained the French "SRI Label", 32.8% the "Toward Sustainability" label, 11.9% the "LuxFlag ESG" label, 4.3% the "Greenfin" label and 3.8% the "FNG Siegel" 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 this 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

As of 31 December 2023, all the funds in the multi-asset portfolio had an SRI dimension.

8 Some funds have various labels and are therefore counted several times.

SRI performance for the real estate assets:

- 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 an SRI rating potential 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 2023, the consolidated SRI rating for ERAFP's real estate portfolio fell compared with the previous year (from 71.0 to 60.0). This change is mainly explained by a change of asset manager for one portfolio, who applied its own methodology to score the portfolio, which led to a cut in half of the score. As such, the results obtained are not comparable with those obtained in 2022 for these same assets. In addition, another asset manager's rating grid was updated in 2023, which also resulted in a sharp decline in the result for this mandate.

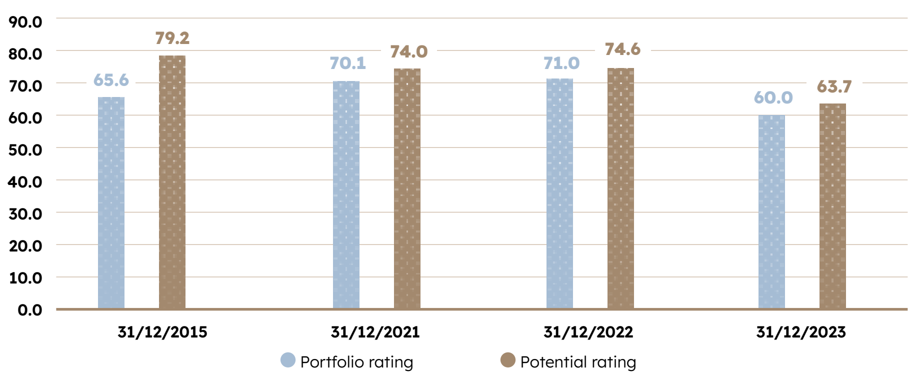
The potential portfolio rating also decreased for the same reasons in 2023 compared to 2022 from 74.6 to 63.7. The spread between the consolidated portfolio rating and the potential rating remained stable (3.6 points in 2022 versus 3.7 points in 2023).

As the real estate portfolio is in an expansion phase, its SRI rating may change as new acquisitions are considered in the coming years.

A high proportion (73%) of the real estate assets in ERAFP's portfolio are certified to standards of minimum environmental and social performance. The certifications obtained or pending are mainly NF Habitat, HQE "high environmental quality" and BREEAM (BRE Environmental Assessment Method) certifications.

CONSOLIDATED REAL ESTATE PORTFOLIO AVERAGE SRI RATING

Source — Asset managers, 31 December 2023



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.

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 2023, all the managers selected for ERAFP's private equity fund mandate signed ERAFP's delegated asset manager ESG clause. Of the management companies, 67% issued an ESG report (+2% compared to 2022), 84% signed the Principles for Responsible Investment (+2% compared to 2022) and 72% published their portfolio's carbon footprint (at least for scopes 1 and 2, versus 47% in 2022).

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

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. In 2022, the delegated manager redesigned the questionnaire in order to improve the assessment of companies, the coverage rate of indicators and the quality of responses. The questionnaire is now divided into five themes: governance, corporate social responsibility (CSR), environment, European taxonomy, social and suppliers. None of the underlying companies have been found guilty of violations of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises, 57% have a CSR action plan; 70% have assessed their carbon footprint; 9% have assessed their taxonomy eligibility for an average eligible turnover of 38%; 63% have a value-sharing plan that exceeds regulatory requirements and 44% have adopted a responsible purchasing charter.

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 2023, of the 16 managers, all were signatories of the Principles for Responsible Investment (PRI) and established a responsible investment policy, and 15 also had a climate policy. Of these, nine received five stars in the "Infrastructure" category of the latest PRI report. All of them conduct an ESG assessment in the pre-investment and holding phases and engage with companies on ESG issues. Finally, 13 stated that they take biodiversity into account (compared with 11 out of 18 in 2022).

Last year, the delegated asset manager suggested revising the reporting framework in order to align it with a recognised international framework, 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.

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

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MEMBERSHIP AND PARTICIPATION 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 European investors with the common aim of taking into account 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: • 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 goals 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)	SDGs/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;	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[9]
CDP DRIVING SUSTAINABLE ECONOMIES	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
Net Zero Engagement Initiative (NZEI)	Climate	The NZEI was set up to develop and extend the scope of investor engagement beyond the Climate Action 100+ target company list, operating on the basis of the same model and including more companies which consume fossil fuels and hence contribute to the demand for these products.	2023
Mental health and wellness initiative for end-users of technology	Social	A coalition of investors asking companies to define policies and implement measures to mitigate the potentially negative impact of technology on the mental health and well-being of end-users.	2023

Participation in specific work and actions

In connection with these initiatives, in 2023 ERAFP participated in the following work and actions:

— Net-Zero Asset Owner Alliance: ERAFP was involved in drafting the fourth version of the Target Setting Protocol as part of the Monitoring, Reporting and Verification (MRV) working group responsible for the document's annual update.

— IIGCC/Climate Action 100+/NZEI: In partnership with the IIGCC (Institutional Investors Group on Climate Change), Climate Action 100+ and now NZEI, in which ERAFP is an investor, ERAFP continued its role by spearheading engagement for three companies in the utilities sector.

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

— CDP (Carbon Disclosure Project): ERAFP supported the “Non-disclosure” campaign targeting nearly 1,600 international companies that do not disclose their carbon emissions or their impact on deforestation and water, as well as the Science Based Targets campaign, which aims to accelerate companies’ adoption of 1.5°C-aligned global warming pathways. In 2023, this campaign focused on 2,000 international companies targeted due to their impact on the climate.

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

	PRE-INVESTMENT	INVESTMENT	POST-INVESTMENT
Investment process	SRI requirements set 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
Exemples	Tendering procedure Institutional Investors Group on Climate Change (IIGCC) Policy Programme Climate Action 100+	SRI approach: - 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.

INFORMATION TO AFFILIATES ON CRITERIA RELATED TO THE ESG OBJECTIVES OF THE INVESTMENT POLICY

From the outset, ERAFP 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 provides long-term sustainability and security.

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

— active contributors, via its website offering tutorials and institutional videos (including a presentation of the Scheme's SRI policy 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, its website and its presence on social media (LinkedIn).

Given ERAFP's 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. Internet users can now find all ERAFP's SRI publications on its website, including its SRI brochure, shareholder engagement guidelines, SRI Charter, climate policy, fossil fuel policy, infographics on ERAFP's best in class approach, video tutorials and an SRI quiz to test their knowledge.

PART 2

ESG GOVERNANCE AND DEDICATED RESOURCES

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ESG GOVERNANCE AND DEDICATED RESOURCES

THE BOARD OF DIRECTORS

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 as well as this report.

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

The CSPP is responsible for preparing the board of directors' decisions on the general guidelines 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. The following subjects are usually examined by the CSPP:

- the updating of the shareholder engagement guidelines;
- the annual summary of voting at general meetings by asset managers on ERAFP's behalf;
- annual SRI reporting on the Scheme's investments;
- monitoring of ERAFP's involvement in engagement initiatives;
- the results of the implementation of the climate policy;
- monitoring of the application of ERAFP's fossil fuel policy by its asset managers.

ERAFP's board of directors sets out the general guidelines for the Scheme's socially responsible investment policy.

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.

For several years now, scientific reports, and particularly those published by the IPBES[10], have warned about the accelerated decline of biodiversity and its serious consequences on Earth's living conditions. The economic impacts of this decline are also increasingly well documented, and the incentives to take urgent action to stop it are growing.

Against this background, in June 2023, ERAFP set up a training course for its directors on biodiversity-related issues with consulting company I Care and data provider Iceberg Datalab. During the course, the methodologies for measuring the biodiversity footprint were introduced to the directors.

This training process continued in 2024 with a one-day seminar dedicated to biodiversity issues. The day's activities included an ecologist's talk, "Biodiversity Fresk" workshops and presentations on biodiversity issues for corporations and institutional investors.

ERAFP'S MANAGEMENT

ERAFP's management plays several roles in relation with SRI:

— it drafts proposed changes to the SRI policy and additions to the climate policy 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, supranational and agencies bonds;

— it ensures that the asset management companies apply the SRI policy and climate policy;

— 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.

10 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

INTERNAL HUMAN RESOURCES

The SRI team

In 2023, ERAFP's SRI team was expanded by creating an additional position and now comprises 3.5 employees (i.e. 6.9% of the total workforce).

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 semi-annual management committee meetings during which ESG and climate reporting is discussed and supporting evidence specifically requested by ERAFP is provided.

ERAFP's SRI team is also responsible for the following tasks, under the supervision of the chief investment officer:

- 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 (monitoring of 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.

In 2023, ERAFP's SRI team was expanded by creating an additional position.

The internal climate committee

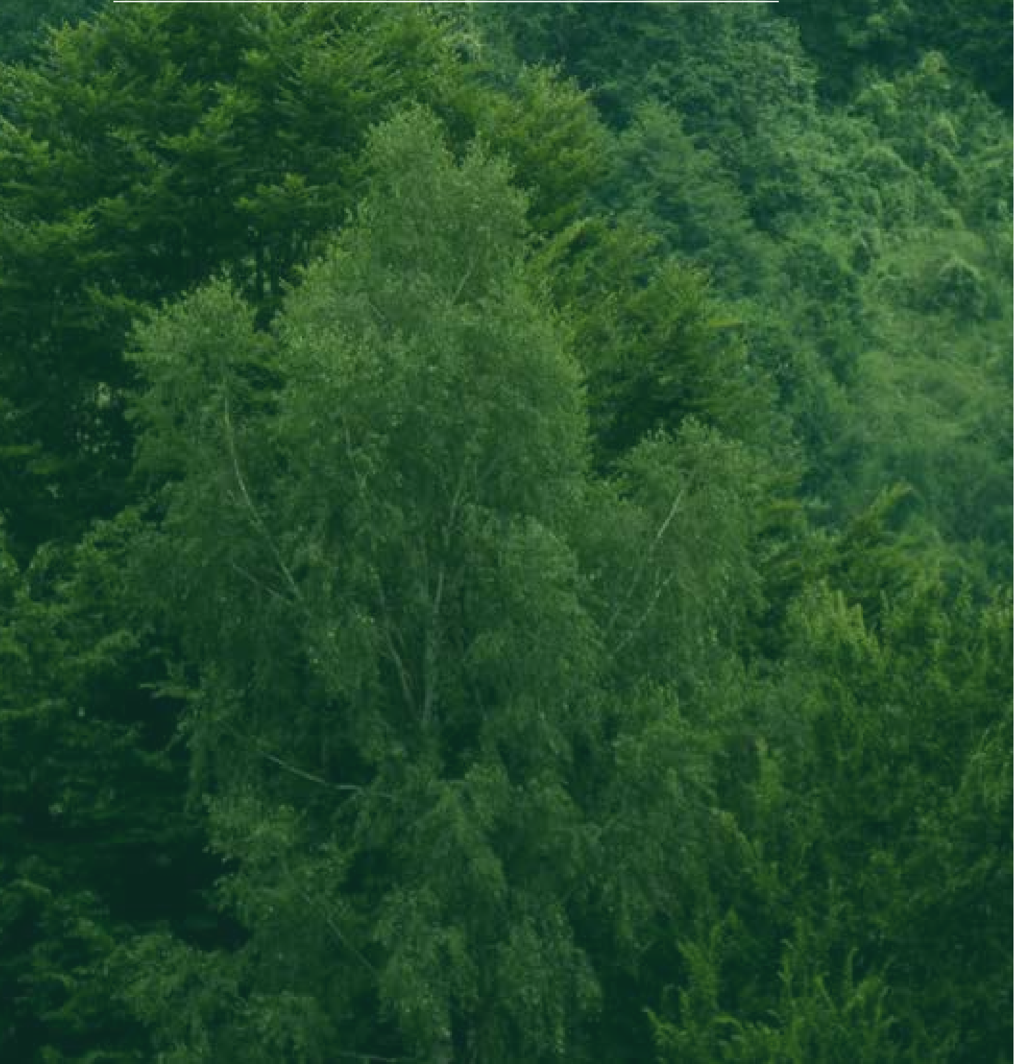
In order to establish its own climate policy, ERAFP has set up an internal steering committee composed of the chief executive officer, the deputy chief executive officer and chief investment officer, and the heads of the various asset classes and the SRI team.

This committee met three times in 2023 to monitor the implementation of the policy.

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. The challenges posed by the energy transition are another regular focus of communication initiatives such as the Climate Fresk and Biodiversity Fresk collaborative workshops held.

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. The last session focused on ERAFP's fossil fuel policy, adopted in September 2023, as well as a more general presentation of the context on energy scenarios and financial risks related to stranded assets.



INTERNAL FINANCIAL RESOURCES

In 2023, ERAFP allocated €639k to SRI, i.e. 2.0% of its total budget.

The SRI budget covers internal human resources (3.5 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 companies' general meetings.

INTEGRATING SUSTAINABILITY RISKS INTO REMUNERATION POLICIES

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

The annual targets set for the chief executive officer, the deputy chief executive officer and chief investment officer and the head of SRI all incorporate SRI considerations.

In 2023, ERAFP allocated €639k to SRI, i.e. 2.0% of its total budget.

EXTERNAL TECHNICAL RESOURCES

Non-financial rating agency

The non-financial rating agency is tasked with analysing the asset portfolio and providing monthly and annual reports on the bond and equity segments for submission to ERAFP. It also assesses the SRI compliance of sovereign, supranational and agencies' bonds managed directly.

Following a public tender, Morningstar Sustainalytics was chosen as the new non-financial rating agency in 2023, replacing Moody's ESG Solutions. In 2023, ERAFP and Morningstar Sustainalytics teamed up to develop a new ESG rating grid that was consistent with ERAFP's SRI Charter and approach. This change of agency also entailed a change in methodology which impacted the portfolios' ESG ratings.

The Morningstar-Sustainalytics SRI rating incorporates an issuer management score for all the indicators making up the five pillars of the SRI Charter. This score assesses the ability of a company's management team to manage ESG risks specific to its sector. It includes management indicators that incorporate a set of category-based results.

The Morningstar-Sustainalytics teams determine the relevant categories in order to establish the final score for the indicator. They are made up of four pillars:

— "Policies implemented": indicators that measure the strength and quality of the commitment of an issuer's policy to addressing a material ESG issue. Environmental policy is a commonly used indicator;
— "Management programmes and systems": indicators that assess a company's operational systems for managing material ESG issues;
— "Transparency and compliance": indicators that assess whether companies are sufficiently transparent to investors regarding their ESG risks and management practices;
— "Quantitative performance": indicators that measure the effectiveness of policies, programmes and management systems and that are monitored annually to establish trends over time.

The resulting assessment gives a score of between 0 (unmanaged risk) and 100 (best practices). It is fully in line with ERAFP's desire to identify, using non-financial ratings, the best practices of companies that reflect the application of the best in class principle in its SRI approach.

In addition, Morningstar-Sustainalytics assesses controversies that may reduce an issuer's non-financial rating, depending on the severity of the controversy(ies) identified. Controversies are assessed on a scale of one (least severe) to five (most severe). This dual analysis enhances the SRI rating of companies and ultimately broadens its coverage.

Asset management companies

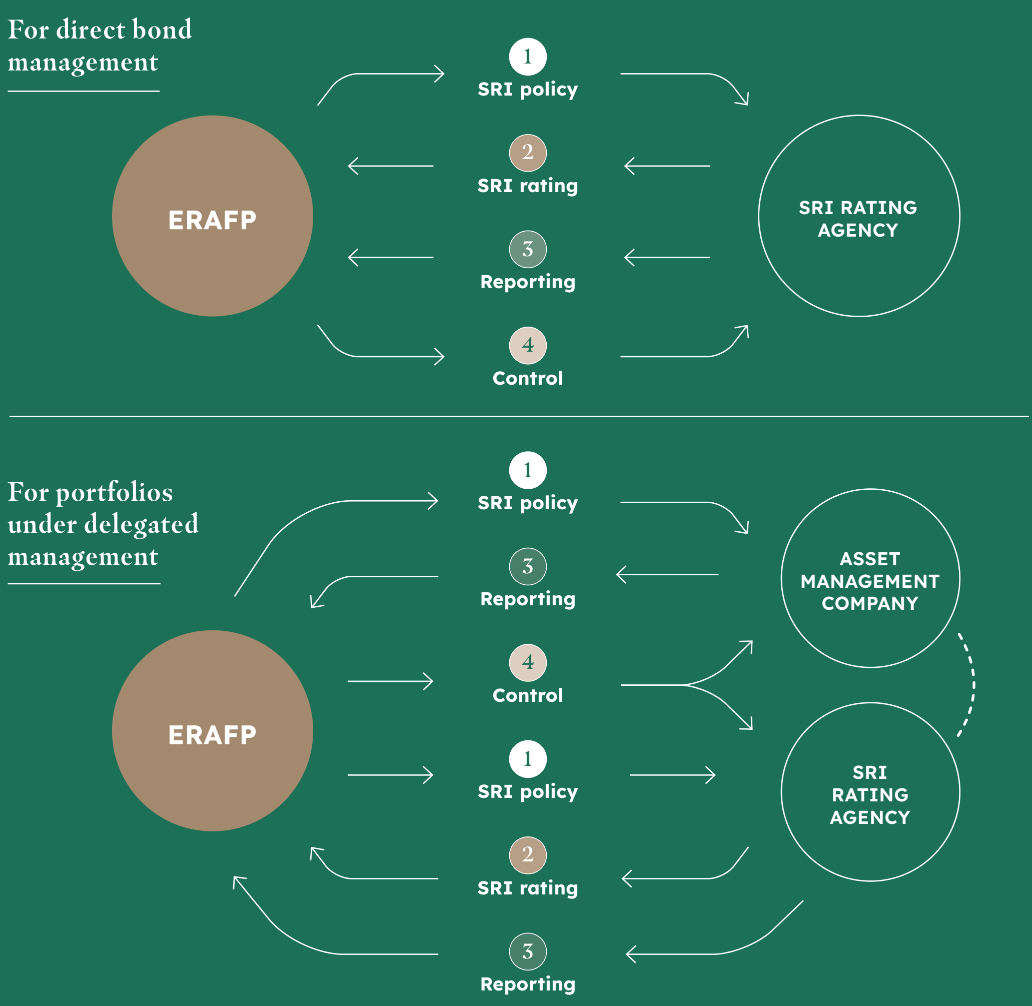
The management of 70% of ERAFP's assets is delegated to some 28 asset management companies. The resources that these companies allocate for the purpose of incorporating ESG and climate criteria in their practices is a decisive factor in ERAFP's selection process for these firms.

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 asset management companies monitor issuers' SRI ratings for as long as they are held in the portfolio.

During these meetings, the ratings assigned by the asset managers to each issuer in the portfolio are compared to those assigned by Morningstar-Sustainalytics. 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



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.

In 2023, following the public procurement procedure launched in May 2022 to select one or more consulting firms specialising in climate and biodiversity strategy for the listed, real estate and unlisted asset portfolios (infrastructure and private equity), ERAFP decided to award the listed asset lot to Iceberg Datalab and the real estate asset lot to CBRE Conseil & Transaction. The unlisted asset lot (infrastructure and private equity) was dropped due to insufficient competition.

When these contracts were renewed, ERAFP extended the scope of analysis to include biodiversity issues.

CLIMATE AND BIODIVERSITY INDICATORS PROVIDED BY THE AGENCIES

Data provider	Asset class	Indicators
Iceberg Datalab	Sovereign bonds	Carbon intensity, energy mix alignment with a 1.5°C scenario, biodiversity footprint
	Equities Corporate bonds Convertible bonds	Carbon intensity, alignment with temperature scenarios, alignment with the green taxonomy, brown share, transition risk and physical risk, biodiversity footprint
CBRE	Real estate	Absolute emissions, carbon footprint, carbon intensity, alignment with temperature scenarios, climate risk, impact on biodiversity

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 supervises voting for a sample of around 30 major French companies and 10 major international companies. In 2023, ERAFP used the services of a proxy advisory firm, Proxinvest, which assists it in analysing the resolutions put to shareholders at general meetings by companies in its portfolios under delegated management.

PART 3

STEWARDSHIP STRATEGY WITH ISSUERS AND ASSET MANAGERS

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STRATEGY OF ENGAGEMENT WITH ISSUERS AND ASSET 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 support, on a long term basis, those bodies in which it has decided to invest, by exercising its responsibilities as shareholder or stakeholder in such a way as to sustainably promote, within these entities, practices that respect the values it supports".

Guidelines

FIND OUT MORE

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

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

Since 2012, ERAFP has formalised its engagement approach by adopting guidelines.

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 2023, 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 based on the shareholder engagement guidelines.

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 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.

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[11]/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+/ Net Zero Engagement Initiative

— IDI/ShareAction

— CDP

— Net-Zero Asset Owner Alliance

3

Making a positive contribution to the SDGs

— No dedicated initiative

4

Combating aggressive tax optimisation practices

— PRI

11 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.

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 five 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. 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.

IIGCC – NET ZERO ENGAGEMENT INITIATIVE (NZEI):

Launched in March 2023 when the first 107 companies targeted received letters from more than 90 participating investors, the NZEI was set up to develop and extend the scope of investor engagement beyond the Climate Action 100+ target company list, operating based on the same model and including more companies which consume fossil fuels (which contribute to the demand for these products).

The extension of the scope of companies targeted by this engagement approach is intended to help investors align a larger portion of their portfolio with the Paris Agreement objectives, as defined by their "net-zero emissions" commitments.

The main request made by investors through the NZEI is for a plan to be introduced for the transition to a carbon-neutral economy. In 2023, 107 targeted companies received letters from 93 investors outlining their expectations for a net-zero transition plan. The main recommendations of the transition plan set out in the letter are: 1) a full net-zero commitment; 2) aligned GHG targets; 3) performance monitoring in terms of emissions; and 4) a credible decarbonisation strategy.

ERAFP joined the NZEI in 2023 as a lead investor in engagement with a French company in the utilities sector.

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)

The Net Zero Asset Owner Alliance (AOA), 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 policy including an engagement target 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.

Investor statements

In 2023, 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 – namely the absolute emissions reduction targets for scopes 1, 2 and 3 in the short, medium and long term and initiatives to achieve these targets – so that investors can perform a thorough assessment of companies' climate ambitions over these horizons. The statement proposes that "Say on Climate" should be institutionalised in corporate law to provide a legal framework for the resolutions concerned.

In addition, ERAFP, has teamed up with 26 global institutional investors representing $2.117 trillion in assets under management to support a collaborative engagement initiative with companies in the technology sector by signing the initiative's statement of intent. The coalition wants to get companies to define policies and implement measures to mitigate the potentially negative impact of technology on the mental health and well-being of end-users.

ERAFP continued its biodiversity-related engagement alongside the Finance for Biodiversity Foundation. As part of negotiations at the International Seabed Authority, they signed a statement bringing together 37 investors representing $3.3 trillion in assets under management, calling on governments not to authorise deep seabed mining without first conducting impact studies.

Lastly, ERAFP participated in the submission of resolutions for the 2023 general meetings as part of three engagement initiatives with French companies in the utilities, oil and gas and retail sectors. While these resolutions were not passed, they achieved encouraging scores and helped to strengthen the dialogue with company managers.

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 asset managers closely monitor controversies that companies may be exposed to. As part of a shareholder engagement approach, ERAFP's delegated asset 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 2023, the number of engagement actions by ERAFP's asset managers increased slightly (+11%)[12] compared with the previous year. It should be noted that the approaches used can vary considerably in terms of practices used and time allocated (letters, occasional or recurring dialogue, submission of shareholder resolutions, etc.)

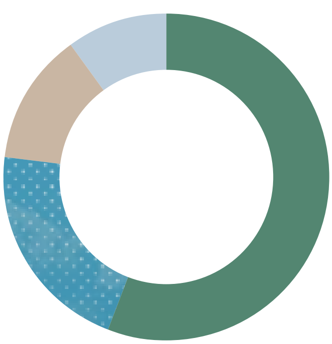
ENGAGEMENT ACTIONS TAKEN ON THE LISTED COMPANY PORTFOLIO[13]

Direct engagement	783
Engagement via a collaborative initiative	75
Of which "lead" role	12
Number of companies that made a formal commitment to change following the engagement procedure	*233*

ENGAGEMENT ACTIONS BY THEME

Sources – ERAFP, managers

DIRECT ENGAGEMENT



COLLABORATIVE ENGAGEMENT

In keeping with the information collected in 2022, ERAFP is disclosing for the second time the percentage of assets in these portfolios covered by these initiatives. Of the 1,217 issuers in ERAFP's listed company portfolio, 476 were covered by at least one engagement action, i.e. 39%. This engagement covers 67% of our total AUM.

Of the 1,217 issuers in ERAFP's listed company portfolio, 476 were covered by at least one engagement action.

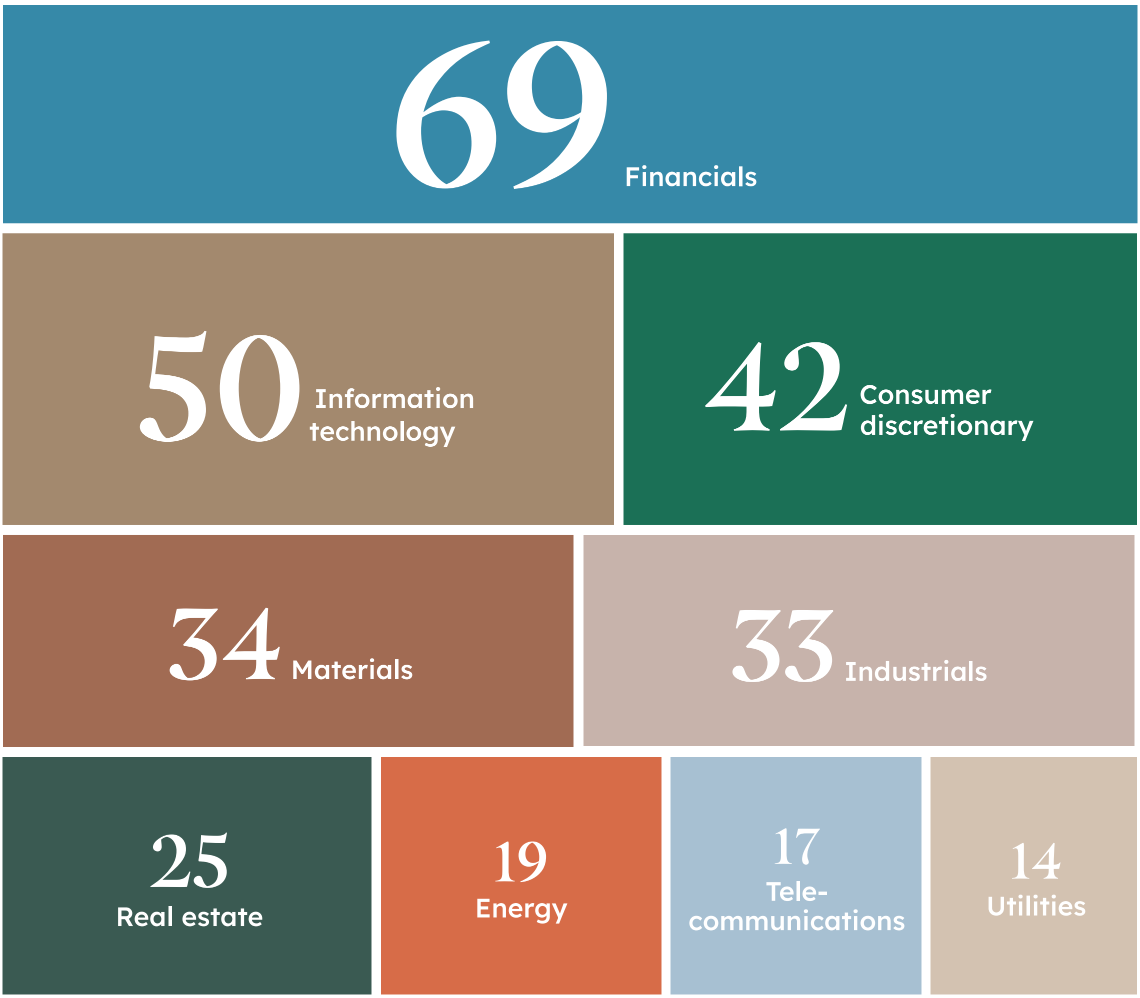
12 The figures in the table "Engagement actions taken on the listed company portfolio" were supplied by our asset management companies.
13 Equity, corporate bond and convertible bond portfolios.

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

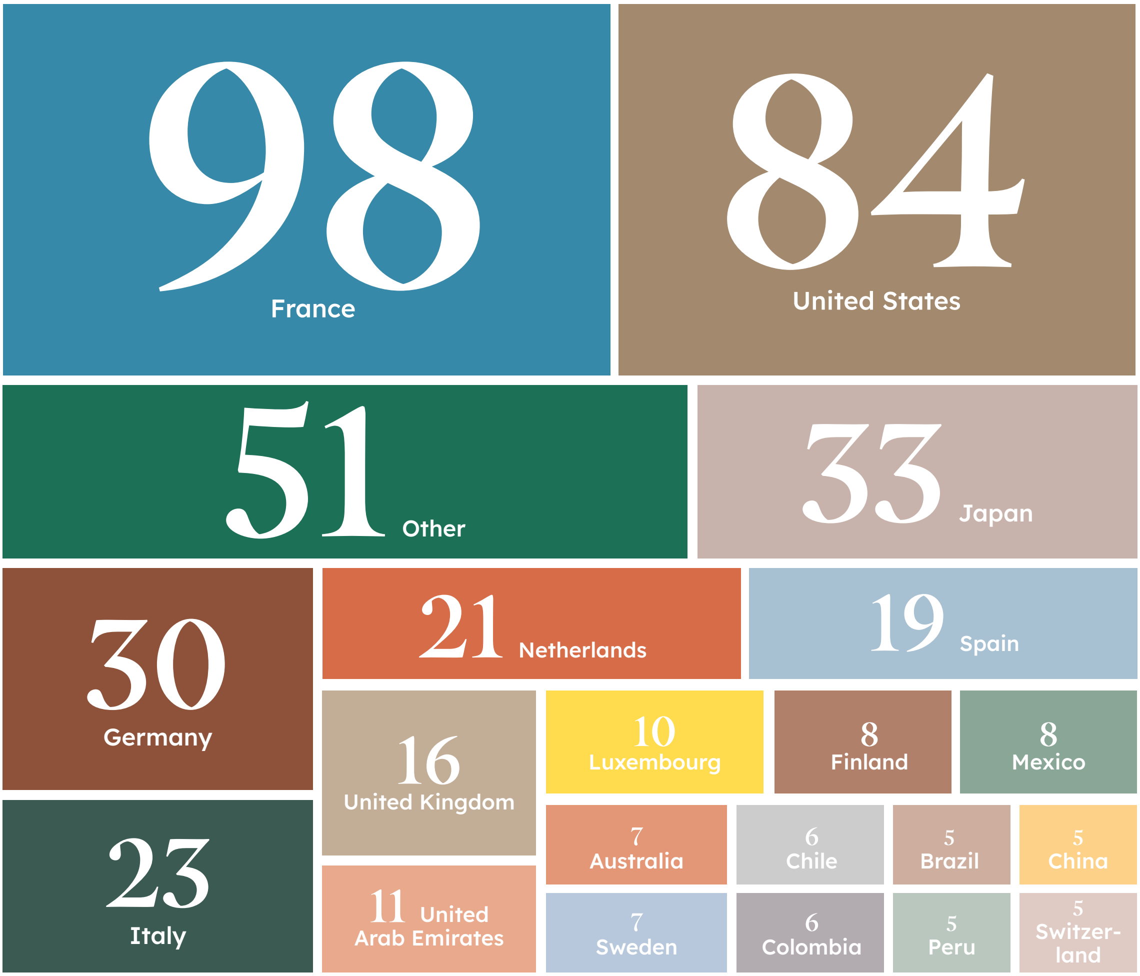
Source — ERAFP

ENGAGEMENT ACTION BY SECTOR



The sectors in which ERAFP's asset management companies carry out the largest number of engagement actions are finance and information technology. The geographical breakdown of our engagement actions confirms the strong representation of French, US, Japanese and German companies. These results reflect the choices and allocations of ERAFP's portfolios.

ENGAGEMENT ACTION BY REGION



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 companies amongst the highest greenhouse gas emitters of its portfolio. 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 is updated annually and facilitates the uniform quantitative monitoring of progress made by the companies. The results of this analysis are presented in Part 5 of the report ("Strategy for alignment with the Paris Agreement")[14].

14 See page 60.

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 monitoring the voting of its delegated asset managers for a number of companies.

In 2023, this sample changed from 40 major French companies to 30, and 20 major international companies to 10, representing approximately 30% of ERAFP's equity portfolio in terms of market capitalisation.

In order to incorporate climate issues into its voting policy, ERAFP made the following changes last year:

— for companies belonging to certain sectors, it has introduced a recommendation to vote against the Chairman of the Board when climate issues appear to be insufficiently addressed;

— for companies in sectors with a high climate impact, ERAFP expects climate-specific criteria to be taken into account when determining the variable remuneration of key executives;

— it introduced a case-by-case analysis for voting on climate resolutions, with a recommendation to vote against if the following conditions are not met:

- a target of carbon neutrality by 2050, covering all relevant emissions scopes;
- a medium-term target of 1.5°C alignment for scope 1 and 2 emissions and, where available and relevant, scope 3 emissions;
- a quantified decarbonisation strategy.

The company's approach to climate issues may influence the vote on the renewal of its Chairman of the Board of Directors.

Review of the 2023 general meeting season

The 2023 general meeting season took place against an unstable geopolitical backdrop characterised by the ongoing war in Ukraine, a difficult social context and inflationary pressures weighing on purchasing power. Economic activity which rebounded significantly in 2022 was more sluggish, as evidenced by the occasional fall in revenue for CAC 40 companies. Nevertheless, despite high dividend payouts to shareholders (the average proposed dividend in 2023 was €3.2 versus €2.5 in 2022[15]), the distribution of added value remains an important focal point for ERAFP, which is committed to ensuring that earnings are shared fairly between managers, employees and shareholders. ERAFP determined that only five companies presented equity ratios at general meetings compared with six in 2022 and seven in 2021.

15 Institut du Capitalisme Responsable, Review of 2023 General Meetings.

In contrast to 2022, which was marked by an increase in average total executive pay for 2021, the average total pay of the executive chairmen of the 120 largest listed companies in France (SBF 120) for the 2022 financial year[16] fell by 6% in 2023. At €4.2 million, however, it was 14% higher than in 2019 (pre-Covid). These trends are reflected in the sub-sample of large French companies. The average total pay of the executive chairmen of CAC 40 companies decreased by 15% compared to 2021, but increased by 29% compared to 2019 (+30% on a like-for-like basis) at €6.7 million.

Non-financial themes also took centre stage at the 2023 general meetings. Carbon neutrality remains a predominant theme, with all CAC 40 companies presenting their "net-zero" goals. Four French companies presented climate resolutions ("Say on Climate"). In addition, 77% of CAC 40 companies mentioned their corporate purpose and linked it to their ESG criteria.

In contrast to the two previous seasons of general meetings (2022 and 2021), the number of climate resolutions decreased in 2023 at the European level. After the number of UK companies holding a vote fell by almost half compared to the previous year, France became the market with the highest number of climate resolutions submitted by management in 2023 worldwide. Although at the top of the ranking, the number of climate resolutions decreased slightly in France, as well. In 2023, nine of these resolutions and one non-voting item were submitted by management at French general meetings versus 12 in 2022. This 17% decrease occurred despite the broad support of stakeholders for the integration of climate strategies into corporate strategies, as the AFEP-MEDEF, the Legal High Committee for Financial Markets of Paris, the French Climate and Sustainable Finance Commission and the French Financial Markets Authority published statements between December 2022 and March 2023 on the increasing relevance of the subject.

Through its delegated asset managers, ERAFP voted against 31% of resolutions put forward by the management of French companies.

Although there were fewer votes on climate resolutions in 2023, shareholders remained active in engaging companies on climate-related issues. During the past year, two shareholder proposals and two non-voting items were put on the agenda of French general meetings, a sharp contrast with the previous year when no shareholder climate resolutions were put on the agenda at the general meeting of a French company.

ERAFP voting summary

For its French sample, ERAFP opposed a slightly lower proportion of AGM resolutions during the 2023 season. Through its delegated asset managers, ERAFP voted against 31% of resolutions put forward by the management of French companies (compared with 37% in 2022). In contrast, at international general meetings, ERAFP's opposition increased to 34% (from 32% in 2022).

ERAFP's main opposition at general meetings in 2023 were related to executive pay and the way in which companies integrate climate issues.

16 Proxinvest data for 2023.

Executive pay

In 2023, across the 29 French companies in its sample, ERAFP voted in favour of 40 resolutions on executive pay ("Say on Pay" votes) out of a total of 151.

ERAFP's opposition to executive pay in its French company sample was stable in 2023 compared with 2022, with an opposition rate of 73.5% (compared with 74% the previous year). Its opposition was mainly on the grounds of remuneration being above the thresholds set by ERAFP in its voting policy[17]. 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 (absence of ESG criteria for the variable component, structure of variable pay, lack of transparency with regard to performance, inadequate supplementary retirement schemes).

With regard to the international companies in the sample, ERAFP's opposition was less pronounced (89.5% in 2023 versus 97% in 2022). This was mainly due to the low granularity of the resolutions submitted (unlike in France, all resolutions relating to remuneration are grouped into a single resolution) as well as pay levels. In addition, a vote at an extraordinary general meeting in 2023 contributed to the increase in the approval rate but did not call into question the structural trend. The factors that led ERAFP to mainly oppose the executive pay at international companies remain unchanged. 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 (+€3 million). The gap even widened due to the faster increase in the average executive pay at international companies (+22% year-on-year) compared to French companies.

As regards governance issues, at the 29 French general meetings monitored in depth by ERAFP, its opposition to resolutions on the appointment or reappointment of directors fell slightly to 24% in 2023 (versus 30% in 2022). 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. ERAFP's opposition to resolutions relating to renewals (71% approval) was more pronounced than those relating to appointments (83% approval).

For the international sample, results were stable. In 2023, ERAFP voted more frequently in favour of proposed appointments of directors (opposing 21.5% versus 24% in 2022). As with pay-related resolutions, this stability was due to changes in the sample of companies monitored by ERAFP as part of its voting activity.

ERAFP's main areas of opposition at the 2023 general meetings were executive remuneration and the way companies integrate the climatic issues.

17 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, and 50 times the median remuneration at the company.

Consideration of climate-related issues

As already mentioned, 2023 was marked by a decrease in “Say on Climate” resolutions in France and Europe. In France, ERAFP supported on three occasions this type of action initiated by coalitions of minority shareholders. 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).

In 2024, 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 policy and SRI framework, with a particular focus on the ambitiousness, relevance, precision and practical implementation of the commitments assessed.

In 2024, ERAFP will support climate resolutions promoting transparency and accountability.

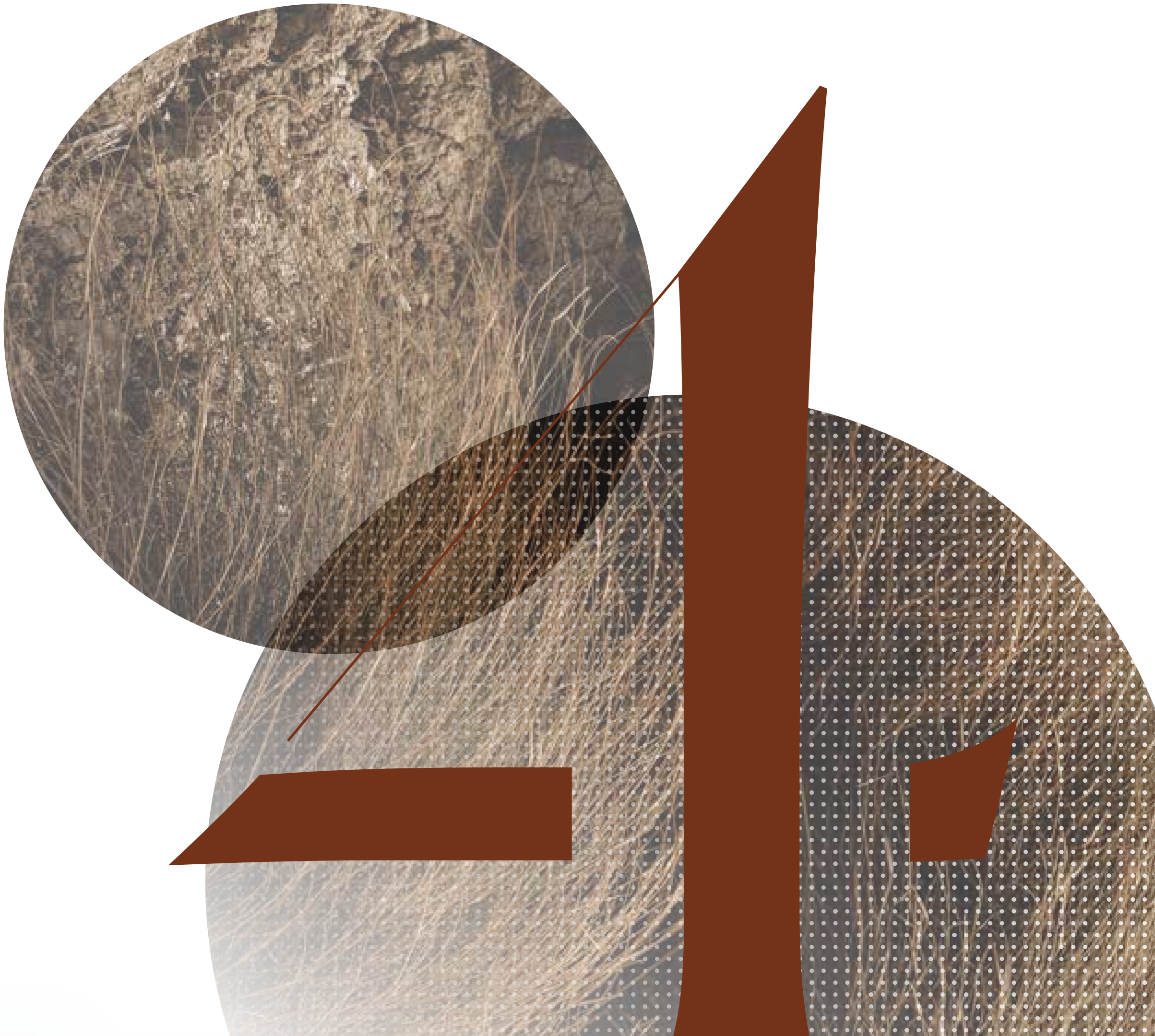
SUMMARY TABLES: VOTES AT GENERAL MEETINGS (FRENCH AND INTERNATIONAL SAMPLES)

FRENCH SAMPLE

FIGURES FOR ERAFP SAMPLE	2023	2022	2021	2020	2019	2018
Women board members	46%	47%	46%	47%	45%	45%
Independent board members	63%	56%	56%	59%	58%	56%
Average remuneration of chief executive (€m)	6.3	6.2	4.0	5.0	5.4	4.6
ERAFP VOTES	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Resolutions monitored in depth by ERAFP	681	943	959	1,030	915	913
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	69%	63%	66%	68%	62%	57%
ERAFP votes in favour of dividend distribution	93%	90%	74%	92%	87%	87%
Average adoption rate of AGM resolutions on dividend distribution	99%	99%	96%	99%	99%	99%
ERAFP votes in favour of resolutions on executive pay	27%	26%	25%	13%	8%	10%
Average adoption rate of AGM resolutions on executive pay	94%	94%	91%	92%	87%	87%
ERAFP votes in favour of appointments or reappointments of directors	76%	70%	74%	78%	81%	67%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	96%	95%	94%	94%	94%	94%
SHAREHOLDER-INITIATED RESOLUTIONS	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Shareholder-initiated resolutions submitted	10	14	10	11	8	6
Shareholder-initiated resolutions adopted by the AGM	1	0	1	1	0	1
Shareholder-initiated resolutions supported by ERAFP	100%	57%	90%	45%	88%	67%

INTERNATIONAL SAMPLE

FIGURES FOR ERAFP SAMPLE	2023	2022	2021	2020	2019	2018
Women board members	39%	38%	36%	33%	35%	29%
Independent board members	68%	57%	71%	63%	67%	65%
Average remuneration of chief executive (€m)	9.1	7.4	5.1	7.0	6.8	8.3
ERAFP VOTES	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Resolutions monitored in depth by ERAFP	198	309	297	319	326	239
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	66%	68%	60%	60%	60%	64%
ERAFP votes in favour of dividend distribution	100%	95%	85%	94%	87%	93%
ERAFP votes in favour of resolutions on executive pay	6%	3%	7%	3%	0%	0%
ERAFP votes in favour of appointments or reappointments of directors	79%	77%	58%	66%	74%	51%
SHAREHOLDER-INITIATED RESOLUTIONS	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Shareholder-initiated resolutions	2	3	24	24	28	10
Shareholder-initiated resolutions supported by ERAFP	50%	0%	79%	71%	75%	70%



PART 4

INVESTMENTS ALIGNED WITH THE EUROPEAN TAXONOMY AND INVESTMENTS IN FOSSIL FUELS

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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 2023 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.

At 1 January 2023, natural gas and nuclear were added to the list of activities eligible as transitional energy. These activities can be aligned under certain conditions, particularly if the GHG emissions they generate do not exceed a certain threshold.

SUSTAINABLE INVESTMENTS – EUROPEAN TAXONOMY

Listed company portfolios

Methodology used by ERAFP

At the end of 2023, the taxonomy, via its delegated acts, applies to the six objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Iceberg Datalab (IDL), ERAFP's service provider, collects eligibility and alignment data with respect to the three areas of the taxonomy:

— **A substantial contribution:** the activity must make a substantial contribution to one of the six environmental objectives defined by the regulation;

— **The "Do No Significant Harm" (DNSH) 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.

As such, IDL collects:

— the share of eligible and aligned revenue (including nuclear and gas);

— the capex and opex eligible for and aligned with the taxonomy;

— the analysis of the DNSH and minimum social safeguards.

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).

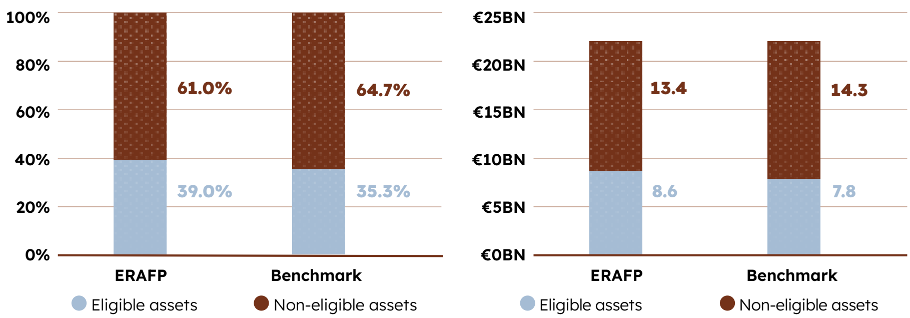
At 31 October 2023, ERAFP had data on the eligibility and alignment of the assets in its listed company portfolio, based on the first objective of the Taxonomy, as shown in the table below.

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	No	No

Based on the aggregate analysis of its listed company portfolios[18] ERAFP outperforms its benchmark index in both cases, as shown in the chart below.

SHARE OF THE ASSETS OF ERAFP'S LISTED COMPANY PORTFOLIO ELIGIBLE FOR THE EUROPEAN TAXONOMY COMPARED WITH THE BENCHMARK INDEX (% AND €BN)

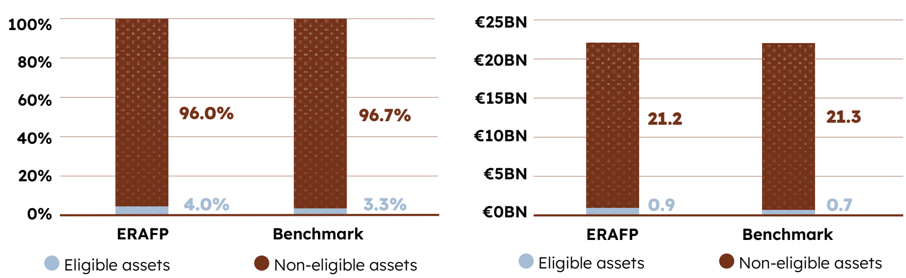
Source – Iceberg Datalab, 31 October 2023



In the listed company portfolio, the main sectors eligible for alignment with the Taxonomy are communication services, materials, consumer goods and utilities.

ESTIMATION OF ASSETS ALIGNED WITH THE EUROPEAN TAXONOMY COMPARED WITH THE BENCHMARK INDEX (% AND €BN)

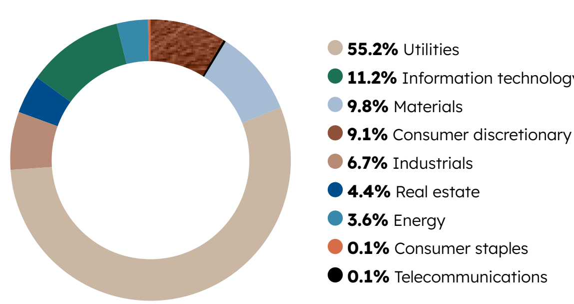
Source – Iceberg Datalab, 31 October 2023



SECTOR BREAKDOWN OF PORTFOLIO ASSETS ALIGNED WITH THE TAXONOMY (%)

Source – Iceberg Datalab, 31 October 2023

In the listed company portfolio, the main sectors aligned with the Taxonomy are utilities, information technology and materials.



18 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".

Areas for improvement and upcoming deadlines

From 2024, it will be required to calculate alignment with the three criteria above (the substantial contribution, the "Do No Significant Harm" principle and the minimum safeguards) for financial companies[19]. ERAFP will be required, from that date, to disclose the proportion of assets in its portfolio that will be aligned with these criteria.

However, at 31 October 2023, many companies did not have quantitative and qualitative indicators in place to meet the requirements of this regulation, so the data is partially modelled. For information, ERAFP's asset alignment rate for its listed company portfolio would be 4.0% at that date, versus 3.3% for its benchmark index, based on Iceberg Datalab estimates.

Unlisted asset portfolios

The processes for selecting asset managers and multi-investor funds for ERAFP's private equity and infrastructure investments are set out in this report[20]. As regards monitoring indicators, ERAFP relies on the work carried out by its asset managers under fund-of-fund mandates. They promote non-financial best practices with the managers they invest in.

Infrastructure

Ardian monitors the climate-related risk and opportunity assessments of the underlying managers during the pre-investment period. This may cover climate-related governance criteria, exposure to transition risks and opportunities, alignment with benchmark climate scenarios and EU taxonomy alignment calculations.

Of the 16 managers invested in, seven (44%) said they assessed taxonomy alignment according to the technical criteria set out. A dialogue has been initiated with the other managers to encourage them to follow this measure. Details of the eligibility and alignment of underlying assets with the EU taxonomy are not yet available at this stage.

Private equity

The eligibility and alignment of underlying companies with the EU taxonomy is calculated as an indicator in the ESG monitoring questionnaire that the asset manager, Access, sends to the managers of the funds in which it invests. A dialogue is also held with them to encourage them to adopt best practices, including taxonomy assessment.

Of the companies invested in, 9% calculate their taxonomy eligibility, for revenue which is 38% taxonomy-eligible on average, and 2% calculate their alignment according to the technical criteria set out, for revenue which is less than 1% taxonomy-aligned on average. It should be noted that this is a conservative estimate and that the coverage of this indicator is expected to increase in the coming years.

Real estate

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

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

20 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" in this report.

PORTFOLIO EXPOSURE TO COMPANIES ACTIVE IN FOSSIL FUELS

The analysis below focuses on the listed assets held under our mandates, in dedicated funds and managed directly, representing 80% of ERAFP's total assets.

Portfolio exposure to fossil fuels

The exposure of ERAFP's listed company portfolio to fossil fuels can be measured using various indicators. Firstly, the revenue of portfolio companies can be broken down by business sector. Using the methodology and data developed by Iceberg Datalab, we can achieve a level of granularity that makes it possible to identify the different activities involving fossil fuels along the entire value chain, from extraction to refining and distribution.

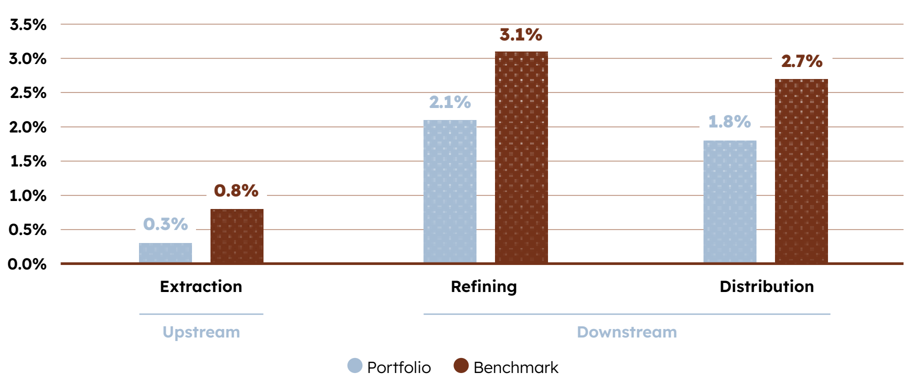
ERAFP has chosen not to include petrochemicals, steelmaking and certain other industries that currently use fossil fuels directly (e.g. shipping and aviation) for the purpose of this indicator, on the grounds that future technological developments may enable companies in these sectors to discontinue 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.

Firms in the listed company portfolio have little exposure to fossil fuel activities in the upstream section of the value chain, which represent 0.3% of their aggregate revenue. Taking the various fossil fuel-related activities in the downstream section into account, the exposure percentage rises to 3.9% of aggregate revenue, compared with 5.8% for the benchmark. Looking at each activity individually, the portfolio's exposure is again lower than that of the benchmark index. Overall, the companies in ERAFP's listed company portfolio generate 4.2% of their revenue in fossil fuel-related activities, versus 6.6% for the benchmark.

Overall, the companies in ERAFP's listed company portfolio generate 4.2% of their revenue in fossil fuel-related activities, versus 6.6% for the benchmark.

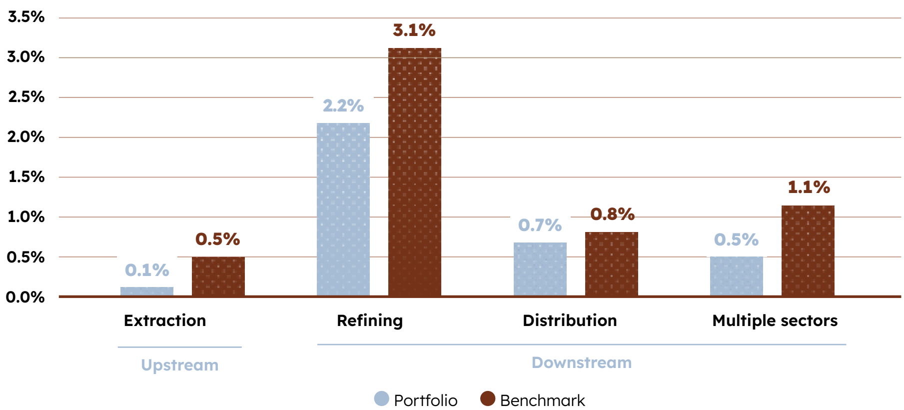
LISTED COMPANY PORTFOLIO'S EXPOSURE TO FOSSIL FUELS BASED ON REVENUE BY ACTIVITY TYPE, COMPARED WITH THE BENCHMARK (%)

Source – Iceberg Datalab, 31 October 2023



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 – Iceberg Datalab, 31 October 2023



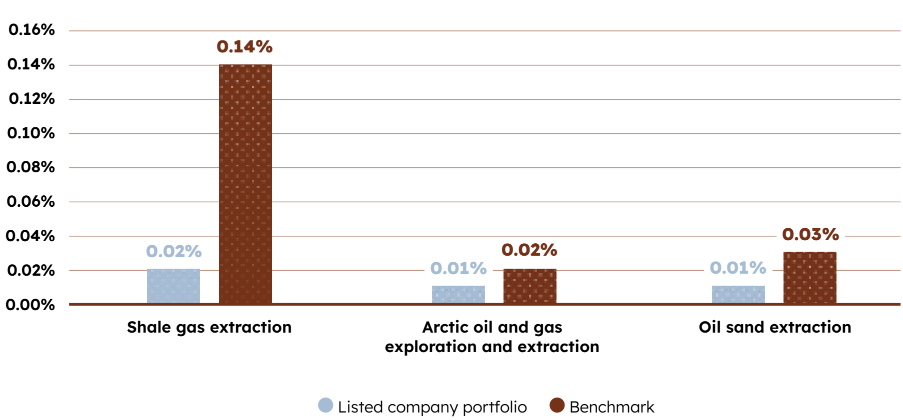
In addition to the indicator on the share of aggregate revenues of companies in the listed company portfolio generated from fossil fuels, ERAFP also discloses the share of the portfolio invested in companies heavily involved in fossil fuel operations, compared with the benchmark.

It thus established that 3.5% 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 5.4% for the benchmark. Most of these assets relate to diversified companies that are involved in oil refining and distribution.

Portfolio exposure to unconventional fossil fuels

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

Source — Morningstar-Sustainalytics, 31 October 2023



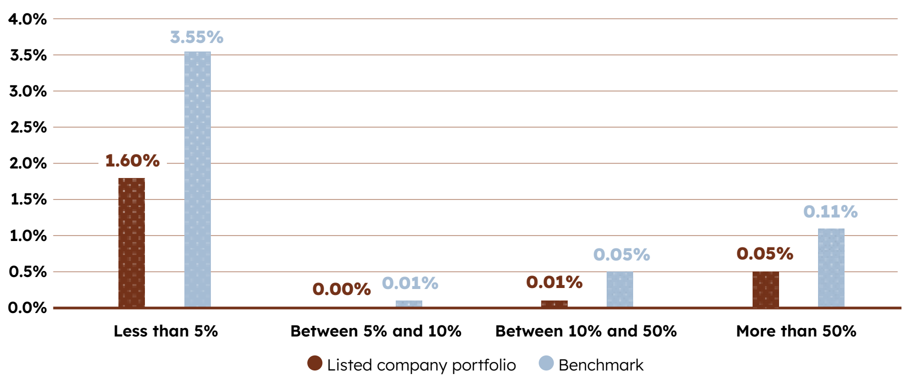
In addition to its fossil fuel exposure, ERAFP also reports its listed company portfolio's exposure to unconventional fossil fuels. For this purpose, it uses the methodology developed by Morningstar-Sustainalytics, which provides exposure for three unconventional fossil fuels: shale gas extraction, Arctic oil and gas exploration and extraction, and oil sand extraction.

Overall, 0.04% of the revenue generated by companies in ERAFP's listed company portfolio comes from unconventional fossil fuels, which compares favourably to the benchmark index (0.19%). 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 fossil fuels.

LISTED COMPANY PORTFOLIO'S EXPOSURE TO COMPANIES INVOLVED IN UNCONVENTIONAL FOSSIL FUELS, COMPARED WITH THE BENCHMARK (%)

Source — Morningstar-Sustainalytics, 31 October 2023



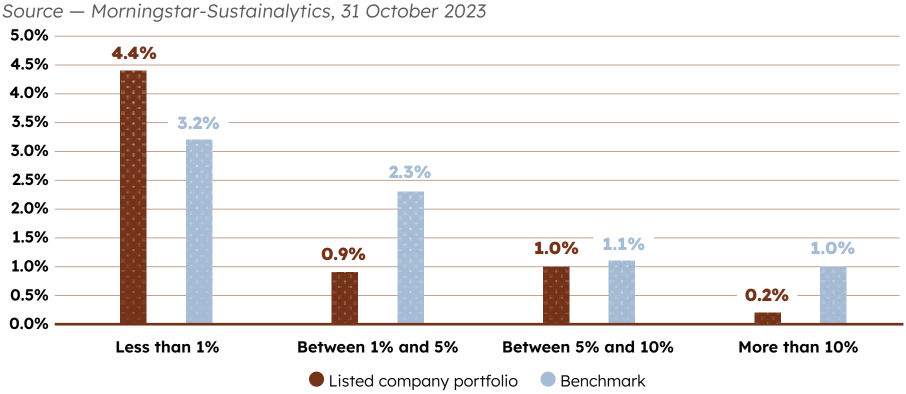
In total, 1.7% of ERAFP's investments are in companies whose activities involve unconventional fossil fuels, compared with 3.7% for the benchmark. Note that for most of these companies, unconventional fossil fuels account for a small part of their activities.

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 (threshold reduced to 5% as of 1 January 2024) and do not have 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). This policy limits the exposure of ERAFP's listed company portfolio to coal-related activities. The residual exposure is shown in the table below.

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

Source — Morningstar-Sustainalytics, 31 October 2023



As shown, ERAFP's listed company portfolio is less exposed than its benchmark to companies engaged in thermal coal-related activities (6.5% of assets under management for the portfolio versus 7.6% for the benchmark), and, most importantly, ERAFP has invested in companies that generate only a small fraction of their revenue in these businesses: Of the assets in ERAFP's listed company portfolio, 4.4% are in companies that generate 1% or less of their revenue from thermal coal-related activities.

Five 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, three have a strategy in line with the Paris Agreement, one has a 1.5°C target validated by the SBTi, and the investment in the other company is via a green bond. In the benchmark, 1% of the assets are in companies that generate more than 10% of their revenue from thermal coal-related activities.

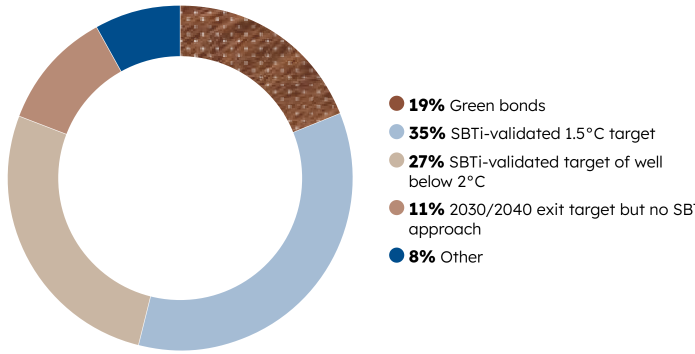
It is also relevant to consider the source of this exposure, as well as the commitments made by the companies concerned. This can be done by analysing a breakdown of the revenue attributed[21] to ERAFP that is generated by thermal coal-related activities. This indicator is relevant because it integrates financial exposure as well as the proportion of revenue derived from thermal coal-related activities.

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

The source of 19% of the revenue attributed to ERAFP that is generated in coal-related activities is its exposure to companies via green bonds. Of the remaining 81% of this revenue, 35% comes from companies that have had a 1.5°C-aligned target validated by the SBTi and 27% from companies that have had a target aligned with a temperature scenario "well below 2°C" validated by the SBTi. Out of the revenue attributed to ERAFP, 11% comes from seven 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. The remaining 8% of revenue attributed to ERAFP comes from companies that do not yet have a coal exit date, but whose percentage of revenue from this energy source is between 1% and 2.5%.

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

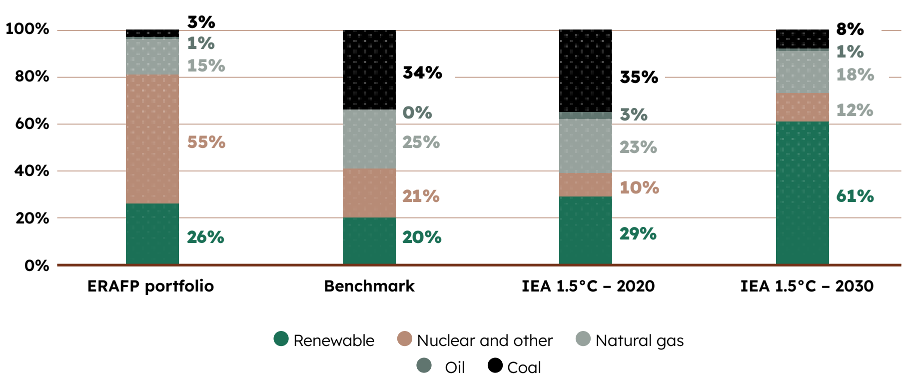
Sources — Morningstar-Sustainalytics, SBTi, ERAFP, 31 October 2023



Focus on the electricity generation mix in the listed company portfolio

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

Sources — Iceberg Datalab, International Energy Agency (IEA), 31 October 2023



Focusing on electricity generation, which is the most easily decarbonisable energy vector and will play a key role in the energy transition, ERAFP's portfolio can be compared with benchmark scenarios.

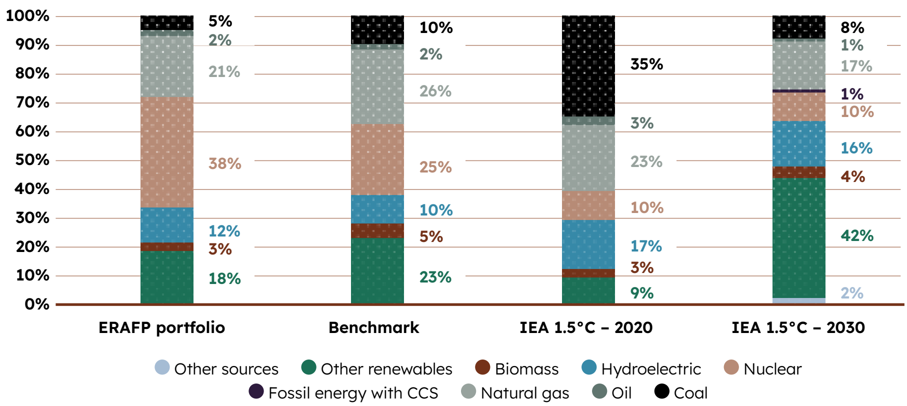
Compared with its benchmark, ERAFP's listed company portfolio shows a larger share of nuclear energy (55% versus 21%) and, to a lesser extent, renewable energies (26% versus 20%), as well as a significantly lower percentage of fossil fuels (19% versus 59%).

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 slightly lower share of energy from renewable sources but a much lower share from fossil fuels.

Focus on the energy generation mix in the sovereign bond portfolio

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

Sources — Iceberg Datalab, International Energy Agency (IEA), 31 October 2023



An analysis of the energy generation mix in the countries in ERAFP's sovereign bond portfolio shows a higher share of nuclear energy than the benchmark (38% versus 27%), and a slightly lower share of renewable energies (33% versus 38%). The share of energy produced from fossil sources is also well below the benchmark (28% versus 38%).

A particular feature of the portfolio is that it has a share of both renewable energies and fossil fuels that is lower than that laid down for 2030 in the IEA's 1.5°C global warming scenario. This is attributable to the portfolio's overweight on France, whose share of nuclear energy in the energy mix is much higher than that of the IEA's 2030 scenario.

PART 5

STRATEGY FOR ALIGNMENT WITH THE PARIS AGREEMENT

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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 policy for the period 2019-2024, adopted in October 2021 by the board of directors and now published in an independent document, continued to be implemented in 2023.

ERAFP's
Climate policy

FIND OUT MORE

ERAFP marked a turning point in its investment policy by setting a target to achieve carbon neutrality in its investment portfolio by 2050.

ERAFP set its targets in alignment with the 2025 Target Setting Protocol[22] developed jointly with the other members of the AOA. During this first period, the protocol in force when ERAFP drew up its policy required members to achieve a reduction of 16% to 29% in their greenhouse gas (GHG) emissions relative to the end-2019 level.

TARGETS ADOPTED UNDER THE CLIMATE POLICY: 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 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 period.

22 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)[23]

Engagement targets

- Engagement with either the 20 companies with the highest emissions, or those which account for 65% of portfolio emissions.
- Contribute to:
- Sector - Engagement with corporates in target sectors;
- At least one engagement with the 4 largest asset managers;
- Alliance position papers.
- Climate policy advocacy.

Sector targets

- Intensity-based reductions on Alliance priority Sectors (O&G, Utilities, Steel, and Transport).
- Scope 3 to be included wherever possible.
- Sector-specific intensity KPIs recommended.
- Sectoral Decarbonization Pathways used to set targets.

1.5°C

Net-Zero by 2050

Real World Impact

Portfolio emissions targets

- 16% to 29% CO_2 reduction by 2025 on listed equities and publicly traded corporate debt. Similar reduction targets and/or CRREM national pathways are recommended for real estate.
- Covers portfolio emissions scope 1 and 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 targets defined by the Alliance Protocol (see box above). ERAFP decided to set the following types of targets to draw up its policy: 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.

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

23 Translation by ERAFP.

RECAP OF ERAFP'S CLIMATE POLICY TARGETS

Type of target	Scope covered	Reference in the report	Target
Reduction in greenhouse gas emissions	Equities/Bonds[24]	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 companies amongst the highest greenhouse gas emitters of its 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.

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.

24 i.e. corporate bonds.

Portfolio emissions targets

RECAP OF ERAFP'S CLIMATE POLICY TARGETS

Scope	Target	Starting point	% of assets covered by engagement at end-2019	Deadline
AOA listed company portfolios	25% reduction of carbon intensity[25]	30/11/2019	92% of listed company assets 52% of total assets	30/11/2024
AOA real estate portfolio	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.

ERAFP has chosen to use carbon intensity per €1 million of revenue as its indicator 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 for information purposes.

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 even 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 87 to 108).

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, funded 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.

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

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

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 2022, 67% of assets in the real estate portfolio were 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 2019-2024 period. 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

The engagement target involves building shareholder dialogue with 30 companies amongst the highest greenhouse gas emitters of 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[27];
- 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).

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.

ERAFP relies on the "Net-Zero Company Benchmark" methodology developed by the Climate Action 100+ initiative.

26 Data is estimated if not known.

27 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.

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 that 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 actions it has taken on this front since the adoption of its climate policy. 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.

ERAFP reports annually on the amount it has invested in the energy transition or to contribute to the decarbonisation of the economy. These investments increased since 2021.

Temperature alignment target

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

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

The share of the carbon footprint relating to companies that have set a target aligned with an SBTi-validated warming scenario of 1.5°C or lower gives a useful indication of a portfolio's future emissions trajectory[28].

ERAFP's aim is to achieve a situation where companies representing 50% of the carbon footprint[29] of its listed company portfolio[30] (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.

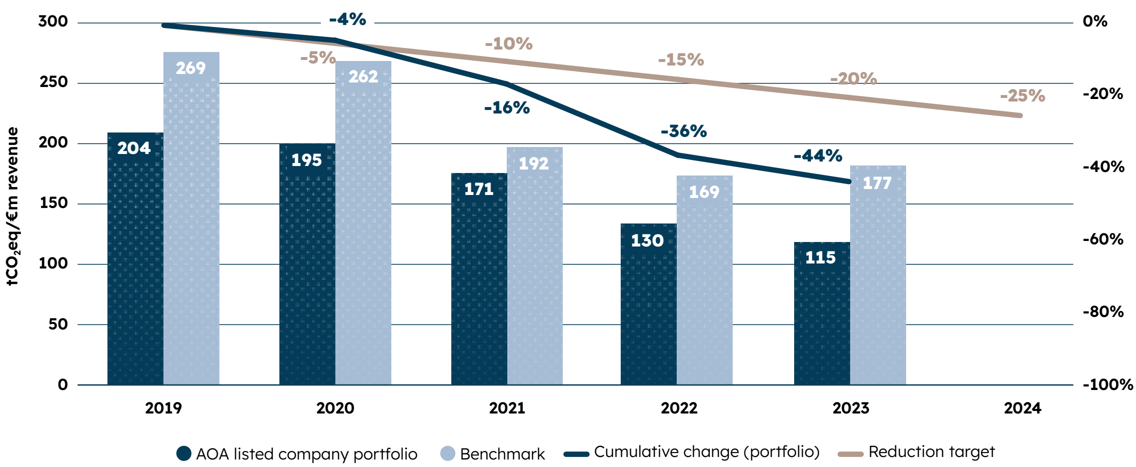
28 As from 2022, the SBTi only validates targets that are 1.5°C-aligned or more ambitious.
29 Scopes 1 and 2.
30 i.e. 59% of ERAFP's total assets.

TARGET MONITORING INDICATORS: 2023 RESULTS

Portfolio emissions targets

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

Source — Iceberg Datalab, 31 October 2023



At the end of 2023, the cumulative change in carbon intensity since 2019 was -44%. This very encouraging result leaves ERAFP well placed on its trajectory towards its 2025 target.

In 2023, the carbon intensity of ERAFP's portfolio of AOA listed companies per €1 million of revenue decreased compared with 2022, from 130 tonnes CO_2 equivalent (tCO_2eq) to 115, i.e. a decrease of 12%. This change is mainly explained by a faster increase in revenue than emissions, which only increased slightly, reflecting greater efficiency in the portfolio regarding the carbon intensity criterion.

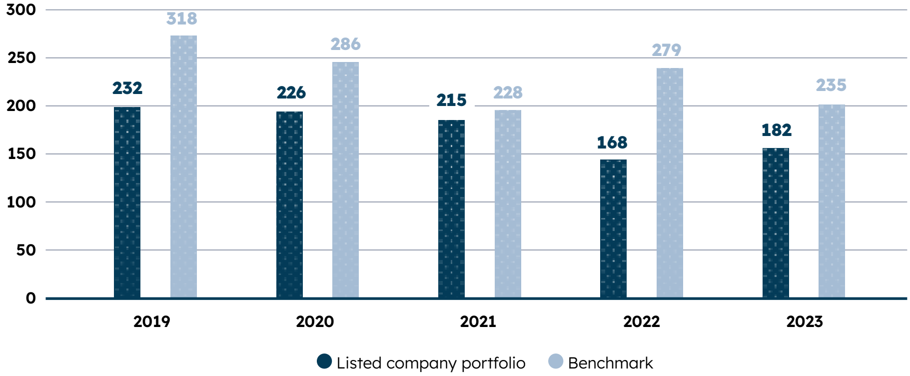
Over the same period, the benchmark registered a 5% increase. This increase is not due to an increase in intensities but to a different allocation of securities, as the composition of the benchmark index fluctuated during the year.

The portfolio continues to outperform the index, with the difference between the portfolio's emissions and those of the index remaining very substantial (-35% in 2023 versus -23% in 2022).

At the end of 2023, the cumulative change in carbon intensity since 2019 was -44%.

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 – Iceberg Datalab, 31 October 2023



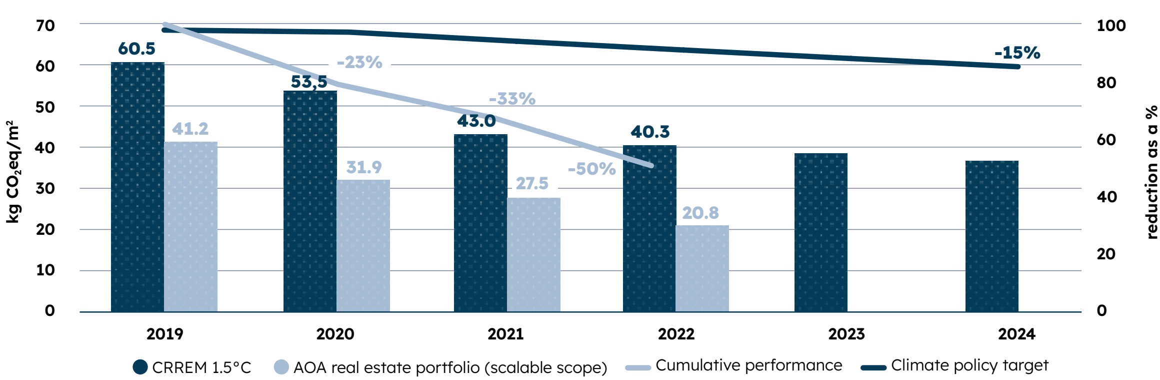
Looking at another carbon intensity metric, i.e. carbon intensity in millions of euros invested (tCO_2eq/€m invested), again for ERAFP's AOA listed company portfolio, we can see that it rose between 2022 and 2023 (+8.2%). This increase was mainly due to the year under review. The 2023 data corresponds to the data published by companies in 2023 and actual emissions in 2022. Financial data was therefore examined over the same period. In that year, we saw a decline in companies' stock market values, automatically increasing the carbon intensity of the portfolio, as well as a slight increase in absolute emissions.

The gap between the portfolio and the index remains significant nonetheless (-22.7%). Over the full period considered (2019-2023), the portfolio's carbon intensity per €1 million invested fell by 27%.

Real estate portfolio

SURFACE INTENSITY OF THE AOA REAL ESTATE PORTFOLIO[31] RELATIVE TO THAT OF THE CRREM 1.5°C PATHWAY (KG CO_2EQ/M^2)[32]

Sources — Carbone 4 (2019-2021), CBRE (2022), CRREM, ERAFP, 31 December 2022



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

32 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.

In 2022[33], the surface intensity of ERAFP's AOA real estate portfolio[34] decreased compared with 2021, from 27.5 kg CO_2eq/m² to 20.8, i.e. a reduction of 24%. 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 kg CO_2eq/m²).

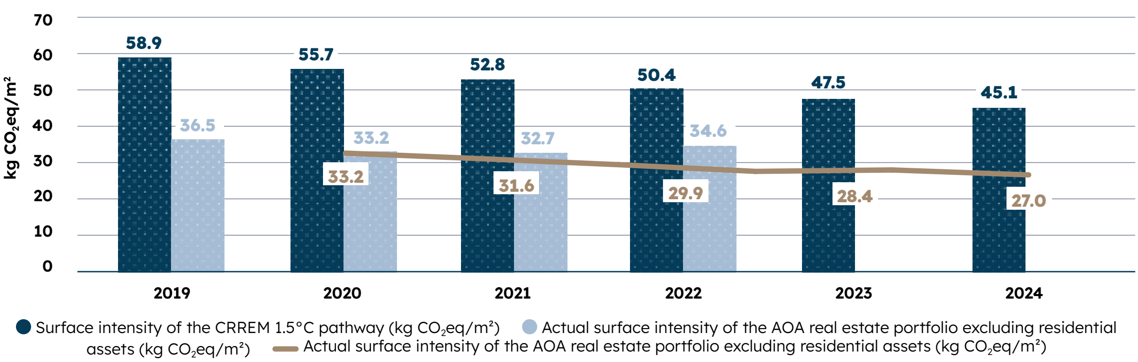
This decrease is mainly due to the addition of recently delivered, energy-efficient assets. Compared to 2022, on a like-for-like basis, the carbon surface intensity of the AOA portfolio decreased by 8%.

At the end of 2022, the cumulative change in surface intensity since 2019 was -50%. This is a very satisfactory development in light of ERAFP's target for 2025.

As a reminder, ERAFP changed its climate data provider for all its real estate assets in 2023. With that in mind, changes in results between 2021 and 2022 need to be examined with caution and may be more a reflection of methodological changes than of the performance of the assets under consideration.

SURFACE INTENSITY OF THE AOA REAL ESTATE PORTFOLIO[35] EXCLUDING RESIDENTIAL ASSETS RELATIVE TO THAT OF THE CRREM 1.5°C PATHWAY (KG CO_2EQ/M²)[36]

Sources — Carbone 4 (2019-2021), CBRE (2022), CRREM, ERAFP, 31 December 2022



Excluding residential assets and on a same-scope basis since the beginning of the period, the surface intensity of ERAFP's AOA portfolio has increased from 32.7 to 34.6 kg CO_2/m², an increase of 6%. Alignment with the transition point to the 1.5°C scenario in 2022 was achieved nonetheless. 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 2022. 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.

33 Most recent known data.
34 A more in-depth analysis of the indicator is presented on p. 106 of the report.
35 Excluding investments in funds or assets over which the manager has no operational control.
36 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-2023

Source — ERAFP, 31 October 2023

Business sector	Number of companies covered by the target	Percentage of assets	Percentage of the carbon footprint (tCO_2eq/€m) Scopes 1 and 2
Materials	10	2.3%	7.5%
Utilities	6	2.7%	26.7%
Energy	5	1.7%	8.2%
Industrials	5	2.0%	5.2%
Consumer discretionary	4	2.0%	2.6%
Total	**30**	**10.7%**	**50.1%**

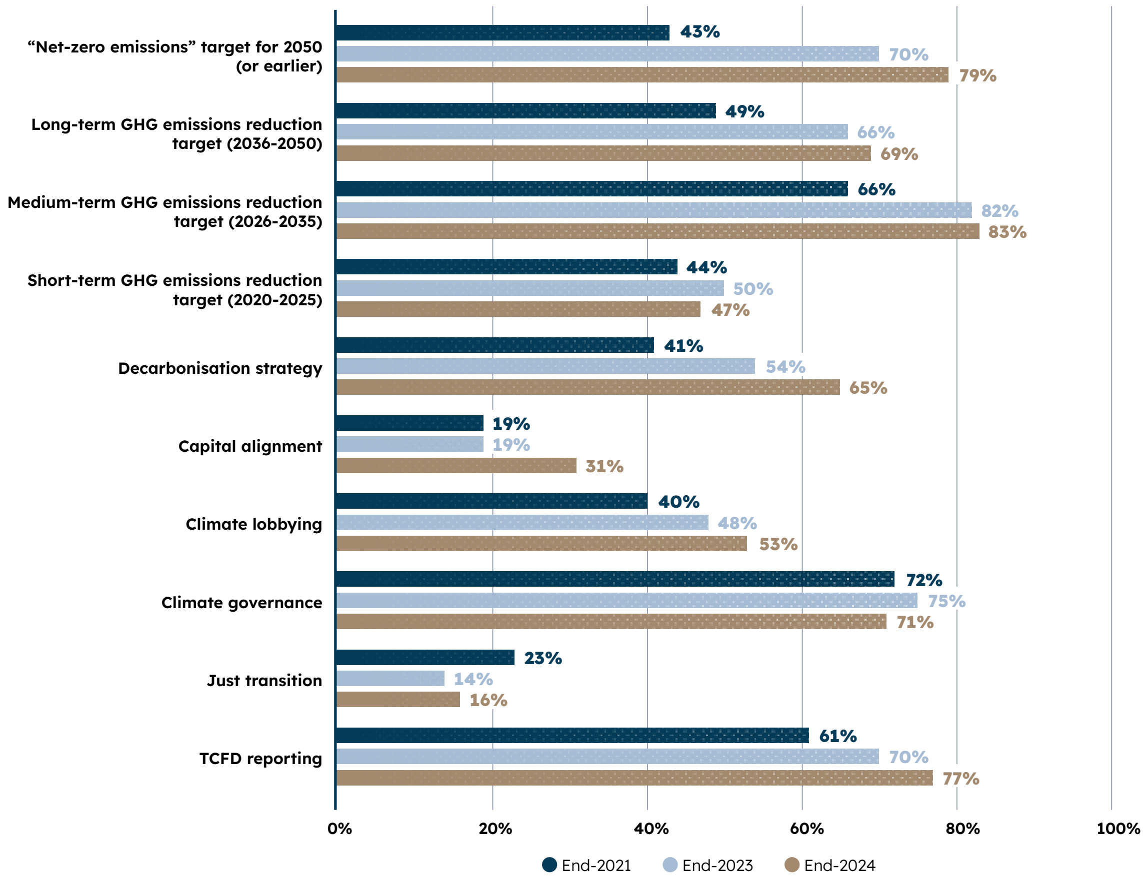
The table above shows the breakdown of the 30 companies selected by ERAFP as part of its engagement target, by business sector at the end of 2023. One-third (10) of these companies are in the materials sector. The rest of these companies are split between utilities (6), energy (5), industry (5) and consumer discretionary (4).

In total, on 30 October 2023, 10.7% of ERAFP's assets and 50.1% of the portfolio's carbon footprint were covered by this engagement target.

On 30 October 2023, 10.7% of ERAFP's assets and 50.1% 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+, 31 December 2023



Between 2022 and 2023, the companies monitored by ERAFP made progress in 8 of the 10 AOA engagement indicators, but declined in the "Short-term GHG emissions reduction targets (2020-2025)" and "Climate governance" indicators. The main indicators attained for the 30 companies monitored, with which ERAFP and the asset management companies have engaged, were the medium- and long-term GHG emission reduction targets (2026-2050), the TCFD reporting and the net-zero emissions by 2050 indicators.

ERAFP noted the consistency of these trends, despite the heterogeneity of the companies involved and the sectors reviewed. By monitoring these engagement processes, management companies are also able to measure the time it takes for best practices to be integrated once discussions have been held. This often takes one or two years. In particular, the validation of 1.5°C alignment strategies by the Science-Based Targets Initiative (SBTi) takes quite a lot of time both internally (within the relevant company) and externally (for the SBTi), which is not systematically reflected in ERAFP's reporting year.

Looking more closely, regarding 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). Following on from its very strong growth between 2021 and 2022, the “net-zero emissions” target for 2050 at the latest for the companies analysed continued to improve (+9% year-on-year), 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.

There were notable improvements in the “capital alignment” and “decarbonisation strategy” indicators (+12% and +11% respectively).

As a reminder, the capital alignment is assessed according to two criteria:

— the company explicitly commits to aligning its capital expenditure plans with its long-term goal of reducing GHG emissions or eliminating planned spending on carbon-intensive assets or products;

— the company explicitly commits to aligning its capital expenditure plans with the Paris Agreement target of limiting global warming to 1.5°C and eliminating investments in carbon-intensive assets or products.

The “decarbonisation strategy” indicator also assesses three components for companies:

— that the company identifies all the initiatives it plans to undertake to achieve its GHG emission reduction targets by the target deadline;

— these initiatives clearly apply to the main sources of these GHG emissions, including scope 3 emissions where applicable;

— the company quantifies the key aspects of this strategy for the main sources of its emissions, including scope 3 emissions where applicable (e.g. R&D expenditure, etc.).

However, progress is expected on the “short-term GHG emissions reduction targets (2020-2025)” and “climate governance” indicators.

For the first indicator, there was a widespread decline in three of its four criteria:

— the company has set a target to reduce its GHG emissions until 2025, over a clearly defined scope of emissions;

— the company has specified that this target covers at least 95% of its total emissions for scopes 1 and 2;

— the target (or, in the absence of a target, the GHG emissions intensity most recently disclosed by the company) is aligned with a 1.5°C trajectory.

The decrease in the achievement rate of the “climate governance” indicator is a result of weaker results on the following criteria: “The company discloses evidence of oversight of the management of climate-change risks among others by the board of directors or a board committee”.

Lastly, in line with the results observed in 2022, the achievement rate of the “just transition” indicator remains low (16%) but increased slightly year-on-year (+2%). This is the first year of reporting for this criterion within the Climate Action 100+ reference framework, which explains the achievement rate. It is nevertheless used by ERAFP to measure companies’ alignment with climate criteria (in accordance with its engagement policy). However, according to the overall results published by Climate Action 100+, this indicator is the one least aligned with.

Target for financing the transition to a low-carbon economy

In 2023, ERAFP invested €677 million in assets contributing to the transition to a low-carbon economy.

Concretely, ERAFP invested €240 million in the equity segment contributing to the transition to a low-carbon economy. These investments break down as follows: €150 million in the "Paris-Aligned Benchmark" mandate and €90 million in open-ended funds under the climate-change theme. ERAFP also invested €267 million in green bonds via its corporate bond mandates and €170 million in multi-investor infrastructure funds under the energy-transition theme.

INVESTMENTS IN THE ENERGY TRANSITION OR THAT CONTRIBUTE TO THE DECARBONISATION OF THE ECONOMY ON 31 DECEMBER 2023

Source — ERAFP

Asset class		2022 Amount invested (market value in €m)[37]	2023 Amount invested (market value in €m)[38]	% Share	2022-2023 change
Equities	"Climate transition benchmark" mandate	2,395.9	2,727.2	17.0%	14%
	Equity funds – climate theme	437.5	619.7	3.9%	42%
	"Paris-Aligned Benchmark" mandate	50.0	218.7	1.4%	337%
Bonds	Green bonds	776.8	1,043.0	6.5%	34%
	Bond funds – thematic	82.5	87.1	0.5%	6%
Equity and convertible bond mandates	Issuers with a 1.5°C SBTi target	6,868.0[39]	7,366.1[44]	45.9%	7%
Real estate	Forestry	29.0	27.6	0.2%	-5%
	1.5°C-aligned real estate assets	2,486.8[40]	3,289.1[41]	20.5%	32%
Infrastructure	Energy transition	400.0[42]	570.0[43]	3.5%	43%
Private equity	Energy transition	100.0[43]	100.0[43]	0.6%	0%
Total		**13,428.6**	**16,048.6**	**100.00%**	**20%**

37 On 31 December 2022.
38 On 31 December 2023.
39 All mandates, except the "Climate Transition Benchmark" mandate, "Paris-Aligned Benchmark" mandate and green bonds.
40 Real estate assets aligned with the CRREM 1.5°C pathway. Data at 31 December 2021.
41 Real estate assets aligned with the CRREM 1.5°C pathway. Data at 31 December 2022.
42 Amount committed.

At the end of 2023, ERAFP's investments in the energy transition or contributing to the decarbonisation of the economy represented approximately 37% of the asset base (compared with 36% in 2022), up by 13% compared to 2022. This was due to the following factors:

— an increase in the valuation of assets in the equity segment;

— 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;

— additions made within 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 infrastructure segment.

At end-2023, based on its investment amounts in each of the infrastructure funds, ERAFP financed more than 346 MW of energy infrastructure capacity participating in the transition.

"Paris-Aligned Benchmark" and "Climate Transition Benchmark" mandates

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.

At end-2023, the "PAB" and "CTB" mandates granted by ERAFP reached a market value of €219 million and €2.7 billion respectively.

Green bonds

ERAFP makes investments through its portfolio in "green bonds" issued by private companies with the aim of reducing GHG emissions. The portfolio contained 193 green bonds at end-2023, an increase of 45% compared to end-2022 (133). These green bonds held in the portfolio, the number of which has been steadily increasing for several years, represented a market value of €1.04 billion at end-2023, i.e. 15% of the assets under management via ERAFP's credit mandates.

Monitoring indicators for forestry

ERAFP's forestry assets have a market value of €28 million and comprise 12,600 hectares of Finnish forest, the manager of which is Forest Stewardship Council (FSC)[43] certified. The carbon footprint produced by these forests is calculated each year by an independent Finnish company (Simosol[44]), considering 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 2023, the forests sequestered 24,400 tonnes of CO_2, or 1.9 tonnes of CO_2 per hectare per year.

43 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.

44 Recently acquired by AFRY.

Infrastructure and private equity

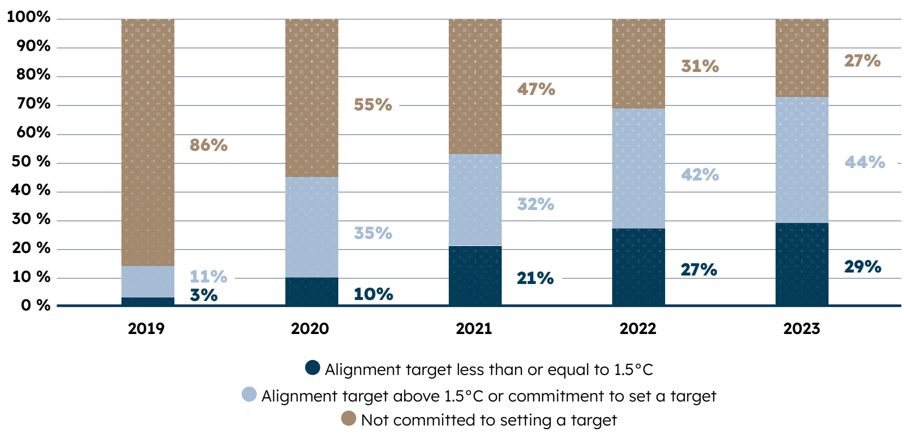
In 2023, ERAFP's infrastructure and private equity investments contributed €670 million towards its targets of financing a low-carbon economy[45]. Of these assets, slightly more than half went to financing renewable energies (primarily solar and wind) and around a quarter to electric mobility, a sector which is essential to reducing oil consumption. Other sectors invested into a lesser extent included energy efficiency, heating networks and waste treatment.

These investments can also serve to drive forward technologies that are not yet mature, such as green hydrogen. To this end, ERAFP invested €50 million in the "Clean H2" fund managed by Hy24, investing across the entire value chain from production to transport, storage and use (particularly for mobility).

Temperature alignment target

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

Sources — Iceberg Datalab, SBTi, ERAFP, 31 October 2023



ERAFP has set a target for 2025 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. On 31 October 2023, 29% 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 44% between 2019 and 2023.

45 Amount committed.

CLIMATE-RELATED EXCLUSION POLICY

As part of its SRI approach, in September 2023 at its last meeting, the outgoing board of directors adopted a policy relating to the three main fossil fuels (thermal coal, unconventional fossil fuels[46] and conventional fossil fuels[47]). This policy is designed to further boost ERAFP's contribution to financing an economy that is compatible with a scenario in which global warming is limited to 1.5°C, and even to divest from companies in this sector that do not align their strategy to this scenario.

Founded on a review of the main scientific and institutional scenarios[48], ERAFP's policy considers the necessary steady ramp-up of measures to be taken for each source of energy. ERAFP applies scientific recommendations aimed at rapidly exiting coal and gradually and very significantly reducing the share of fossil fuels in the energy mix, with unconventional fossil fuels being chief among these fuels.

ERAFP's board of directors adopted a policy relating to the three main fossil fuels.

SCIENTIFIC RECOMMENDATIONS ON FOSSIL FUELS

ERAFP relied on a review of the main scenarios recommended to limit global warming to 1.5°C by 2100. The International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) agree that coal production must be reduced in the short, medium and long term. Regarding oil and gas, the IEA recommends, in its 1.5°C scenario, limiting investment to maintaining existing production from oil and natural gas fields in service. In addition, the institution recommends that no oil or gas drilling or development projects be pursued.

46 Shale oil and gas, oil sands and shales, fossil fuels extracted from sensitive areas such as the Arctic or ultra-deep drilling.

47 Crude oil and natural gas.

48 See, in particular, the IEA's "Net Zero by 2050" report published in May 2021 and the IPCC's "Special Report on Global Warming of 1.5°C", published in 2018, as well as the "Mitigation" section of the IPPC's "Sixth Assessment Report", published in 2021.

The measures adopted are aimed in particular at[49]:

- making a planned exit from thermal coal by 2030 in OECD countries and 2040 worldwide;
- divesting ERAFP's portfolio from (excluding bonds), and excluding new investments in (including bonds), companies whose thermal coal-related activity exceeds 5% of their revenue from 1 January 2024 (compared with 10% of revenue before then), then 1% of revenue from 1 January 2026;
- divesting ERAFP's portfolio from companies developing new thermal coal-related capacities;
- divesting ERAFP's portfolio from companies that derive more than 30% of their revenue from activities related to unconventional fossil fuels;
- halting new investments in the debt of companies that derive more than 5% of their revenue from unconventional fossil fuels;
- halting, from 2030 onwards, investments in the debt of companies developing oil and gas exploration or production projects.

In order to support the energy transition, exceptions to these exclusions have been made for companies with plans to exit thermal coal in line with ERAFP's exit dates, as well as for green bonds or for companies with a credible strategy of alignment with a 1.5°C global warming scenario.

ERAFP's
fossil fuel policy

FIND MORE OUT

These selection criteria will be accompanied by systematic annual monitoring, alongside the managers, of changes in the climate policies of these companies as well as their respective exit plans, for which ERAFP will directly or indirectly carry out the associated engagement actions. For companies that are not aligned with a 1.5°C global warming scenario, a case-by-case review may lead to a divestment from the position, in the best interests of ERAFP's members, i.e. factoring in the impact in terms of financial performance, bearing in mind the requirement to cover the Scheme's commitments.

49 The procedures described in the document came into force on 1 January 2024. They apply to mandates and dedicated funds investing directly in companies or infrastructure projects.

CHANGES IN THE INVESTMENT STRATEGY IN LINE WITH THE OBJECTIVE OF ALIGNMENT 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[50] 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 also applied to the mandates for euro-zone equities, European equities, Japanese equities and the real estate asset mandates renewed in 2023;

— 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.

50 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".

PART 6

CONSIDERATION OF BIODIVERSITY ISSUES

CONSIDERATION OF BIODIVERSITY ISSUES

KEY FIGURES[51]

69%
Fall in relative abundance of wildlife populations monitored between 1970 and 2018

23%
Decrease in land surface productivity due to soil degradation compared to its initial state

33%
Marine fish stocks exploited at a biologically unsustainable level (2015)

10-15%
Global wood supply from illegal logging

>100%
Growth of urban areas since 1992

1,000%
Increase in plastic pollution since 1980

51 Living Planet Report, WWF (2022) and IPBES press release, "Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating'", IPBES (2019).

Biodiversity loss: a new challenge for investors

For several years, scientific reports, notably those of the IPBES[52], 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 (by order of importance): 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 four objectives:

- 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 in-house 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 an investor that contributes to corporate financing, ERAFP was keen to strengthen its engagement on biodiversity.

In 2023, training sessions on biodiversity were offered at various levels:

- the organisation of fun and collaborative workshops offered by the Biodiversity Fresk for all employees;
- half-day training courses conducted by Iceberg Datalab and I Care:
  - a training course dedicated to ERAFP directors on biodiversity-related issues, as well as an introduction to methodologies for measuring the biodiversity footprint;
  - a training course dedicated to ERAFP's financial management teams on the concepts, regulations and key figures, as well as the main impacts and levers for reducing the biodiversity footprint by sector.

This training process continued in 2024 with a one-day seminar dedicated to biodiversity issues. The day's activities included an ecologist's talk, "Biodiversity Fresk" workshops and presentations on biodiversity issues for corporations and institutional investors.

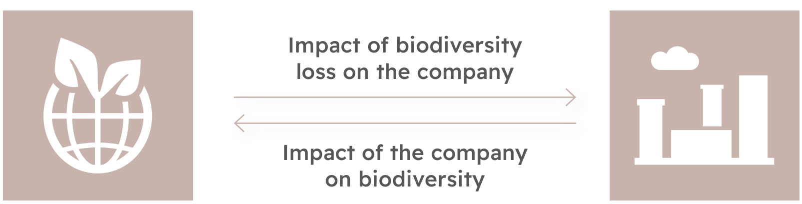
52 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

The principle of double materiality

Biodiversity loss, like climate change, presents financial risks for companies and investors. According to the Banque de France, 42% of the value of the securities portfolio held by French financial institutions was issued by companies that depend heavily or very heavily on at least one ecosystem service[53]. According to the Finance for Biodiversity Foundation, the most dependent sectors are construction, agriculture and food products[54] through the extraction of resources (forests, oceans, etc.) and the use of ecosystem services (soil, water, pollination, etc.).

While business activities may have dependencies on biodiversity, they can also exert pressure on biodiversity. The Natural Capital Investment Alliance presents the most priority sectors according to their impact on biodiversity, including distribution, mining, oil and gas (exploration, production, storage and transport) and agriculture. According to the Banque de France, the average impact of €1 million in securities held by French financial institutions is equivalent to land take of 13 hectares of natural land each year[55].

For these reasons, and in accordance with Article 29 of the Energy and Climate Law and the latest recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), ERAFP has adopted a "double-materiality" approach, i.e. taking into account both the financial risks related to biodiversity (financial materiality) and the impacts of its investments on biodiversity (impact materiality).



ERAFP's integration of biodiversity to date

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.

53 Banque de France, "Perte de biodiversité et stabilité financière", Bloc-notes Éco, 5 January 2022.
54 Finance for biodiversity, "Top 10 biodiversity-impact ranking of company industries".
55 Banque de France, "A "Silent Spring" for the Financial System? Exploring Biodiversity-Related Financial Risks in France".

Biodiversity issues are also considered 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 considers any measures taken to preserve biodiversity on the property itself or in the vicinity (green roofs, etc.).

Measuring exposure to the biodiversity issue

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 Datalab.

Measuring the portfolio's footprint

The footprint indicator

To measure the biodiversity footprint, ERAFP has chosen the Corporate Biodiversity Footprint (or CBF) indicator.

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)[56]. 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.

56 See: GHG.

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.

For the analysis of the biodiversity footprint, the Iceberg Datalab CBF covers all scopes (1,2 and 3). Despite the risk of double counting, opting for full coverage in line with the TNFD seems essential for ERAFP insofar as the majority of the impacts are most often upstream of the supply chain.

For each company, once its impact has been measured, the share attributable to ERAFP is calculated based on the amount of its investment divided by the total asset value. The aggregate impact is obtained by adding the impacts of each line of the portfolio covered by the analysis.

Aggregate impact is then standardised by the assets under management covered by the analysis to obtain the portfolio's biodiversity footprint per €1 million invested.

It should be noted that companies' biodiversity footprints are currently estimated using financial data, physical data and carbon emissions. These estimates are based on sector ratios, which makes it impossible to directly compare the biodiversity footprints of companies in the same sector. This indicator nevertheless highlights trends regarding the biodiversity impact of the companies in a portfolio, and provides an overview of key themes related to biodiversity.

Results

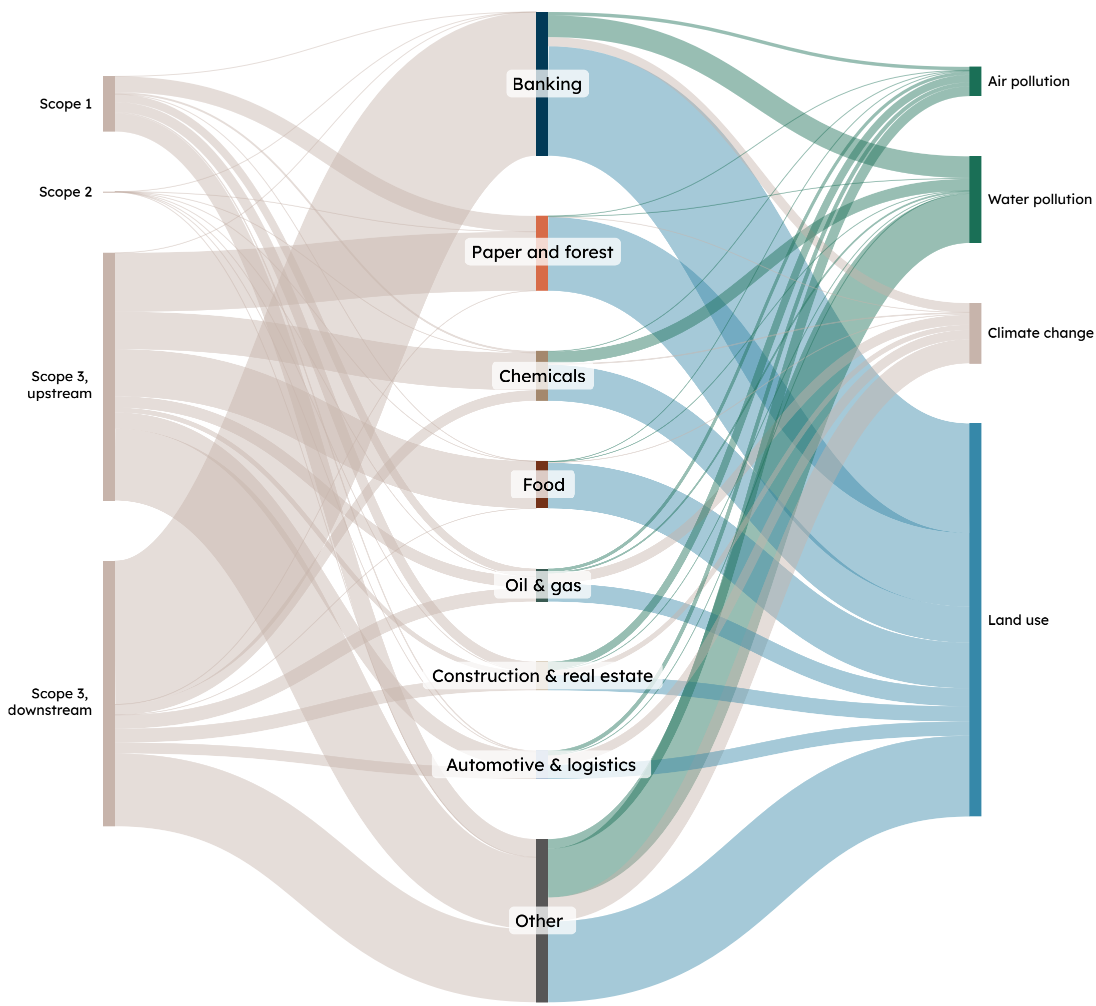
On 31 October 2023, ERAFP's biodiversity footprint was estimated at -0.14km^2.MSA per €1 million invested. This result should be compared with the biodiversity footprint of the benchmark index, estimated at -0.12km^2.MSA per €1 million invested. This means that an investment of €1 million in the companies in ERAFP's portfolio leads to land take of 0.14 km^2. In absolute terms, ERAFP is responsible for -3,330 km^2.MSA. 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.

While it may be difficult to draw direct conclusions from the biodiversity footprint, it is instructive to examine the impacts by sector and to identify the main pressures exerted by the companies in the portfolio.

BREAKDOWN OF THE BIODIVERSITY FOOTPRINT BY EMISSION SCOPE, SECTOR AND PRESSURE

Sources — Iceberg Datalab, ERAFP, SankeyMatic, 31 October 2023

The chart below visually illustrates the impacts of ERAFP's investments on biodiversity.



Based on the above, the majority of the portfolio's impacts are from land use. The sectors contributing the most to these impacts are banking (which is mainly explained by scope 3, consisting of the impact of investments and loans), chemicals, food (also mainly due to scope 3, which includes "upstream" suppliers, before production of the goods or services sold) and pharmaceuticals.

As such, the majority of the impacts are from scope 3 and therefore from activities related to suppliers, the distribution of products and its use by end customers.

Measuring dependency
The dependency indicator

While the CBF provides an overview of companies' impact on biodiversity, the ENCORE matrix (Exploring Natural Capital Opportunities, Risks and Exposure), developed through a partnership between Global Canopy, UNEP FI and UNEP-WCMC, provides an overview of companies' dependencies on biodiversity and ecosystem services. Studied together, the CBF and ENCORE enable reports to be drawn up based on the principle of double materiality.

For each production process, the ENCORE database identifies and assesses potential impacts on biodiversity and potential dependencies (with 21 ecosystem services — this database does not cover cultural services). The database consists of scientific data from specialised publications, interviews with industry experts and other physical data. It lists 11 major economic sectors, including consumer discretionary, consumer staples, energy, finance, healthcare, industry, technology, materials, real estate, telecommunication services and utilities. Each sector is broken down into sub-industries (paper products, personal care products, rail transport, etc.) and each sub-industry is associated with one or more production processes to which the assets are attached in order to determine their dependencies, which can be "strong" or "very strong". The dependency rating of a production process is calculated according to the loss of functionality if the ecosystem service were to be disrupted, and the financial loss it would suffer, where applicable.

While the ENCORE matrix is a very good starting point for incorporating biodiversity into a portfolio, it is important to note that it only lists direct dependencies related to a company's production process. The "upstream" and "downstream" value chains, despite representing most of the impacts and dependencies, are not covered by the analysis. E.g. for the analysis of paper production dependencies, potential dependencies related to wood cultivation and harvesting are not taken into account. The ENCORE matrix is a first step and will need to be accompanied by a more in-depth analysis in the future.

Ecosystem services refer to the various benefits that society derives from the natural environment, including clean air, water, food and other resources. Companies, which are part of society, depend on these services to carry out their operations and maintain the quality of life of their employees and stakeholders. There are three broad categories of ecosystem services: provisioning services, such as food and water; regulating services, such as climate regulation and waste treatment; and cultural services, such as leisure and aesthetic enjoyment.

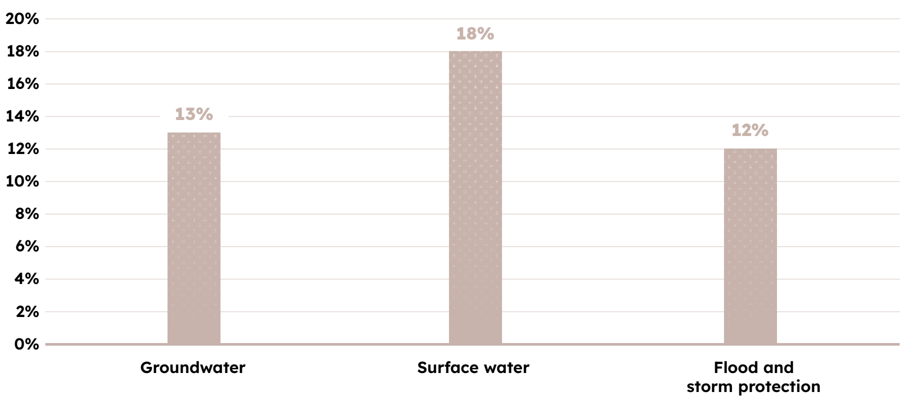
An asset's dependency on its ecosystem is assessed from zero to five. For the analysis of ERAFP's portfolio of listed companies, a score of four will be considered as a significant dependency, and a score of five will be considered a very strong dependency.

Results

Share of the portfolio very strongly dependent on at least one ecosystem service	19.0%
Share of the portfolio strongly or very strongly dependent on at least one ecosystem service	36.4%

MAJOR DEPENDENCIES OF LISTED ASSET PORTFOLIOS ON ECOSYSTEM SERVICES

Sources — ENCORE, ERAFP, 31 October 2023



36% of ERAFP's portfolio is significantly dependent on at least one ecosystem service. Those on which the portfolio is most dependent are groundwater and surface water. The assets in question are mainly from the oil and gas sector, the production of processed food and beverages, and the production of synthetic fibres and paper. The dependencies on flood and storm protection are mainly from electricity distributors and telecommunication service providers.

Having analysed the biodiversity impacts and dependencies of its portfolio, ERAFP understands the link between investment and biodiversity conservation, and recognises its role in safeguarding the latter as a responsible investor.

36% of ERAFP's portfolio is significantly dependent on at least one ecosystem service.

PART 7

CONSIDERATION OF ESG RISKS IN THE RISK MANAGEMENT PROCESS

CLICKABLE TABLE OF CONTENTS

CONSIDERATION OF ESG RISKS IN THE RISK MANAGEMENT PROCESS

This part of the report provides information in compliance with the recommendations of the G20 Task Force on Climate-related Financial Disclosures (TCFD) and the decree implementing Article 29 of the Energy and Climate Law of 8 November 2019. The purpose of these two frameworks is to put companies' ESG risk management systems on a more formal footing. ESG risks – or sustainability risks – are analysed on the basis of the double materiality principle, i.e. taking into account:

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

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[57] 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).

57 Delegated management covers all asset classes other than sovereign bonds (see page 30).

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 without a strategy and which generate more than 10% of their revenue from thermal coal-related activities. In 2023, it also adopted a fossil fuel policy that bolstered the measures taken on coal and introduced thresholds and eligibility criteria for issuers exposed to conventional and unconventional fossil fuels. These criteria are detailed in section 5.3 of this report ("Climate-related exclusion policy")[58].

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 23% 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. In 2023, the change in the non-financial rating agency and application of the new methodology led to an increase in the SRI ratings, which explains why comparability with historical results is only partial;
- the main ESG controversies involving issuers in the portfolio.

58 See page 75.

MONITORING OF ESG CONTROVERSIES BY THE NON-FINANCIAL RATING AGENCY AND MANAGEMENT COMPANIES

With a new non-financial rating agency in tow to rate issuers in the portfolio, ERAFP took the opportunity to make controversy analysis an integral part of a company's ESG rating. As such, certain indicators in ERAFP's SRI approach now incorporate a relevant controversy analysis on this theme.

The non-financial rating agency, Morningstar-Sustainalytics, assesses companies' involvement in incidents with negative environmental, social and governance (ESG) impacts. The controversy rating reflects a company's level of involvement in controversies and how it manages these issues. It takes into account:

- incidents. They are the basic component of the controversy rating. An incident may be a company activity with unintentional and/or unwanted negative environmental and/or social impacts on stakeholders. Incidents are mainly assessed on the basis of their negative environmental and/or social impacts. Incidents are monitored by various media outlets and NGOs and typically contribute to the controversy rating over a three-year period;
- events. Events are defined as isolated or linked series of incidents that relate to the same ESG issues. Events are classified into 40 indicators that relate to these ESG issues.

The scale used for the rating is as follows: 1 (lowest score) to 5 (highest score). The controversy rating is included in the company's overall SRI rating.

The purpose of taking controversies into account upstream of the investment process is to increase the selectivity of the non-financial analysis process. Ultimately, it needs to make it possible to exclude and identify the companies and sectors most at risk in the portfolio from a controversy standpoint. ERAFP also considers controversies downstream of the investment process. 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 economic model);

— physical risks (associated with physical disruption caused by climate change).

Types of risks associated with the energy transition	Risk factors	Risk description	Current or emerging, exogenous or endogenous
Regulatory risks	Changes in public policy	Impact of the emergence of more stringent regulations on certain activities, for example on carbon prices	Current/exogenous
Market risks	Changes in the balance between supply and demand due to the effects of climate change, the supply chain, etc.	Changes in prices of raw materials, components, etc.	Emerging/exogenous
Technology risks and opportunities	Innovation and the development of disruptive technology solutions	Loss of market share to competitors	Current/endogenous
Reputational risks	Customers and other stakeholders becoming increasingly aware of poor climate-related practices	Reputational damage	Emerging/exogenous
Legal risks	Increase in 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 the electricity generation, transport, basic materials (steel, cement, aluminium), agriculture/forestry/fisheries, chemicals, construction and 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:

— applying the fossil fuel policy, which establishes eligibility criteria for thermal coal, unconventional fossil fuels and conventional fossil fuels[59];

— implementing its strategy for alignment with the Paris Agreement, including its pre-investment and post-investment analyses and its climate policy[60].

Assessment of the risks associated with the energy transition and climate change

The transition risks of ERAFP's portfolio of listed companies are also analysed by Iceberg Datalab. Similarly, revenue is broken down by segment (NACE) and country, and each pair makes it possible to model risks across the entire value chain.

The transition factors considered for the geographical region and sectors are:

— the implementation of climate regulations, such as carbon taxes or quotas;

— consumer choice, which may be influenced by climate-related criteria. For example, meat consumption in developed countries is expected to decrease due to climate considerations;

— the cost of the transition for energy-intensive or carbon-intensive industries (the transition will be costly as their cost will increase due to carbon prices).

59 See section 5.3 "Climate-related exclusion policy" on pages 75 to 76.
60 See "Strategy for alignment with the Paris agreement", starting on page 60.

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.

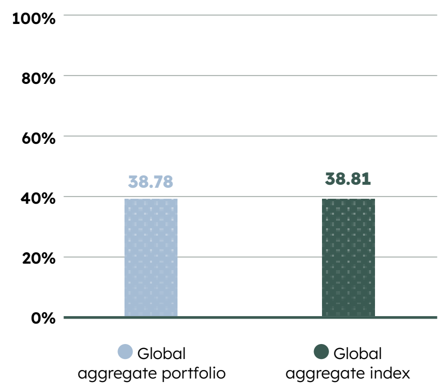
To calculate the risk indicator, a risk score is assigned to each sector and each country, yielding three risk matrices according to each of the transition factors.

Transition risk exposure is expressed as a score from 0 to 100, with 100 being the highest risk score.

Results for ERAFP

TRANSITION RISK EXPOSURE OF ERAFP'S GLOBAL AGGREGATE PORTFOLIO COMPARED WITH ITS BENCHMARK INDEX

Source – Iceberg Datalab, 31 October 2023



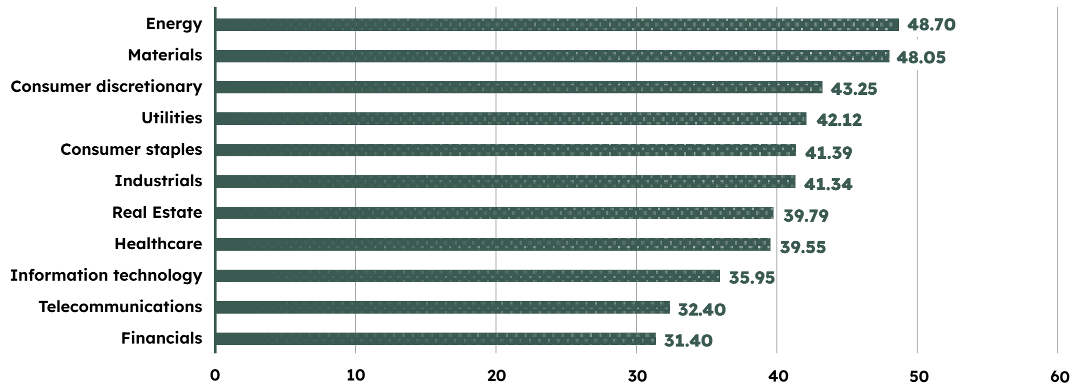
The transition risk exposure of ERAFP's portfolio of listed companies at end-2023 was 38.78 versus 38.81 for the index.

As risk scores are partly modelled based on the sector and location of assets, the results of the portfolio and the benchmark are very similar and do not allow for a comprehensive and relevant analysis of the portfolio's risks.

The breakdown of risks by sector enables ERAFP to detect the riskiest assets.

TRANSITION RISK EXPOSURE OF ERAFP'S GLOBAL AGGREGATE PORTFOLIO

Source – Iceberg Datalab, 31 October 2023



While the exposure to physical risks is somewhat homogenous from sector to sector, the exposure to transition risks reveals differences in the risk level between sectors.

The most at-risk sector is the energy sector due to the need to transition from an energy system that relies heavily on fossil fuels, emits high levels of greenhouse gases, and pollutes, to cleaner, sustainable energy sources in order to combat climate change. This transition involves significant investment and numerous structural changes, a well as the risk of stranded assets that cannot be used until their expected end of life.

The materials sector is also highly exposed to transition risks due to the industrial processes it uses, which are highly energy-intensive and emit significant amounts of greenhouse gases. Steel, for example, is mainly produced from metallurgical coal because it has a carbon concentration that allows for more processing and is resistant to furnace pressure. Alternatives to this process are currently under-developed. These activities are also more likely to be penalised by carbon taxes or higher energy prices.

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.

The physical risks associated with ERAFP's listed company portfolio are also analysed by Iceberg Datalab.

For each company, revenue is broken down by segment (NACE) and country, and each of these business sector/geography pairs makes it possible to model the different risk exposures across its entire value chain. The risk is analysed on both the sensitivity of the sector to climate change and its geographical exposure. For sector sensitivity, five factors are considered:

— the presence of fixed assets (factories, warehouses, mines, etc.);
— temperature sensitivity (agricultural production, forestry, etc.);
— dependency on energy and in particular electricity (steel production, data centers, etc.);
— dependency on transport, particularly road transport (travel agencies, freight, etc.);
— dependency on natural capital: ecosystems and water resources (agriculture, textile production, etc.).

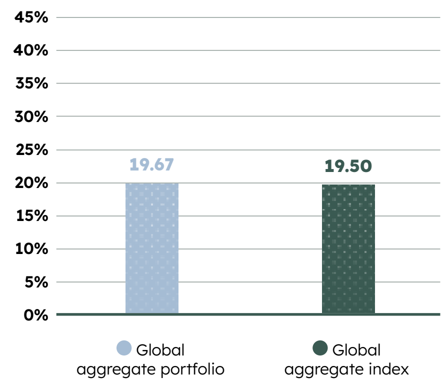
The risk score is generated based on the asset's sector/geography pairing, for each of the five factors.

Exposure to physical risks is expressed as a score from 0 to 100, with 100 being the highest risk score.

Results for ERAFP

PHYSICAL RISK EXPOSURE OF ERAFP'S GLOBAL AGGREGATE PORTFOLIO COMPARED WITH ITS BENCHMARK INDEX

Source – Iceberg Datalab, 31 October 2023



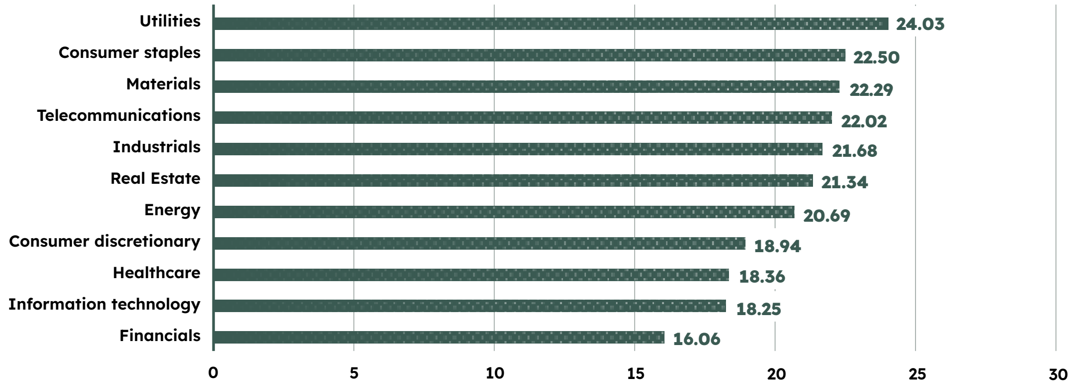
The physical risk exposure of ERAFP's portfolio of listed companies at end-2023 was 19.67, versus 19.50 for its benchmark index.

As risk scores are partly modelled based on the sector and location of assets, the results of the portfolio and the benchmark are very similar and do not allow for a comprehensive and relevant analysis of the portfolio's risks.

The breakdown of risks by sector enables ERAFP to detect the riskiest assets more easily.

BREAKDOWN OF THE PHYSICAL RISK EXPOSURE OF ERAFP'S GLOBAL AGGREGATE PORTFOLIO BY SECTOR

Source – Iceberg Datalab, 31 October 2023



While the physical risks faced by organisations in different sectors are broadly similar, the community services sector is characterised by a higher than average exposure to such risks.

The sector, which encompasses electricity generation and distribution, water treatment and distribution, and gas distribution, is particularly susceptible to weather-related risks due to its reliance on external conditions. Extreme weather events, such as storms, floods and droughts, can disrupt infrastructure and operations, resulting in service outages and high repair costs. Rising sea levels and changes in precipitation patterns can also affect the availability and quality of water resources, which in turn can compromise energy production and utility operations.

Real estate

The assessment of physical risks on real estate assets was carried out by CBRE using the R4RE (Resilience for Real Estate) tool provided by the Green Building Observatory. For each asset, a cross-analysis is performed between:

— the building's exposure: the characteristics of any climate hazards (nature, intensity, frequency, duration) are assessed based on the address;

— the building's vulnerability: sensitivity to these hazards is assessed using the building's characteristics (construction details, reliability of networks).

Basis on this analysis, the risks related to heat, precipitation and flooding as well as extreme cold are assessed over the short term (2030) and medium term (2050).

The majority of ERAFP's assets are highly exposed to heat risk as well as to the risk of precipitation and flooding, particularly French assets: Of the portfolio's assets, 71% are highly exposed to heat risks, and 77% are exposed to precipitation and flooding.

However, as all the assets held in the portfolio are located in Europe (particularly in France, Italy, the United Kingdom, Ireland and Germany), their exposure to extremely cold weather risk is very limited.

Inherent in the physical reality of the assets, the fleet's vulnerability to climate change is high, with around 22% of the portfolio deemed highly vulnerable to heat risk and 45% highly vulnerable to precipitation and flood risk.

The results obtained should be interpreted with caution, as the partial collection of data allowed only 30% of assets to be analysed. As the R4RE tool is conservative, the worst-case scenarios are applied if there is no data.

Private equity

The physical risk analysis covers investments under the private equity management mandate. Through its assessment grid, Access tracks the number of companies that assess their climate change risks. Last year, that figure was 38%. In 2023, the analysis became more granular via the breakdown of risks into two types: physical risks (e.g. exposure and vulnerability to extreme weather events) and transition risks (risks related to regulations, changes in carbon prices, changes in product demand, etc.). Out of all of the portfolio companies, 22% assessed their physical risks while 28% assessed their transition risks. It is also worth mentioning that 0% of the companies in the portfolio were facing environmental litigation.

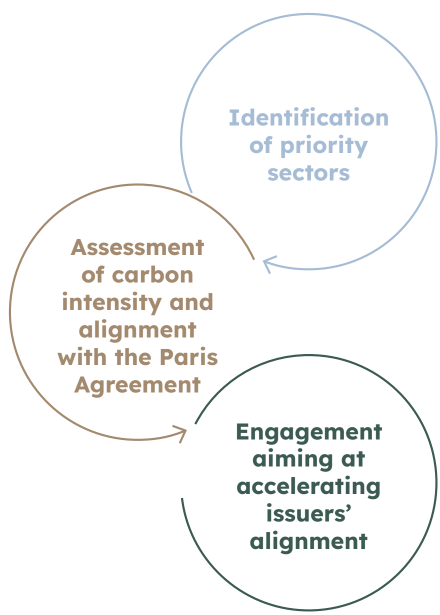
Infrastructure

The physical risk analysis presented covers the investments under the infrastructure management mandate. Ardian monitors a number of indicators at the asset manager level relating to the management of climate risks. Of the 16 asset managers with whom we invested, 12 indicated that they systematically review climate risks (carbon, physical and transition risks) during the due diligence phase, three carry out this review when climate issues are considered financially material, and one did not respond. In addition, 14 of the 16 managers indicated that they engage with underlying companies to help increase their consideration of climate issues in a broad sense. More specifically, 12 indicated that they provide technical support to carry out a forward-looking analysis of climate risks and opportunities.

MAIN NEGATIVE IMPACTS OF ERAFP INVESTMENTS 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 a share of these emissions proportionate to its share in the issuer's: • capital (for an equity investment) or • debt (for a bond investment) or • enterprise value (capital + debt, applicable to a bond or equity investment) **Aggregation at portfolio level:** sum of the CO_2 emissions attributable to the investor **Unit:** CO_2 emissions per unit of invested amount	
CALCULATION OF CARBON INTENSITY	2 **At issuer level:** factoring in of carbon intensity, in terms of CO_2 emissions per unit of either revenue (companies) or GDP (countries) **Attribution to the investor** of a share of emissions/revenue proportionate to its share in the issuer's: • capital (for an equity investment) or • debt (for a bond investment) or • enterprise value (applicable to a bond or equity investment) **Aggregation at portfolio level:** sum of the CO_2 emissions attributable to the investor **Normalisation (unit):** CO_2 emissions per amount invested and per unit of revenue generated (attributable emissions/attributable revenue)	3 **At issuer level:** 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 2019 in the "carbon" impact of the listed company portfolio, measured using the three indicators mentioned above (data, as at 31 October 2023 provided by Iceberg Datalab). 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

<u>**Carbon intensity per €1 million of revenue**</u>

CARBON INTENSITY OF THE AGGREGATE EQUITY, CORPORATE AND CONVERTIBLE BOND PORTFOLIOS (TCO$_2$EQ/€M OF REVENUE, SCOPES 1 & 2)

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	191	285	248	255
2020	192	284	212	218
2021	171	196	176	217
2022	128	159	164	373
2023	112	176	146	236
Change 2022/2023	-13%	+10%	-10%	-36%
Change 2019/2023	**-41%**	**-20%**	**-41%**	**-7%**

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

Over the period from 2019 to 2023, we observed a much larger decrease in carbon intensity per €1 million of revenue for both portfolios than the index (21% difference for the equity portfolio, and 34% for the corporate bond and convertible bond portfolio).

Over the period from 2022 to 2023, despite a sharper decrease for the index than the corporate bond and convertible bond portfolio, the latter still outperformed (38%). As for the equity portfolio, the spread compared to the index widened. It rose from 19% in 2022 to 36% in 2023, as the carbon intensity of the index increased by 10% over the period.

CARBON INTENSITY OF THE AGGREGATE EQUITY, CORPORATE AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ/€M OF REVENUE, ALL SCOPES COMBINED)

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	2,674	2,496	2,607	3,064
2020	2,171	2,336	2,338	2,710
2021	2,803	2,642	2,596	3,737
2022	2,439	2,888	2,443	2,363
2023	2,705	2,906	2,855	3,572
Change 2022/2023	11%	0.5%	16%	51%
Change 2019/2023	**1%**	**16%**	**9%**	**17%**

Carbon footprint per €1 million invested

CARBON FOOTPRINT PER €1 MILLION INVESTED IN THE AGGREGATE EQUITY, CORPORATE AND CONVERTIBLE BOND PORTFOLIOS (TCO_2EQ/€M INVESTED, SCOPES 1 & 2)

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	177	300	379	583
2020	185	299	395	308
2021	153	219	406	322
2022	122	278	424	468
2023	137	221	293	309
Change 2022/2023	12%	-21%	-31%	-34%
Change 2019/2023	**-22%**	**-26%**	**-23%**	**-47%**

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 2019-2023 period.

Although the indices' decline in carbon intensity was more pronounced than that of the portfolios over the period, the latter still outperformed (38% for the aggregate equity portfolio and 5% for the private corporate and aggregate convertible bond portfolio).

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

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	1,855	2,361	2,218	3,062
2020	1,623	2,164	2,201	2,672
2021	2,548	2,616	2,896	3,962
2022	2,596	3,078	2,628	2,821
2023	2,832	3,072	3,193	4,118
Change 2022/2023	9%	0%	21%	46%
Change 2019/2023	**53%**	**30%**	**44%**	**34%**

ABSOLUTE EMISSIONS ATTRIBUTED

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, SCOPES 1 & 2)

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	1,382	2,215	1,167	1,889
2020	1,472	2,365	1,481	1,181
2021	1,891	2,776	2,256	1,885
2022	1,484	3,406	2,908	2,904
2023	1,723	2,817	1,866	2,072
Change 2022/2023	16%	-18%	-36%	-29%
Change 2019/2023	**24%**	**27%**	**60%**	**10%**

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

Source – Iceberg Datalab, 31 October 2023

	Aggregate equity portfolio		Aggregate corporate and convertible bond portfolio	
	Portfolio	Benchmark	Portfolio	Benchmark
2019	14,771	17,974	6,835	9,958
2020	13,324	17,803	8,270	10,315
2021	31,462	33,137	16,068	23,135
2022	31,608	37,732	18,010	17,540
2023	34,964	39,644	19,217	26,397
Change 2022/2023	11%	5%	7%	50%
Change 2019/2023	**136%**	**121%**	**181%**	**165%**

AGGREGATE RESULTS

Carbon impact of the portfolio

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

Note that the portfolio outperformed the index on all carbon metrics, for both scopes 1 and 2, and all scopes combined.

As a reminder, data for all scopes must be analysed with caution: scope 3 data is systematically modelled and are also subject to a risk of double counting.

CARBON IMPACT OF THE LISTED COMPANY PORTFOLIO (SCOPES 1 & 2)

Source – Iceberg Datalab, 30 October 2023

	Assets (€M)	Emissions attributed		Carbon intensity tCO_2eq/€m revenue		Carbon footprint tCO_2eq/€m invested	
	Portfolio	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
2019	16,640	2,549	4,103	209	275	243	392
2020	18,130	2,954	3,547	199	261	256	302
2021	22,782	4,147	4,661	175	203	243	256
2022	20,835	4,393	6,331	143	245	245	355
2023	22,035	3,589	4,890	124	197	190	252
Change 2022/2023	6%	-18%	-23%	-13%	-20%	-22%	-29%
Change 2019/2023	**32%**	**41%**	**19%**	**-41%**	**-28%**	**-22%**	**-36%**

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

Source – Iceberg Datalab, 31 October 2023

	Assets (€M)	Emissions attributed		Carbon intensity tCO_2eq/€m revenue		Carbon footprint tCO_2eq/€m invested	
	Portfolio	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
2019	16,640	21,606	27,932	2,562	2,680	1,972	2,588
2020	18,130	21,595	28,118	2,228	2,463	1,818	2,336
2021	22,782	47,531	56,273	2,729	3,032	2,672	3,095
2022	20,835	49,618	55,272	2,441	2,676	2,609	2,974
2023	22,035	54,181	66,041	2,758	3,140	2,949	3,424
Change 2022/2023	6%	9%	19%	13%	17%	13%	15%
Change 2019/2023	**32%**	**151%**	**136%**	**8%**	**17%**	**50%**	**32%**

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[61].

The five sectors targeted by engagement action as part of ERAFP's efforts to meet the target included in its climate policy (materials, utilities, energy, industrials and consumer discretionary) account for 84% of the portfolio's carbon intensity (scope 1 and 2 emissions) and 35% of its assets[62].

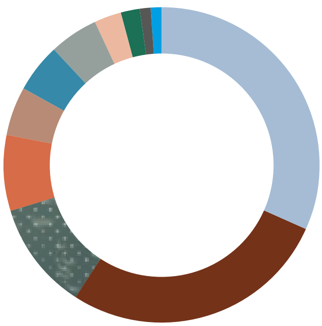
If all the emission scopes are included, the above analysis remains valid, but with a greater share of carbon intensity attributed to the industrial, consumer discretionary and financial sectors.

61 See "Description of the main climate-related risks" on page 91.

62 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 industrial sector (other transport activities).

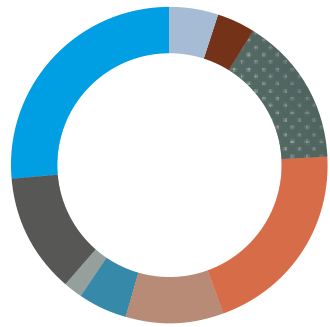
LISTED COMPANY PORTFOLIO CARBON INTENSITY BY SECTOR (SCOPE 1 AND 2 EMISSIONS, %)

Source – Iceberg Datalab, 31 October 2023



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

Source – Iceberg Datalab, 31 October 2023



EXPOSURE TO ACTIVITIES WITH HIGH STAKES REGARDING CLIMATE CHANGE

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

- fossil fuels[63];
- electricity producers.

The latter have a key role to play in the energy transition. In response to the climate emergency, the IEA[64] 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[65].

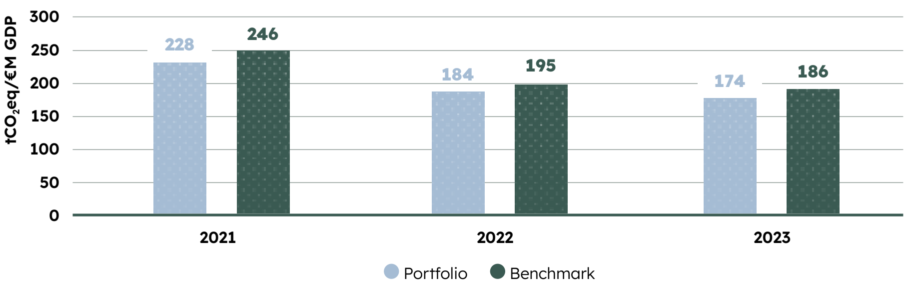
63 See "Portfolio exposure to companies active in the fossil fuel sector" on page 53.
64 International Energy Agency.
65 See "Focus on the electricity generation mix in the listed company portfolio" on page 57.

Sovereign bond portfolio

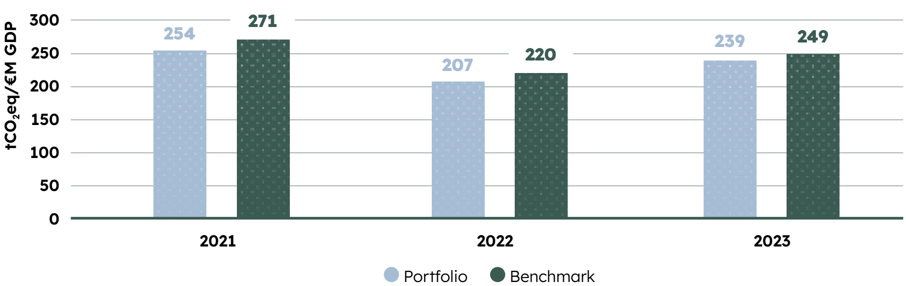
CARBON INTENSITY OF THE SOVEREIGN BOND PORTFOLIO COMPARED WITH THE BENCHMARK

Source – Iceberg Datalab, 31 October 2023

PRODUCTION INTENSITY



CONSUMPTION INTENSITY



Production emissions are emissions attributable to domestic emissions and include domestic consumption and exports. This definition follows the territorial approach to emissions adopted by the United Nations Framework Convention on Climate Change (UNFCCC). Hence, the methodology does not factor in the large volume of upstream GHG emission flows linked to countries which manufacture goods that are consumed in the country for which the national emissions inventory is drawn up (“imported emissions”). Under the Paris Agreement, carbon emission targets are based on production-based accounting.

In order to complete this partial view, we have therefore also included here consumption emissions that take into account domestic consumption and imports.

ERAFP’s portfolio has production and consumption intensities, calculated as weighted averages, that are 7% and 4% lower than those of the benchmark index, respectively.

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. So while the share of renewable energies in its energy mix remains relatively low, France’s ratio of greenhouse gas emissions to GDP is one of the eurozone’s lowest.

Real estate portfolio

In total, the analysis now covers €4.5 billion in assets under management (versus €3.9 billion at end-2021), i.e. 81% of the real estate portfolio (versus 75% at end-2021).

REAL ESTATE PORTFOLIO GREENHOUSE GAS EMISSION INDICATORS

Sources — Carbone 4 (2018-2021), CBRE (2022), 31 December 2022

	Absolute emissions (tCO_2eq)	Carbon footprint (tCO_2eq/€m invested)	Carbon surface intensity ($kgCO_2eq$/m2/year)	Energy surface intensity (kwh FE/m^2/year)
2018 (including travel)	30,100	15	42	-
2019 (including travel)	37,700	14	38	-
2019	27,900	-	38	-
2020	23,900	8.6	33.2	184.8
2021	31,700	8.3	28.1	166.1
2022 (scopes 1, 2 and tenants' consumption)	21 332	4.7	21.7	128.7

Between 2021 and 2022, there was a sharp drop in the absolute greenhouse gas emissions of the real estate portfolio (-33%), a decrease in the carbon footprint (-43%) and a decrease in surface carbon intensity (-23%).

The decreases in carbon footprint and surface carbon intensity mainly stemmed from the addition of new assets, most of which have low carbon emissions as they were delivered only recently, with an average surface-weighted surface intensity of 9.23 $kgCO_2eq/m^2$/year. If we consider only the scope used in 2021, the reduction in surface carbon intensity comes to just 3%. As a reminder, ERAFP changed its climate and biodiversity data provider for all real estate assets in 2023. With that in mind, changes in results between 2021 and 2022 need to be examined with caution and may be more a reflection of a change in methodology than of the intrinsic performances of the assets under consideration.

The surface area covered, in square metres, have increased considerably compared to last year (+36%).

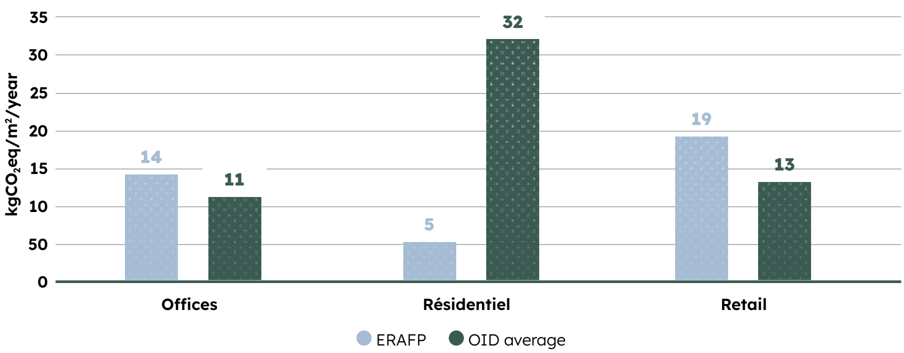
This year, ERAFP published for the third time the energy surface intensity of its real estate portfolio, measured in kilowatt hours per square metre per year of final energy. This is a useful indicator for studying the energy performance of assets, regardless of the energy source used, as well as for 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[66]. 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. On the other hand, the portfolio's retail assets have a higher surface intensity than the comparison sample, mainly because of the portfolio's exposure to large Parisian retail spaces.

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

Sources - CBRE, OID, 31 December 2022



Private equity portfolio

The climate analysis presented covers the investments under the private equity mandate at the end of 2022. Of the portfolio managers, 72% assess the carbon footprint of their investment portfolio (at least for scopes 1 and 2). This number has risen substantially. It was 40% at end-2021 and 26% at end-2020. As for the underlying companies, 70% assessed their carbon footprint, which is also a sharp increase compared to last year (+40%).

In the coming years, ERAFP will aim to obtain the results of these studies in order to publish them.

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

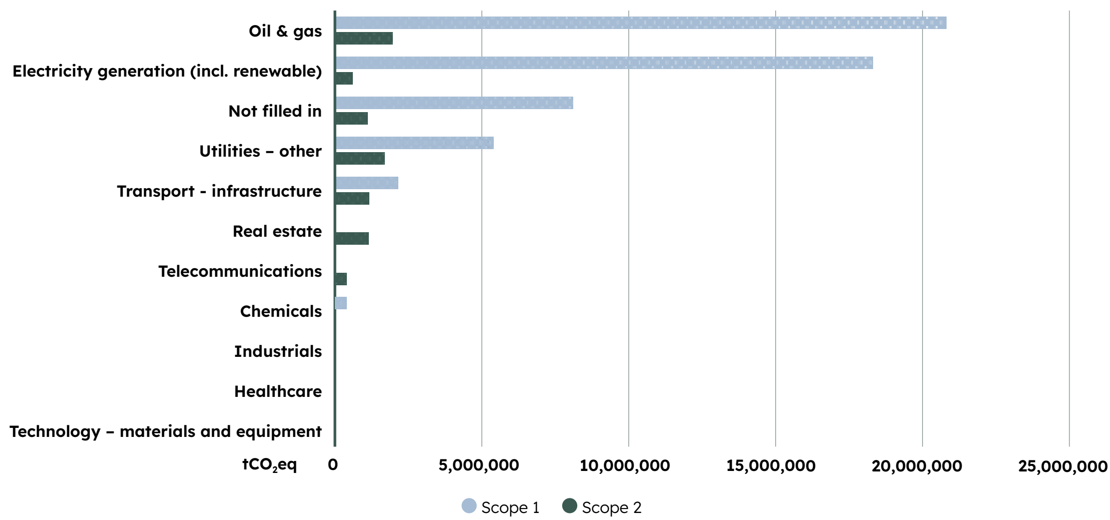
Infrastructure portfolio

The climate analysis presented covers the investments made under the infrastructure management mandate. Of the 169 underlying projects, Ardian was able to retrieve carbon footprint data for 137 of them, i.e. 81%.

If we look at the breakdown of the projects' absolute emissions for scopes 1 and 2, we see that these are mainly from two sectors – energy (oil & gas and associated infrastructure) and utilities (electricity generation and distribution, water and waste management).

BREAKDOWN OF CARBON EMISSIONS BY SECTOR – INFRASTRUCTURE MANDATE

Source — Ardian, 31 December 2023



In total, scope 1 and 2 emissions from the various infrastructure projects in which ERAFP is invested amount to 64 million tCO_2eq.

The absolute emissions indicator presented above is somewhat uncertain given the reliability of the underlying data and differences in methodology. Moreover, this indicator does not consider the percentage of ERAFP's stake in these projects. Efforts are underway to progressively improve the robustness of this data.

Of the 16 asset managers in which ERAFP is invested through the mandate, 13 stated that they provide technical support to the underlying company to establish the project's carbon footprint.

PART 8

IMPROVEMENT MEASURES

IMPROVEMENT **MEASURES**

Theme	Measure(s) identified in 2023	Measure(s) implemented in 2023	Planned improvement action(s) in 2024
Exposure to fossil fuels/ Fossil fuel policy	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.	In 2023, ERAFP published a new policy on fossil fuels, which strengthens its commitment to reducing the greenhouse gas emissions of its investment portfolios.	–
Climate policy – 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.	–
Investments 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.	ERAFP published a comparative analysis of its listed assets with the European Taxonomy between 2022 and 2023.	In the coming years, ERAFP will publish data on its unlisted real estate assets' eligibility and alignment with the Taxonomy.
Consideration of biodiversity issues	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.	ERAFP published the biodiversity footprint results for its assets in the 2023 sustainability report, as well as the portfolio's major dependencies on ecosystem services. The Board of Directors and the financial management teams benefited from several training courses related to biodiversity.	In 2024/2025, ERAFP will refine the biodiversity analysis on its assets. In 2024/2025, ERAFP will work on drafting an initial version of its ambitions in terms of biodiversity.
Main negative impacts of investments on sustainability factors	–	–	ERAFP will publish the carbon footprint results of its infrastructure and private equity portfolios.

APPENDICES

APPENDICES

APPENDIX 1.
TABLE SUMMARISING THE COVERAGE OF INDICATORS

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
1.3	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)	22,219	89%	55.0%	N/A		14
1.3	Key aspects of ESG and climate performance – Listed portfolios	Change in the average SRI rating of the eurozone equity portfolio	Listed companies	Euro equity mandates	10,490	42%	25.9%	N/A		15
1.3	Key aspects of ESG and climate performance – Multi-asset portfolio	SFDR classification	Multi-asset	Multi-asset mandates	1,298	100%	3.2%	N/A		15
1.3	Key aspects of ESG and climate performance – Multi-asset portfolio	Certification	Multi-asset	Multi-asset mandates	1,298	100%	3.2%	N/A		16
1.3	Key aspects of ESG and climate performance – Unlisted portfolios	SRI rating	Real estate	Real estate mandates (excluding certain funds)	4,941	100%	12.2%	N/A		17
3.2	Engagement conducted by asset management companies on ERAFP's behalf	Engagement actions implemented	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		39

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
4.1	Sustainable investments – European Taxonomy	Revenue eligible for the European Taxonomy	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		51
4.2	Portfolio exposure to fossil fuels	Share of revenue of companies in the listed company portfolio linked to fossil fuels	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		53
4.2	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	23,871	95%	59.0%	N/A		54
4.2	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	23,871	95%	59.0%	N/A		57
4.2	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	6,387	100%	15.8%	N/A		55
4.2	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	23,871	95%	59.0%	N/A		56

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
4.2	Portfolio exposure to thermal coal	Breakdown of revenue from thermal coal-related activities	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		57
4.2	Portfolio exposure to unconventional fossil fuels	Share of revenue of companies in the listed company portfolio linked to unconventional fossil fuels	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		54
4.2	Portfolio exposure to unconventional fossil fuels	Share of listed company portfolio assets in companies involved in unconventional fossil fuels	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		58
5.2	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)	22,834	91%	56.5%	Scopes 1 and 2	WACI	66
5.2	Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Carbon footprint of the AOA listed company portfolio	Listed companies	AOA listed mandates (equities + bonds)	22,834	91%	56.5%	Scopes 1 and 2	Carbon intensity per €1 million invested	67
5.2	Target monitoring indicators: results obtained in 2022 - Portfolio emissions targets	Surface intensity of the AOA real estate portfolio	Real estate	AOA real estate	3,113	55%	6.6%	Scopes 1 and 2 + tenants' consumption	Surface intensity	67

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
5.2	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	2,001	35%	4.3%	Scopes 1 and 2 + tenants' consumption	Surface intensity	68
5.2	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	23,871	95%	59.0%	Scopes 1 and 2	Carbon intensity per €1 million invested	74
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	ERAFP's biodiversity footprint	Listed companies	Listed mandates	24,739	91%	59.0%	Scopes 1,2 and 3		83
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	Breakdown of the biodiversity footprint by emission scope, sector and pressure	Listed companies	Listed mandates	24,739	91%	59.0%	Scopes 1,2 and 3		84
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	Major dependencies of listed asset portfolios on ecosystem services	Listed companies	Listed mandates	24,739	91%	59.0%	Scope 1		86
7.1	Assessment of physical risks related to climate change	Exposure to physical risks	Listed companies	Listed mandates	23,871	95%	59.0%	N/A		95

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon intensity - Equities	Listed equities	Equity mandates	14,321	95%	35.4%	Table 1: Direct emissions and direct suppliers Table 2: Scopes 1, 2 and 3	WACI	99-100
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon intensity - Corporate bonds	Aggregate corporate and convertible bonds	Bond mandates	8,513	96%	21.1%	Table 1: Direct emissions and direct suppliers Table 2: Scopes 1, 2 and 3	WACI	99-100
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon footprint per €1 million invested - Equities	Listed equities	Equity mandates	14,321	95%	35.4%	Table 3: Direct emissions and direct suppliers Table 4: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	100-101
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon footprint per €1 million invested - Corporate bonds	Aggregate corporate and convertible bonds	Bond mandates	8,513	96%	21.1%	Table 3: Direct emissions and direct suppliers Table 4: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	100-101
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Attributed absolute emissions - Equities	Listed equities	Equity mandates	14,321	95%	35.4%	Table 5: Direct emissions and direct suppliers Table 6: Scopes 1, 2 and 3	Attributed absolute emissions	101-102
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Attributed absolute emissions - Corporate bonds	Aggregate corporate and convertible bonds	Bond mandates	8,513	96%	21.1%	Table 5: Direct emissions and direct suppliers Table 6: Scopes 1, 2 and 3	Attributed absolute emissions	101-102

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon intensity - Listed company portfolio	Listed companies	Listed mandates	23,871	95%	59.0%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	WACI	102-103
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Emissions per €1 million invested - Listed company portfolio	Listed companies	Listed mandates	23,871	95%	59.0%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	Carbon intensity per €1 million invested	102-103
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Attributed emissions - Listed companies	Listed companies	Listed mandates	23,871	95%	59.0%	Table 7: Direct emissions and direct suppliers Table 8: Scopes 1, 2 and 3	Attributed absolute emissions	102-103
7.2	Main negative impacts of investments on sustainability - Listed company portfolio	Carbon intensity by sector	Listed companies	Listed mandates	23,871	95%	59.0%	Chart 1: Scopes 1 and 2 Chart 2: Scopes 1, 2 and 3	WACI	104
7.2	Main negative impacts of ERAFP's investments on sustainability - Sovereign bond portfolio	Carbon intensity production and carbon intensity intensity	Sovereign bonds	Sovereign bonds	6,387	100%	15.8%	Domestic, imported and exported emissions	WACI per €1 million of GDP	105
7.2	Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Absolute emissions	Real estate	Real estate mandates (excluding certain funds)	4,584	81%	9.8%	Scopes 1, 2 and 3	Attributed absolute emissions	106

Section	Section name	Data	Segment	Portfolios	Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
7.2	Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon footprint	Real estate	Real estate mandates (excluding certain funds)	4,584	81%	9.8%	Scopes 1, 2 and 3	Carbon intensity per €1 million invested	106
7.2	Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Carbon surface intensity	Real estate	Real estate mandates (excluding certain funds)	4,584	81%	9.8%	Scopes 1 and 2 + tenant's consumption	WACI	106
7.2	Main negative impacts of ERAFP's investments on sustainability - Real estate portfolio	Energy surface intensity	Real estate	Real estate mandates (excluding certain funds)	4,584	81%	9.8%	N/A	Surface intensity	106
7.2	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)	2,691	48%	6.7%	Scopes 1 and 2 + tenants' consumption	Surface intensity	107

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.	6-23
	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.	23
	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	20-22
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	27-30
	Measures taken to strengthen the entity's internal capabilities	27
Information on the entity's approach to incorporating ESG considerations in its governance structure	Knowledge, skills and experience of the governance bodies.	25-26
	Inclusion in remuneration policies of information on how these policies are adapted to take sustainability risks into account.	29
	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.	35
	Presentation of the voting policy	42
	Report on the voting policy, particularly as regards the submission of and voting on ESG-related resolutions at general meetings.	42-45
	Decisions taken on investment strategy, including disengagement from certain sectors.	75-76
Information on the European Taxonomy and investments in fossil fuels	Share of assets relating to activities aligned with the taxonomy.	51
	Proportion of assets in companies active in the fossil fuel sector.	53-58
Strategy for alignment with the Paris Agreement	Quantitative target for the period to 2030, reviewed every five years until 2050.	60-65
	Where the entity uses an internal methodology, it publishes information on this methodology to assess its investment strategy's alignment with the Paris Agreement.	63-65
	The general approach and method used.	60-62
	The level of coverage of the portfolio and the various asset classes, and the aggregation method.	60-62
	The time horizon used for the assessment.	60
	The assumptions used for estimated data.	68
	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.	63-64

Information required under decree no. 2021-663 of 27 may 2021		Page(s)
Strategy for alignment with the Paris Agreement	A quality analysis of the methodology and data used.	63-64
	The scope adopted by the methodology in terms of covering greenhouse gas emissions within the value chain.	63-64
	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	66-74
	Role and use of the assessment in the investment strategy	75-76
	Changes in the investment strategy related to the strategy of alignment with the Paris Agreement.	75-76
	Possible measures to monitor results and changes that have occurred.	66-74
	The frequency of the assessment, provisional update dates and the relevant development factors used.	60-110
"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.	81-86
	Mention of the use of a biodiversity footprint indicator.	82-85
Consideration of ESG risks in the risk management system	The process for identifying, assessing, prioritising and managing risks related to the consideration of ESG criteria, how risks are integrated into the entity's established risk management framework.	88-91
	Description of the main ESG risks taken into account and analysed, including:	91-93
	• A characterisation of these risks.	91-93
	• Segmentation of these risks (physical risks, transition risks, litigation risks) and a descriptive analysis associated with each of the main risks.	91-93
	• 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.	92
	Indication of the frequency of review of the risk management framework.	89
	Action plan to reduce the entity's exposure to the main environmental, social and governance risks considered.	89-92
	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).	92-97
	Indication of changes in methodological choices and results.	88
Improvement measures	Where the entity does not publish some of the required information it shall, where appropriate, publish a continuous improvement plan.	110

APPENDIX 3.
TABLE OF CORRESPONDENCE WITH TCFD RECOMMENDATIONS

Themes	TCFD recommendations	Page(s)
Governance	a) Description of how the board of directors oversees climate change risks and opportunities.	25
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	26
Strategy	a) Description of the risks and opportunities identified in the short, medium and long term.	88-92
	b) Description of the impact of these risks and opportunities on the investment policy.	77-92
	c) Description of the resilience of the investment strategy under different scenarios, including the scenario of global warming of 2°C or lower.	89-97
Risk management	a) Description of the procedures for identifying and assessing climate-related risks.	60, 88, 91
	b) Description of the climate risk management procedure.	92
	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.	91-97
	b) Publication of indicators on greenhouse gas emissions and associated risks for scopes 1 and 2 and, if relevant, scope 3.	97-108
	c) Publication of targets set to manage climate-related risks and opportunities and information on actual performance in relation to these targets.	60-74

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