
20
YEARS
2005
2025

The public service
additional pension scheme,
a responsibly-managed
sustainable pension fund

Key figures

Market value
of net assets worth

€47.8 billion

at 31 December

Annualised internal rate
of return on investment of

4.3%

since the Scheme's inception
(5.9% in 2024)

€474 million

in benefit payments

€2.25 billion

in contributions

4.4 million

active contributors

43,000

contributing employers

605,602

annuities in the process
of payment

Economic coverage ratio of

135.8%

after premium rate increase

2025 marks 20 years since the RAFP was created. Over the first two decades, the challenges that the Scheme was set up to address have increased significantly and its missions have broadened.

The Scheme is playing an increasingly significant role in the retirement of public servants: it paid out €28 million in benefits in 2006, a figure that has climbed to nearly €500 million today. It has also become a major contributor to financing the economy, particularly in France and Europe, with a portfolio of assets worth nearly €50 billion at the end of 2024, fuelled by an annual investment flow of €3 billion. To ensure the assets used to finance pensions also help directly meet the needs of its members, the Scheme has committed to financing housing for public servants, by investing in intermediate housing for which it has obtained a priority right of access. It is now being asked to take part in initiatives led by the public authorities to finance innovation, or – more recently – security.

In the course of the past 20 years, the Scheme has also demonstrated its ability to respond to the two major challenges faced by institutional investors: the long period of low interest rates in the 2010s, which it overcame by diversifying its investment portfolio towards variable-income assets (equities, unlisted securities, etc.), and climate action, to which it is contributing through its net zero target for 2050. This has involved setting intermediate targets for 2021-2025 and adopting a specific policy on fossil fuels.

VINCENT LIDSKY,
CHAIRMAN OF ERAFP

Cross perspectives

The backdrop to the Scheme's growth has remained unchanged: it has always been managed prudently by a board of directors that operates on an equal representation principle. From the outset, the board's objective was to guarantee that the members of the Scheme would receive retirement benefits that were protected against inflation, while ensuring that their contributions were invested in their best interests and were consistent with public service values. The Scheme has also applied pension reforms in France, but is not concerned by questions regarding the consequences of demographic changes, due to its specific financing method.

This is evidenced by the fact that the Scheme has consistently covered its commitments, despite market shocks (2008 financial crisis, sovereign debt crisis in the early 2010s, Covid crisis and the recent outbreak of war in Ukraine), that it has been able to protect the purchasing power of pension rights acquired by beneficiaries, even during the recent period of steep inflation, that, since its creation, the Scheme has generated a very satisfactory internal rate of return of 4.3%, and that the quality of its SRI policy has been widely emphasised, as reflected in the string of awards it has received, most recently in 2024.

I am hopeful that this next decade will be in line with the previous two.

This looks likely if 2024 was anything to go by, marked by the appointment of the new board of directors to oversee the Scheme in the years ahead. One of the first things the new board did was to act upon an important decision taken by the previous board in recognition of the Scheme's sound financial position: increasing the "technical yield" for members from 3.74% to 3.89%. It did this by bringing the service value of a point two points above inflation in 2024 and then again in 2025, through respective increases of 6.8% and 4% (and allowing the purchase value to keep pace with inflation). In a reflection of the Scheme's financial strength, the commitment coverage ratio stood at 135.8% after this revision. Investment performance was also strong last year, with a 5.9% annualised internal rate of return. Lastly, 2024 marked the beginning of work to develop a policy on biodiversity-related issues, with the aim of making ERAFP a frontrunner in this area.

"The period that lies ahead will hold many challenges for institutional investors. The Scheme will have to navigate these challenges. No-one can doubt its ability to harness the vast experience acquired throughout its first 20 years of existence."

As everyone knows, the period that lies ahead will hold many challenges for institutional investors. The Scheme will have to navigate these challenges. No-one can doubt its ability to harness the vast experience acquired throughout its first 20 years of existence, with the interests of its members being its sole compass, having guided the board's actions from day one.

2005 – 20 years ago – marked the beginning of the RAFP scheme, established by the French Pension Reform Act of 21 August 2003. Since then, ERAFP has accomplished so much. I could not possibly cite all its achievements in these few lines, but I would like to mention a few that are a testament to how far we have come in the past two decades.

When the Scheme was originally set up, the first item on ERAFP's agenda was to have a failsafe system covering the acquisition and measurement of members' pension rights. This was, of course, the first building block: accurately ascertaining the sums owed to the Scheme's members, which required complex and previously non-existent IT processes and tools, adapted to the requirements of a new accumulation pension scheme. Steady progress has been made since then. This has involved extensive work on ERAFP's part and on the part of the Caisse des Dépôts in its capacity as administrative manager. Together, they were able to successfully harness the necessary resources to encourage public service employers to adopt the Scheme's regulations and remind them of their obligations. As the Scheme grew, so too did its reputation, helped by a communication policy that gave its stakeholders, including employers, a better understanding of what it did. Efforts to make employers' financial accounts more reliable were a key aspect of the work that gradually shortened the preparation period for financial statements. It was also a matter of acquiring in-depth knowledge of longevity risk, most notably with the use of "experience" life tables from 2019 onwards.

In the first 20 years, ERAFP supported the gradual ramp-up of the Scheme, during which time contribution amounts significantly exceeded the benefits paid out. It also diversified the Scheme's investments in accordance with the guidelines set by the board of directors, at a time when regulatory developments were broadening its potential investment universe. Management companies needed to be selected to manage these assets in substantial volumes and across very different asset classes. During the 2010s, and up until two years ago when interest rates started to move back up, the focus was on gradually increasing the share of variable-income assets, particularly equities, in the Scheme's strategic allocation. This was a welcome development amid the very low interest rates that characterised the Scheme's financial environment at the time.

Given that the board of directors initially wanted all assets to be invested in accordance with a socially responsible investment (SRI) approach, ERAFP took care to ensure that this policy was applied in the diversification of investments, by drawing up SRI standards specific to each asset class. ERAFP thus established itself as an SRI pioneer in France and a forerunner in this area. This approach was coupled with an ambition to make investments that had social value. With this in mind, on the board's initiative, the Scheme has been investing since 2014 in intermediate housing to which public servants have a priority right of access. In the same vein, the Scheme allocates part of its investments to assets directly contributing to the ecological transition or demonstrating their alignment with the 1.5°C decarbonisation pathway. The adoption of a climate policy in 2021 naturally created strong momentum in this area.

Several organisations are involved in operating the Scheme, most notably the CDC, which looks after administrative management aspects, and management companies, which manage the investments. The past 20 years have seen ERAFP endeavouring to reinforce its capacity to manage, coordinate and assess the resources that these stakeholders put in place. This has been a challenge in terms of cost control, particularly as it has coincided with the Scheme's ramp-up, but it is one that ERAFP has certainly been equal to.

ERAFP also made progress in managing its risks. These were primarily the risks weighing on the Scheme's assets, which ERAFP responded to by formalising a financial risk management policy initiated in March 2020 and completed in March 2023. For the first time, a specific section of the public report is devoted to this particular aspect of ERAFP's activity. It comes on top of portfolio diversification, which is the first barrier against financial risks. The financial risk management system also covers liabilities and is not simply limited to assets. Lastly, there is the matter of operational risks. The diversity of the risks to which it is exposed led ERAFP to draw up a risk map in 2012, which it has since updated several times.

All in all, the Scheme's first 20 years in existence paint a very bright picture. This is also encouraging going forward, as many challenges remain in all areas of ERAFP's activity. The persistent macroeconomic and financial uncertainty, coupled with the risks arising from geopolitical tensions, are the main challenges in terms of short-term performance. ERAFP must also step up its efforts to take into account the sustainability of its investments. In addition to climate action, this also involves taking biodiversity into consideration. This is a new focus for investors and ERAFP intends to make progress in this area in 2025, as requested by the board of directors. As regards the Scheme's administrative management, the "objectives and management agreement" between ERAFP and the CDC will expire in 2026. With this in mind, we must begin to prepare a new economic and operational trajectory targeting a high degree of efficiency.

ERAFP will be able to capitalise on the Scheme's solid position at the end of 2024. This strength is evidenced by the Scheme's financial and economic coverage ratios of 117.3% and 135.8% respectively, as well as the robust performance of its investments, with a 5.9% internal rate of return in 2024, giving an annualised rate of 4.3% since inception. These results have enabled the Scheme to consistently keep pace with inflation when paying out pensions, and even to exceed inflation in the last two years. Lastly, the administrative management indicators are flashing green relative to the targets set in the objectives and management agreement. We can therefore be sure that our members are getting the best possible service.

20 years on, the RAFP is truly an efficient, solid, safe and responsible pension scheme.

RÉGIS PELISSIER,
CHIEF EXECUTIVE OFFICER OF ERAFP

"20 years on, the RAFP is truly an efficient, solid, safe and responsible pension scheme."

RAFP's **Main purposes**

Operational since 2005, the French public service additional pension scheme (RAFP) is unique.

PROVIDING AN ADDITIONAL PENSION TO PUBLIC SECTOR EMPLOYEES

Thanks to the Scheme, 4.4 million contributors benefit from additional pension benefits. Their contributions are based largely on bonuses and are topped up by some 43,000 public sector employers. Contributions collected totalled €2.25 billion in 2024. Benefits paid out amounted to €474 million, bearing in mind that this figure steadily increases as the length of careers under the Scheme grows, enabling public servants to acquire more pension rights.

PROMOTING PUBLIC SERVICE VALUES THROUGH SOCIALLY-RESPONSIBLE INVESTING

ERAFP is a public institution that manages a pension scheme for public servants. This specific profile means it is dedicated to the public interest and highly attuned to social issues.

Accordingly, since its inception, it has developed an ambitious programme to institute a socially-responsible investment policy founded on public service values. This policy takes environmental, social and governance criteria into account in all of the Scheme's investment decisions.

RECONCILING FINANCIAL RETURN AND SOCIAL VALUE

As the only French public pension fund, ERAFP seeks to demonstrate that investors can serve the public interest without forgoing a financial return on their investments.

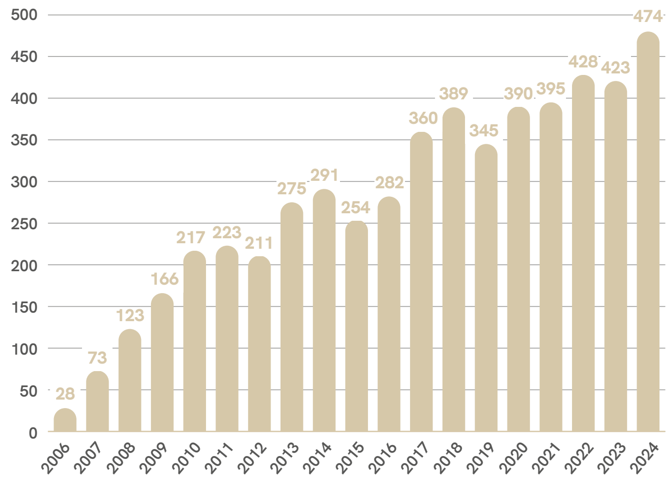
ERAFP has thus targeted three specific areas for investment: playing a part in the transition to a low-carbon economy, supporting economic activity and employment, and financing affordable housing for public sector employees.

Additional pensions in brief

STEADY EXPANSION

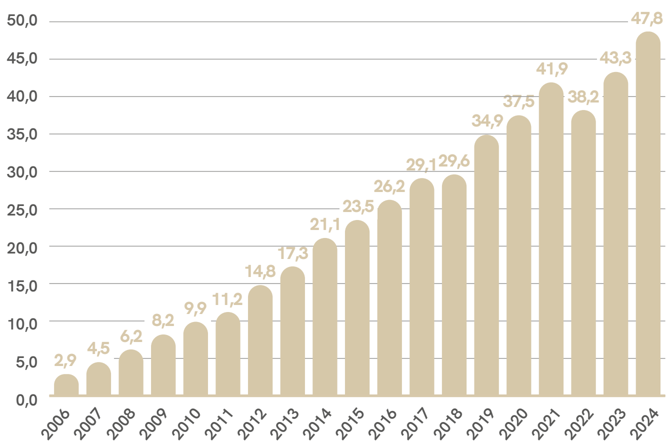
Benefits paid since the Scheme's creation (in € millions)[1]

Source — ERAFP



Net assets at market value since the Scheme's creation (in € billions)

Source — ERAFP



RAFP OR ERAFP?

Article 76 of France's 21 August 2003 pension reform act created a mandatory public service additional pension scheme – known as 'retraite additionnelle de la fonction publique', or RAFP – under Decree no. 2004-569 of 18 June 2004.

RAFP therefore generically describes the Scheme created though this act, but not the legal entity itself.

ERAFP, or 'Établissement de retraite additionnelle de la fonction publique', is the public sector administrative entity charged with the Scheme's management.

LEGAL REFERENCES

Article 76 of French pension reform act 2003-775 of 21 August 2003

Decree No. 2004-569 of 18 June 2004 on the French public service additional pension scheme

Statutory order of 26 November 2004 implementing Decree No. 2004-569 of 18 June 2004 on the French public service additional pension scheme.

1 Accounting value.

Highlights

16 JANUARY 2024

New board members took up their seats

Appointed at the end of 2023, ERAFP's new board of directors met for the first time on 16 January 2024.

Page 24

8 FEBRUARY 2024

Implementation of the first premium rate revision phase

At its meeting of 8 February 2024, the board of directors increased the service value of a point by 6.8% as at 1 January 2024. The simultaneous increase in the purchase value of a point to keep pace with inflation, i.e. 4.8%,brought the Scheme's "technical yield" up to 3.81%.

Page 50

1 APRIL 2024

Entry into force of the change to the lump-sum splitting mechanism

At its 8 February 2024 meeting, the board of directors voted in favour of improving the lump-sum splitting mechanism from 1 April 2024. This was made possible by the widespread roll-out of the DSN employment data filing system throughout the public service.

Page 35

11 JUNE 2024

First-time disclosure of the portfolio's biodiversity footprint

ERAFP reported a first ever estimate of the biodiversity footprint of its investments in its 2023 sustainability report.

Pages 75 and 76

3 DECEMBER 2024

ERAFP is rewarded for its SRI policy

ERAFP was awarded the prize for being the most influential ESG institutional investor at the 13th Couronnes de L'Agefi awards.

Page 7

12 DECEMBER 2024

Completion of the implementation of the premium rate revision

At its meeting of 12 December 2024, the board of directors increased the service value of a point by 4% as from 1 January 2025 and also increased the purchase value by 2%, i.e. in line with inflation. This brought the Scheme's "technical yield" up to 3.89%.

Page 50

2024

RAFP's 20th anniversary

JANUARY 2005

Operational implementation of the Scheme

MARCH 2006

Adoption of the SRI charter

APRIL 2006

Allocation of the first pension rights

JUNE 2006

Signature of the first objectives and management agreement with the CDC

FEBRUARY 2007

Allocation of the first equity management mandates

APRIL 2009

Allocation of the first corporate bond management mandates

AUGUST 2009

Payment of the first annuities

JUNE 2010

First meeting with regional employers

DECEMBER 2010

Expansion of the investment universe to real estate

MARCH 2012

Adoption of shareholder engagement guidelines

DECEMBER 2013

Adoption of ERAFP's technical parameter management guidelines

MARCH 2014

First-time disclosure of the portfolio's carbon footprint

in 20 key moments

JULY 2014

First investments in intermediate housing

FEBRUARY 2016

Membership of the Responsible Investment Forum (FIR)

JANUARY 2017

Allocation of the first unlisted asset management mandates

MARCH 2019

Introduction of a lump-sum splitting mechanism

MARCH 2020

Formalisation of the first financial risk framework

OCTOBER 2021

Adoption of climate targets for 2021-2025

JUNE 2022

Publication of the first sustainability report

SEPTEMBER 2023

Adoption of a fossil fuel policy

JUNE 2024

First-time disclosure of the portfolio's biodiversity footprint

Contents

1

Management of RAFP in 2024

An additional points-based pension scheme

€1.4112
purchase value of a point

€0.05378
service value of a point

RAFP is a mandatory points-based retirement scheme introduced in 2005 for civil servants working in French central government[2], local and regional authorities and the public hospitals sector.

The additional pension benefit is based on public servants' bonuses and ancillary remuneration.

The contribution basis is made up of all types of remuneration not included in the calculation of the basic pension: bonuses, overtime hours, allowances and benefits in kind, with a contribution rate of up to 20% of gross basic salary.

The overall contribution rate is set at 10% of the basis, split equally between the employer (5%) and the public servant (5%).

Parameters set by the board of directors

In a 8 February 2024 decision, the board of directors increased the purchase value of a point by 4.8% with effect from 1 January 2024 and the service value of a point by 6.8%.

Thus, applying the parameters set by the board for 2024, €141.12 in contributions will equate to the vesting of 100 points, and these 100 points will increase the annuity paid each year by €5.38 for the duration of public servants' retirement.

RAFP is a mandatory points-based retirement scheme introduced in 2005 for civil servants working in French central government, local and regional authorities and the public hospitals sector

2 With respect to French central government, these include public servants, judicial officers, and people who are career members of the military and under contract to the military.

ERAFP and the management of the Scheme

ERAFP manages the Scheme (Article 16 of the French statutory order of 18 June 2004 relating to the public sector additional pension scheme), which involves technical, financial and administrative management duties.

Operational implementation of administrative management has been entrusted to the Caisse des Dépôts (CDC) under an "objectives and management agreement" between ERAFP and the CDC entered into for a minimum period of five years. In addition to collecting contributions from public employers and recording the rights acquired by each beneficiary in an individual retirement account (CIR), the CDC liquidates (i.e. calculates) the Scheme's benefits. It pays out benefits to pensioners who were employed in public hospitals and local and regional public authorities. The objectives and management agreement lays down the multi-year administrative management objectives and the resources available to the manager to achieve them. The agreement currently in force covers the period 2022-2026. It provides for a continued improvement in the quality of service provided to beneficiaries and employers, within the framework of a defined financial trajectory.

The Scheme's benefits are paid out to central government beneficiaries by the Public Finances Directorate General (DGFiP), coinciding with the payment of the civil and military pension scheme's pension, and after deduction of social security and tax contributions.

ORGANISATION OF ERAFP AND THE SCHEME

Supervisory authorities*
- Government Commissioner
- Economic and financial controller

ERAFP

Chairman**
- **Board of directors (governance body)**
- **4 specialised committees prepare the board's decisions**
  - Asset and liability management committee
  - Audit committee
  - Collections committee
  - Investment policy monitoring committee

Chief Executive Officer (executive body)

The CEO's duties involve preparing and implementing the decisions of the board of directors, preparing and executing ERAFP's budget, being the authorising officer for expenditure and revenue, entering into contracts and agreements on ERAFP's behalf and overseeing their implementation, proposing to the board general guidelines for the investment policy and for the socially-responsible investment policy, and implementing these guidelines.

- **ERAFP department (50 agents)**
- **Accounting manager*****

Retraite additionnelle de la Fonction publique

Independent actuary****

Statutory auditors*****

Asset management companies

Administrative management
Caisse des Dépôts

DGFIP [SRE]

* The supervisory authorities include the ministries responsible for the public service, the budget, social security and the economy, whose representatives may attend specialised committees meetings.
** The Chairman, appointed by decree from among the members of the board of directors, chairs the board of directors, and signs off on and monitors the objectives and management agreement entered into with the administrative manager.
*** The ERAFP accounting manager is appointed by the supervisory authorities. They alone are responsible for handling the funds and keeping the accounts.
**** The independent actuary, chosen by the board of directors, assists the asset-liability management committee. He/She presents an annual report to the board on the financial and technical outlook for the Scheme.
***** The statutory auditors are appointed by the board of directors. At the end of each reporting period, they issue an opinion on the valuation of the technical reserves and the coverage ratio of the Scheme's commitments.

The board **of directors**

STRUCTURE AND DUTIES

The Scheme's governing body

The board of directors is the Scheme's governing body. It operates on an equal representation principle and is composed of 19 members, including 8 members representing the Scheme's active contributors, 3 members (including 1 member of the military) representing French public servant employers, 3 members representing French local and regional authorities employers, 2 members representing French public hospital employers and 3 qualified persons. The representatives of contributors and employers each have a deputy.

The Chairman and Vice-Chairman are appointed by decree from among the members of the board.

Through its deliberations, the board resolves matters that concern ERAFP and examines all general issues relevant to the Scheme's management. The main topics discussed by the board are:

- the annual valuation of the Scheme's obligations and the determination of the amount of the reserve to be funded to cover them;
- the conditions for achieving the Scheme's long-term equilibrium;
- the purchase and service values of a point;
- the general guidelines for the Scheme's investment policy and socially-responsible investment policy;
- ERAFP's budget;
- the financial statements;
- the objectives and management agreements with the Caisse des Dépôts.

Appointments

Qualified persons					
		Anne Lavigne	Vincent Lidsky *Chairman*	Jean Bensaid	
Central government employers' representatives					
FINANCE	**FINANCE**	**DEFENCE**	**DEFENCE**	**EDUCATION**	**EDUCATION**
Franck-Marie Schoumacker *Primary*	Evelyne Ranuccini *Deputy*	Thibaut de Vanssay de Blavous *Primary*	Laetitia Magnan *Deputy*	Emmanuelle Walraet *Primary*	Pierra Mery *Deputy*
Local and regional authorities employers' representatives					
AMF	**AMF**	**ADF**	**ADF**	**FRENCH REGIONS**	**FRENCH REGIONS**
Vacant seat *Primary*	Yohann Nedélec *Deputy*	Jerome Briend *Primary*	Vacant seat *Deputy*	Jeremy Pierre-Nadal *Primary*	Christel Royer *Deputy*
Public hospital employers' representatives					
	FHF	**FHF**	**FHF**	**FHF**	
	Christian Delavaquerie *Primary*	Christine Ratineau *Deputy*	Denis Valzer *Primary*	Isabelle Leclerc *Deputy*	
Active contributors' representatives					
CGT	**CGT**	**FO**	**FO**	**CFDT**	**CFDT**
Didier Louvet *Primary*	Therese Hecq-Riviere *Deputy*	Claudine Gautronneau *Primary*	Etienne Taillebourg *Deputy*	Michel Argiewicz *Primary* *Vice-Chair*	Catherine Blanc *Deputy*
UNSA	**UNSA**	**FSU**	**FSU**	**SOLIDAIRES**	**SOLIDAIRES**
Frederic Le Bruchec *Primary*	Angélique Noizette *Suppléante*	Eric Duflos *Primary*	Aurelie Gagnier *Deputy*	Laurent Gathier *Primary*	Yannick Mur *Deputy*
CFE-CGC	**CFE-CGC**	**FA-FP**	**FA-FP**		
Jean-Pierre Costes *Primary*	Claude Roussel *Deputy*	Marie-Christine Ramon *Primary*	Valerie Guertin *Deputy*		

Specialised committees

To carry out its duties, the board of directors is assisted by four specialised committees set up within it:

- the asset-liability management committee (CSAP) oversees the Scheme's technical management and, in this capacity, prepares the board of directors' decisions and guidelines relating to the assessment of commitments towards Scheme beneficiaries, the determination of purchase and service values of a point and general aspects of the investment policy;
- the audit committee (CSA) verifies that the Scheme's management rules are correctly applied and proposes measures to improve its management. It has unlimited investigative powers, by the persons designated for this purpose, in administrative manager services;
- the collections committee (CSR) prepares collections statements and reports to the board of directors;
- the investment policy monitoring committee (CSPP) prepares the board of directors' decisions on the general guidelines for the Scheme's socially-responsible investment policy and monitors their implementation. It assesses their impact on the Scheme, in accordance with the general guidelines for the investment policy decided by the board of directors. It ensures compliance with the principles of the socially-responsible investment charter, which it updates as necessary.

2006, creation by the board of directors of the investment policy monitoring committee (CSPP)

The members of the specialised committees are appointed by the board of directors. ERAFP's four committees are made up as follows:

- the CSAP has 12 members, of which 6 are representatives of active contributors, 4 are employers' representatives and 2 are qualified persons;
- the CSA has 10 members, of which at least 6 are representatives of active contributors;
- the CSR has 6 members, of which 3 are representatives of active contributors and 3 are employers' representatives;
- the CSPP has 9 members, of which at least 4 are representatives of active contributors.

The board of directors appoints one of its members to chair each committee.

The Executive Board

In 2011, the board of directors set up an Executive Board tasked with monitoring ERAFP's affairs between board meetings and coordinating the work of the specialised committees.

The Executive Board is composed of the Chairman of the board of directors, who also chairs the Executive Board, the Vice-Chairman of the board of directors, the chairs of the specialised committees and two other members appointed by the board of directors for the executive board's term of office.

WORK OF THE BOARD OF DIRECTORS IN 2024

2024, beginning of the new board's term of office

Appointed at the end of 2023, the members of ERAFP's new board of directors took up their seats at their first meeting on 16 January 2024. The board met seven times in 2024, of which five times in ordinary meetings and twice in extraordinary meetings to issue an opinion on draft regulatory texts. The board's sub-committees (specialised committees and Executive Board) met 26 times during the year.

The directors also took part in eight training programmes, four of which were part of an initial training cycle spread over two days, after the first meeting of the new board. These four programmes focused on the asset portfolio, the

The board of directors met seven times in 2024

management of risks associated with financial investments, the technical management of the Scheme and the socially-responsible investment policy. The four other training programmes offered in 2024 covered the following topics: preparation of ERAFP's annual financial statements, asset and liability management, administrative management of the Scheme and delegated management.

Main resolutions adopted[3]

In an 8 February 2024 decision, the board of directors:

— increased, with effect from 1 January 2024, the service value of a point by 6.8% and the purchase value of a point by 4.8%;

— adopted the strategic asset allocation for 2024;

— modified the lump-sum splitting mechanism;

— adopted the guidelines relating to engagement and voting policy at general meetings for 2024.

In a 12 December 2024 decision, the board of directors:

— increased, with effect from 1 January 2025, the service value of a point by 4% and the purchase value of a point by 2%;

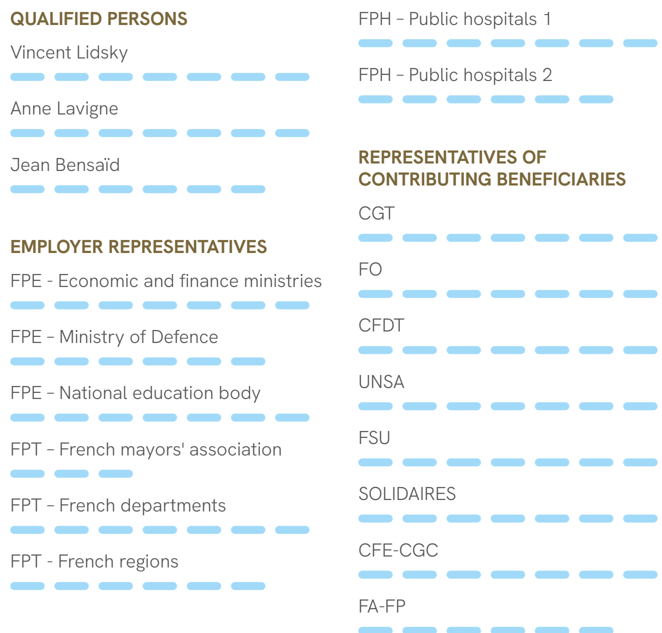
— adopted the strategic asset allocation for 2025;

— adopted the guidelines relating to engagement and voting policy at general meetings for 2025.

3 The details and application procedures for these decisions are contained on p. 19 in respect of the change in point values, p. 54-55 in respect of the 2024 strategic allocation, p. 35 in respect of changes to the lump-sum splitting mechanism and p. 82 in respect of engagement guidelines and the voting policy at 2025 general meetings.

Attendance at board meetings in 2024

Source — ERAFP



THE TRANSITION FROM THE PREVIOUS TO THE NEW BOARD

When they took up their duties, the new directors were provided with a copy of the report assessing the work of the previous board (2019-2023). This report, approved in September 2023 at the last meeting of the previous board, assessed ERAFP's support for the work of the various committees, as well as the preparation and follow-up of decisions. It also reviewed the board's contributions to the running of the Scheme during its four-year term.

It also contained several avenues to be explored. These were examined by the Executive Board at its meeting on 13 March. A report on these discussions was submitted to the board of directors on 11 April.

WORK OF THE **CSAP**

Nearly 20 years after the Scheme first got up and running, its technical and financial management was characterised in 2024 by a transition between boards and eras.

A transition between boards, to begin with, because the first task entrusted to the newly-appointed members of the CSAP was to review the implementation of a measure adopted by the outgoing board of directors. In the spring of 2023, the board considered that the return for Scheme members could be improved, given how well it was performing. It therefore agreed on the principle of revising the Scheme's premium rate in 2024 and 2025, via an increase in the service value of a point for those two years that was two points higher than the increase in the purchase value of a point, while strictly indexing the purchase value to inflation. This meant that the Scheme's "technical yield" would increase. For the sake of prudence, the board made this increase conditional on compliance with a sufficient economic coverage ratio and stipulated that it would be reviewed in the event of highly adverse macroeconomic circumstances.

The CSAP verified that the conditions that had been set to implement this decision were indeed met in January for the increase at 1 January 2024, and then again in December for the increase at 1 January 2025. Satisfied that this was the case, it supported the proposals made to the board by management to increase the service value of a point by 6.8% on 1 January 2024 and 4.0% on 1 January 2025, and to increase the purchase value by 4.8% and 2.0% respectively, bringing the Scheme's "technical yield" to 3.89% in 2025, up from 3.74% before these decisions.

EMMANUELLE WALRAET,
CHAIR OF THE ASSET-LIABILITY MANAGEMENT COMMITTEE (CSAP)

The CSAP was able to conduct its work on the rate revision with the invaluable support of the independent actuary and ERAFP, which provided insight into the consequences of the decisions on the long-term equilibrium of the Scheme. It noted that, at 31 December 2023, assets measured at their economic value equated to 127.8% of commitments, after the increase. This rate climbed to 135.8% at the end of 2024, also after the increase. Maintaining a high degree of prudence was all the more justified as the coverage ratio has been driven over the past two years not only by growth in the market value of assets, but also by the increase in the discount rate, from 0.9% at the end of 2022 to 1.4% at the end of 2024, in a context of rising interest rates.

There was then the transition between two eras, since changes in the economic and financial environment in 2024 presented a degree of uncertainty rarely observed since the Scheme was created, particularly in terms of interest rates trends. Customarily a straightforward exercise, the preparation of the strategic allocation for 2024 proved trickier than it had been in recent years. Whereas, throughout the period of low interest rates, allocations tended to increase the share of variable-income assets, the lack of certainty as to the continued upward trend in interest rates and the uncertainties about the financial repercussions of the international environment led the CSAP to support management's proposal to the board of directors that there be slightly more leeway. The thinking behind this was that it would be easier to switch during the course of the year between an allocation that was more diversified in terms of variable-income assets, and one that was more weighted in fixed-income assets.

The committee regularly monitored the deployment of this allocation throughout 2024, and did not have to make any changes during the year, lending weight to the preparatory work. The analysis of the macroeconomic and financial environment remained the same when the time came to prepare the strategic allocation for 2025. Ongoing uncertainty in this regard led the committee to recommend to the board that the 2025 allocation should be along the same lines as the 2024 allocation. The board agreed with this proposal.

In addition to these important decisions for the technical and financial management of the Scheme, which it had to prepare for the board, the CSAP carried out an in-depth analysis of the performance of the portfolios, as part of the annual review of the 2023 investment report, an update on the real estate portfolio and also through specific studies into the impact on the Scheme's performance of certain choices relating to its investment strategy. This work will continue in 2025.

WORK OF THE **CSA**

In 2024, the newly appointed members of the specialised audit committee (CSA) were able to establish the good governance of ERAFP through:

- the good control over management costs, as evidenced by the 2024 and 2025 budgets that the CSA examined, despite the still inflationary environment in those two years;
- the realism of budget forecasts, visible through the implementation rate of the final payment appropriations for the 2023 financial year and the absence of an amending budget for 2024;
- the issuance by the statutory auditors of an unqualified opinion on the financial statements for the 2023 financial year.

The audit committee noted that the administrative management of the Scheme, entrusted by decree to the Caisse des Dépôts et Consignations (CDC) under an objectives and management agreement with ERAFP, was very efficient. This was evidenced by the achievement at the end of 2023 of almost all the objectives that were set based on the indicators in the agreement for each administrative management process.

Two examples stand out in particular: the rate of employer financial accounts cleared and the rate of mandated benefits paid on time, both of which were close to 100%. These are very positive results.

That being said, dialogue with the CDC, which is such a major partner for the Scheme, must remain of a very high standard: there is room to improve the Scheme's administrative management and greater transparency is expected in 2025 in relation to the costs invoiced to ERAFP.

This will be especially important given the ongoing changes to information systems (IS), in terms of their use for both technical and financial management tasks and retirement-related tasks. Here too, the role of the CDC is particularly important, as ERAFP relies heavily on its information systems:

- For technical and financial management tasks, the key issue for ERAFP being that they adequately meet its needs, which is currently the case;
- For administrative management tasks, bearing in mind that the committee members have been made aware, in particular, of the key issues for the Scheme relating to the "MutSI" project, which involves pooling the information systems of the CDC and of the State Pension Service. The CSA has asked that it be kept regularly informed of the progress made with this transformative project, and of any difficulties that may arise.

Lastly, based on the information presented to it, which gave it an overview of how this key issue is being managed at ERAFP, the CSA was able to obtain assurances that the risks to which the Scheme is exposed were under control. This information included:

- In April, a report on internal control and risks for 2023 and on the Financial Risk Management System;
- In June, an analysis of the results of the concrete application of the Financial Risk Management System, and of the application of planned action plans from a risk mapping perspective.

It is worth noting that, as recommended by the French Court of Auditors (Cour des Comptes) in its 2023 report on CDC's management of the CNRACL, IRCANTEC and RAFP public sector pension schemes, representatives of the CDC at the April meeting explained to the members of the audit committee what internal control systems the CDC had in place regarding administrative management processes.

The overall assessment that emerged from these presentations is that the systems are both effective and robust.

In 2025, which marks the Scheme 20th year, a number of important items will be on the agenda regarding the future of the Scheme: transfer of the Scheme's career data to the RGCU database; follow-up by the MDS (Modernisation des déclarations sociales) public interest group of requests to enrich the DSN employment data filing system, something on which the implementation of ex-post verification of the contribution basis relies; and lastly, completion of the mid-term review of the 2022-2026 objectives and management agreement, ahead of the preparation of the future agreement.

The audit committee will endeavour to promote the interests of the Scheme in all these areas.

CHRISTIAN DELAVAQUERIE,
CHAIR OF THE AUDIT COMMITTEE

WORK OF THE **CSR**

In 2024, the CSR achieved what is central to its mission: to ensure that beneficiaries acquire their RAFP pension rights. Our vigilance began at the contribution withholding stage. The CSR continued its work to improve the determination of the Scheme's contribution basis for members with multiple employers. This is because the main employer might not always have all the information it needs to calculate the contribution basis for a public servant who also pays contributions through other "secondary" employers. Improving communication between employers is the main lever identified to remedy these difficulties, which are detrimental to the public servants involved. Our vigilance then continued through to the contribution filing stage. In 2024, the CSR examined the case of employers who had not yet switched to the new employment data filing system ('DSN'). We then focused on the contribution payment stage. The CSR carried out its usual work of following up on "outstanding payments" and on the recovery of disputed amounts, a procedure that is initiated when, despite multiple reminders sent by the administrative manager, employers have yet to pay the contributions due.

FRÉDÉRIC LE BRUCHEC,
CHAIR OF THE COLLECTIONS COMMITTEE

Last year, the CSR also monitored the implementation of a solution based on the Scheme to replace the temporary retirement allowance ('ITR'). Created by the 2024 Finance Act, this solution, which concerns central government public servants, judicial officers and military personnel stationed in Wallis-et-Futuna, French Polynesia, Saint-Pierre-et-Miquelon and New Caledonia, consists of two parts: a voluntary contribution to the Scheme, in addition to the mandatory contribution, based on the components of remuneration received in respect of their assignment to one of these territories, as well as a single additional State contribution intended to guarantee a pension benefit of €4,000 per year by supplementing, where necessary, with additional rights to RAFP benefits, the residual right to the ITR and the share of the Scheme benefit resulting from the voluntary contribution. Responsibility for setting up this solution rests first and foremost on the State-employer, the State Pension Service and the Public Finances Directorate General (DGFiP), as well as on the Caisse des Dépôts to a lesser extent. While the CSR is not tasked with overseeing its operational deployment, it must nevertheless be able to monitor the launch phase to ensure that the legal provisions are correctly enforced within the set timeframes, in the interest of the public servants concerned. It will then be a matter of monitoring the solution once it is fully operational. This will occupy part of the committee's activity going forward.

Lastly, in 2024, the CSR worked to reform the system put in place in 2019 in order to limit cases of lump sum-to-annuity switching. The board wanted a "lump-sum splitting" mechanism that would limit situations in which, following a post-liquidation adjustment, a beneficiary's number of points would exceed the 5,125 point threshold set for the payment of an annuity, requiring them to repay the lump sum amount they received from the Scheme. With the new system, beneficiaries with a number of points between 4,600 and 5,124 were thus paid an initial "fraction" of their lump sum, corresponding to 15 months of annuities. At the end of this period, if the number of points had become greater than or equal to 5,125, the payment of an annuity was triggered. If it remained below this threshold, the balance of the lump sum would be paid. Thanks to the DSN's monthly filing functionality, the Scheme is now aware of the final number of points acquired by beneficiaries much earlier on. After reviewing the analyses provided by ERAFP and its administrative manager, the CSR considered that the length of time between the payment of the first fraction of the lump sum and the review of the beneficiary's situation should be shortened from 16 to 5 months, and that the system should be reserved for beneficiaries with a number of points between 4,900 and 5,124. The board agreed with this proposal. This was a major step forward for the members concerned.

Marking its 20th year in 2025, the Scheme has taken on increasing importance in the pension rights of public servants. The CSR's mission therefore covers increasingly significant issues for beneficiaries. This new reality will continue to guide the work of the committee in the coming years.

WORK OF THE **CSPP**

LAURENT GATHIER,
CHAIR OF THE INVESTMENT POLICY MONITORING COMMITTEE (CSPP)

The newly-appointed members of the CSPP were "thrown in at the deep end" with a very busy work programme for 2024. They had to quickly take ownership of the various facets of SRI at ERAFP: the SRI standards applicable to each asset class so that they could monitor the portfolio's SRI ratings; the climate policy so that they could monitor implementation of the objectives set for 2021-2025, as well as the fossil fuel policy; the commitment guidelines so that they could monitor the collaborative initiatives in which ERAFP participates; and the voting policy so that they could monitor the 2024 general meeting campaign. This "fast-track training" undoubtedly paid off as, very quickly, the committee had to delve deeply into the various subjects it was required to examine.

This was particularly true when it came to the voting policy at general meetings. Very early on, the committee understood that it needed to review the policy in order to better understand it and propose changes. It requested that an additional meeting be scheduled in the second half of the year, focusing solely on this topic, ahead of the policy's annual update at the end of the year. This request was granted. The committee was particularly appreciative of the work that ERAFP put into preparing this meeting. In particular, it was able to draw on a valuable comparison of ERAFP's voting policy with that of its peers, which showed that ERAFP was generally well-positioned. However, this does not mean that areas for improvement were not found. ERAFP had noted several such areas itself, which the CSPP considered relevant, in addition to others that were identified by the committee members. The depth of the discussions meant that the committee was able to present a wording to the board containing a series of changes. Some topics required further investigation, and the committee opted to review them in 2025 as part of the next policy update.

The pivotal issue of biodiversity was one of the other areas in which the committee was keen to make progress in 2024. The committee members understood the importance of this entirely new issue for institutional investors, helped by a seminar organised by ERAFP for the board in March. At their last meeting of the year, they were able to consult a document that contained guidelines in this area. In 2025, the CSPP will be tasked with preparing the work of the board with a view to adopting a policy. This represents a challenge for ERAFP, as it explained to the committee, for a number of reasons. First of all, because the biodiversity theme is a new one, and there is therefore little perspective on how investors take ownership of this issue. Secondly, because it calls for an approach centred on reducing impacts and dependencies that differs from the approach taken towards climate action. Lastly, because impact investing is one of the main levers in this regard, and this must be reconciled with ERAFP's fiduciary responsibility towards contributing beneficiaries. The committee is well aware of these difficulties and will endeavour to develop a policy that takes this reality into account, while placing ERAFP in a position that it must embrace as an SRI pioneer, when it comes to biodiversity and other sustainability issues.

The working method adopted by the committee during this first year of office will apply in 2025 to other key issues for the Scheme: the adoption of climate objectives for 2025-2030 and the review of the fossil fuel policy. Coinciding with the Scheme's 20th anniversary and focusing on a socially responsible investor approach, 2025 will undoubtedly be a big year for ERAFP in terms of SRI. This will most certainly be an unusual time in the current environment, marked by governments and management companies backtracking on their pledges to take ESG issues into consideration. ERAFP's pioneering role in this area underpins the fact that it has a duty to lead by example. In the face of these headwinds, there can only be one response: to stay firmly on course.

From the vesting of rights to the payment of benefits

MAIN LEGAL AND REGULATORY DEVELOPMENTS IN 2024

The system for offsetting the abolition of the 'ITR' via the RAFP

The original Finance Act for 2024 ('LFI 2024') created Article 76 (b) in the Law of 21 August 2003, establishing a mechanism to offset, via the Scheme, the planned abolition of the temporary retirement allowance ('ITR') that retired State officials residing in certain overseas territories had previously received.

This offsetting mechanism is based on two separate systems:

- a voluntary contribution to the Scheme;
- a guarantee of €4,000, resulting in a single additional contribution paid by the State into the Scheme,

The implementation of these measures was detailed in implementing decrees published in 2024.

As regards voluntary contributions to the Scheme, Decree No. 2024-348 of 9 April 2024:

- specified the basis of the voluntary contribution and ensured its compatibility with the "mandatory" contribution;
- set the voluntary contribution rate (5% for public servants and 5% for their employers);
- opened, by way of derogation, a period of six months for public servants in active service in these territories prior to 17 April 2024 to opt for the voluntary contribution (this option right is two months under common law);
- included any public servant having requested the benefit of the single additional State contribution provided for in II of Article 76 (b), in a specific 15-month lump-sum splitting mechanism, unless the public servant had at least 5,125 RAFP points or had liquidated their basic pension at least two years previously.

It should be noted that Article 167 of the 2025 Finance Act No. 2025-127 of 14 February 2025 has, in particular, (i) extended the right of option for the voluntary contribution until 31 December 2025, and (ii) clarified, without making any changes, the definition of the voluntary contribution base, while providing for a forthcoming implementing decree.

With regard to the €4,000 guarantee, Decree No. 2024-839 of 16 July 2024 relating to the €4,000 guarantee referred to in Article 76 (b) of the Law of 21 August 2003:

- defines the filing obligations relating to the voluntary contribution incumbent upon the employers of the public servants concerned;
- sets out the conditions under which the single additional contribution from the State guaranteeing an annual income of €4,000 may be claimed;
- specifies the conditions under which the single additional State contribution is implemented by the departments of the Public Finances Directorate General.

It should be noted that, with respect to pensioners of the military disability pensions and war victims code, the decree provides for the State Pension Service (SRE) to verify eligibility and to liquidate the single additional State contribution.

Exclusion of university hospital ('HU') remuneration from the Scheme's base

The exclusion from the Scheme's base of hospital remuneration paid to teaching and hospital staff at hospital and university centres, known as university hospitals ('HU'), provided for in Article 33-II of Law No. 20231268 of 27 December 2023, came into force on 1 September 2024.

Non-renewal of the individual purchasing power guarantee allowance ('GIPA')

Pursuant to Decree No. 2008-964 of 16 September 2008 on the methodology for taking into account in the Scheme the "individual purchasing power guarantee allowance" ('GIPA'):

- the GIPA is one of the remuneration components that make up the Scheme's base;
- and, by way of derogation, the allowance in question is not subject to the cap set at 20% of the gross basic salary.

The GIPA was not renewed in 2024.

43,000 contributing employers

4.4 million contributing public servants

€2.25 billion in contributions received

€474 million in benefits paid out in 2024, of which €250 million in annuities and €224 million in lump sums

605,602 annuities in the process of payment

128,399 people who liquidated their RAFP pension rights in 2024

At the end of 2024, an employer financial account ('CFE') settlement rate for 2023 of **97.8%** for employers paying annually and **95.1%** for employers paying monthly.

99.85% of direct benefit rights processed within a liquidation period of 25 days or less

99.94% of indirect benefit rights processed within a liquidation period of 45 days or less

UPDATING BENEFICIARIES' RETIREMENT ACCOUNTS

The DSN is a vector of RAFP contribution filings

The Scheme links an individual retirement account ('CIR') to each active public servant, which is regularly populated using human resources data submitted by their employer via the DSN employment data filing system.

DSN is a vector for filing payroll information. It enables employers to make a single, monthly and paperless filing with the social security bodies, containing data relating to the circumstances of each employee and public servant (remuneration, social security contributions, events concerning their work periods). The CDC uses DSN to extract the RAFP contribution amounts calculated by the employer and then update public servants' CIR accounts. DSN has gradually replaced several previous filing systems. It was initially rolled out to private sector employers (starting on 1 January 2017) before being extended to the public sector, where it became more widely used between 2020 and 2022[4]. 2022 saw the third and final major wave of DSN adoption by public sector employers. For 2024, employers used DSN to file 99.4% of contributions to the Scheme.

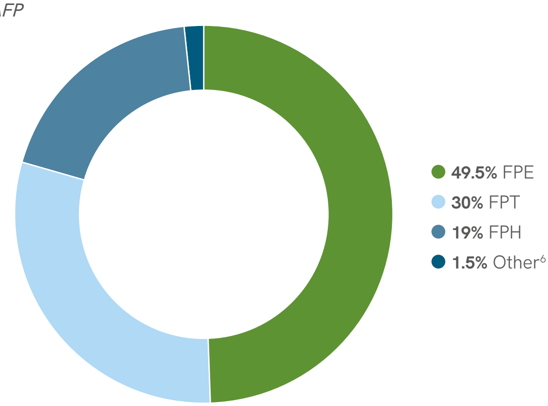
Contributions of €2.25 billion recorded in 2024

In 2024, approximately 43,000 employers and 4.4 million public servants contributed to the Scheme. The total contributions[5] collected by the Scheme amounted to €2.25 billion, including €2.24 billion in contributions for 2024. Nearly half of the amounts collected in 2024 in the three public service sectors (€2.24 billion) came from central government employers (49.5%), with the remaining coming from local and regional authority employers (30%) and public hospital employers (19%).

On average, for each employer, 101.9 public servants contribute to the Scheme. The national payroll institution (ENS) is the largest contributing employer, for which 266,006 entitlement accounts were updated in 2024. The ENS handles payroll operations for military personnel in the armed forces and the gendarmerie.

BREAKDOWN OF CONTRIBUTIONS COLLECTED IN 2024 BY PUBLIC SERVICE SECTOR[6]

Source - ERAFP



4 Until then, employers filed RAFP contributions annually using an annual employment data filing system known as 'DADS'. In 2024, the CDC continued to support employers who had not yet adopted DSN, sometimes because they were waiting for their payroll software to be updated. There are still very few employers who are not required to use DSN, particularly in overseas municipalities, for which a specific system for filing Scheme contributions is in place.

5 This amount corresponds to the contributions filed for the period covering 1 January to 31 December 2024, both in respect of contributions for the current year and the adjustment of contributions for previous years.

6 The "Other" category refers to private employers who employ public servants under a secondment arrangement.

A high settlement rate for employers' financial accounts at the end of 2024

Alongside the filing of contributions to the Scheme via DSN, employers make bank transfers to pay the amounts due. The average annual incident rate for these transfers was 4.5% in 2024, compared with 4.7% in 2023. These incidents (generally involving a lack of information, preventing the automatic allocation of the amount received to the right employer) are reviewed by the CDC together with the relevant employers, and ultimately lead to the correct allocation of amounts. In 2024, 99.1% of them had been corrected.

In 2024, the CDC continued its communication initiatives aimed at public employers, via several channels, in particular the PEP's platform and the "Carrés employeurs" forum, so that managers can become familiar with these new filing methods. Employers also received assistance from the *Modernisation des déclarations sociales* public interest group, namely through its "Net-entreprises" website, which provides step-by-step guidance on implementing DSN.

The employer financial account ('CFE') is considered settled when the amounts paid match the amounts filed. There may be some minor discrepancies, essentially due to retroactive adjustments made in the payroll. These discrepancies are corrected by employers within the framework of the management procedures followed by the Caisse des Dépôts, which sends out reminders to employers who have not yet settled their CFE. At the end of these procedures, if an employer's financial account continues to show a discrepancy, a collection process is launched. The objectives and management agreement sets a 95% target for the CFE rate in year N-1 settled at 31 December in year N for employers paying on a monthly basis and those paying annually. The CFE rate in 2023 settled at 31 December 2024 was 95.1% for employers with monthly payments and 97.8% for small employers who continue to pay contributions annually.

A GRADUAL RAMP-UP IN THE MATURITY OF THE SCHEME

Average amounts are up

€474 million in benefits were paid to Scheme beneficiaries in 2024 (up 12% on 2023)[7]. There was a continued increase in annuity benefits (where the number of points earned by the beneficiary reaches or exceeds the 5,125 point threshold), with 605,602 beneficiaries now receiving an annuity, up 14% on 2023, while the number of RAFP lump sum payments (where the number of points is below the 5,125 point threshold) decreased, with 50,339 lump sum payments issued in 2024, down from 57,217 in 2023.

For the first time since the creation of the Scheme, in 2024, the amounts paid out in annuities were higher than the amounts paid out in lump sums.

The share of benefits paid out in annuities (€250 million) now accounts for 53% of the total disbursed amount, compared with 47% for benefits paid out in lump sums (€224 million). The share of annuity payments is growing rapidly as the Scheme matures: it was 5% in 2015 and 23% in 2020.

The average gross amounts paid to beneficiaries who liquidated their RAFP pension rights in 2024 stood at €484 per year for annuities and €4,239 for lump sum payments[8]. The average gross annual amount of the RAFP annuity in 2024 was €413.

€474
million in benefits paid in 2024

7 This amount corresponds to the benefits actually paid out, both in direct rights and in indirect rights (reversionary benefits paid to former spouses and children under 21 of deceased beneficiaries).

8 Excluding split lump sum liquidations and indirect rights.

INTRODUCTION OF A LUMP-SUM SPLITTING MECHANISM

Since the Scheme's inception, pension entitlements have been paid based on a threshold. Payments are made in the form of monthly annuities or a lump sum, based on the number of points earned by a member.

Article 9 of Decree No. 2004-569 of 18 June 2004 set the threshold at 5,125 points. Pension benefits are therefore paid in a single lump sum to members having accumulated 5,124 points or less, and in the form of monthly annuities to members with 5,125 points or more.

Over time, as points were vested each year (the Scheme was set up in 2005), liquidations of RAFP pension rights reached the 5,124-point threshold, and a difficulty emerged:

— RAFP points acquired by members during their last year worked (year N) were only added to their individual retirement account when employment data was filed by employers for year N in March of year N+1 (before the DSN filing system was rolled out in 2022, employment data was filed annually);

— the inclusion of these additional points pushed the pension benefits initially liquidated as a single lump sum above the 5,124-point threshold, which meant that they should instead be paid in the form of annuities ("lump sum-to-annuity switch" situation). The members who had unduly received a single lump-sum payment found themselves in a position whereby they owed money to the Scheme, which resulted in the non-payment ("withholding") of their annual annuity until the lump sum was repaid;

— were a member to die before the debt was cleared, their heirs were required to settle the outstanding amount immediately. The collection by ERAFP of this claim against members' heirs led to considerable dissatisfaction.

In order to drastically reduce the number of lump sum-to-annuity switches, the board of directors decided to change the Scheme's liquidation terms based on work carried out by the relevant ministries and ERAFP. This led to the introduction of a lump-sum splitting mechanism on 1 May 2019 for beneficiaries holding between 4,600 and 5,124 points:

- they received a first lump sum in the month of the effective date of the benefit equating to 15 months of annuities;
- the balance of the lump sum (approximately 95% of the amount) was paid out in the 16th month following the effective date, assuming their RAFP entitlement had not been increased at that date by additional filings made by their employer bringing them above the 5,125-point lump sum-to-annuity switch threshold.

Improvements were made to the mechanism in June 2020 in order to exclude members having liquidated their basic pension more than 15 months before the RAFP benefit. This change did away with unnecessary wait times for "active category", "long service" or career military members having liquidated their basic pension and whose RAFP entitlements have been stabilised for a long time.

The DSN employment data filing system was rolled out to the entire public sector in 2023. This monthly filing system for pay and social security contributions replaces the 'DADS' annual filing system previously used by public sector employers. This means that RAFP contribution amounts are available much earlier.

Consequently, and after examination, the ERAFP board of directors decided to significantly restrict the lump-sum splitting mechanism from 1 April 2024 by limiting it to members:

- with RAFP entitlements ranging between 4,900 and 5,124 points;
- whose basic pension was liquidated 4 months or less before the RAFP benefit.

The first payment equates to four months of monthly annuities. The balance of the lump sum is paid out in the fifth month following the effective date of the RAFP benefit if a review determines that the number of points is still below 5,125. A number of points that turns out to be greater than or equal to this threshold triggers the payment of an annuity.

The number of liquidations of RAFP benefits has reduced amid the postponement of retirements

In 2024, 128,399 beneficiaries liquidated their rights under the Scheme. Given that RAFP is still a young scheme, direct right liquidations (120,076) made up 94% of the total, compared to just 6% for the 8,323 in indirect right liquidations (i.e. reversionary benefits for former spouses and orphans).

The total number of liquidations decreased by 7% (from 138,002 in 2023 to 128,399), as the 2023 pension reform led to the postponement of retirements that would have been possible in 2024 under the previous system.

77,460 direct benefits were liquidated as an annuity in 2024 (64.5% of the total) and 42,616 were liquidated as a lump sum (35.5%). Of the liquidations in the form of a lump sum, the lump-sum splitting mechanism came into play for 2,344 beneficiaries, equating to a decrease of 53.7% compared to 2023. This decrease was attributable to the change as of 1 April 2024 in the lump-sum splitting mechanism approved by the Scheme's board of directors at its meeting of 8 February, which raised the lower split threshold from 4,600 to 4,900 points.

In the event of the death of the holder of a direct right, their beneficiaries (surviving spouses and orphans) may receive an "indirect" benefit from the Scheme, under certain conditions. The 8,323 liquidations of indirect rights in 2024 involved amounts that remained low: 7,723 were paid as a lump sum (92.8%) and a mere 600 in the form of an annuity (7.2%).

The number of annuity liquidations has exceeded the number of lump sum liquidations since 2022. This shift is being propelled by the gradual ramp-up of the Scheme and will gather pace in the coming years: members will be contributing for longer periods, which means that their number of points earned is bound to exceed the threshold set for monthly annuity payments more frequently.

Processing times for liquidation are a priority for the Scheme. In 2024, they were in line with the objectives set out in the objectives and management agreement. 99.8% of direct benefit liquidation requests were processed on time, stable compared to 2023, while 99.9% of indirect benefit liquidation requests were processed on time, marking an improvement on the previous year (99.1%).

The number of revisions, meanwhile, increased by 788% in 2024 (to 593,201, up from 66,790 in 2023). This was due to the retroactive increase in the benefits paid out by the Scheme. The board of directors, appointed in December 2023 after a vacancy period, had its first substantive meeting to discuss this on 8 February 2024. It was during this session that it had to decide on changing the service value of a point as of 1 January 2024. Aside from this exceptional explanation for the revision of benefits, most of the revisions were the result of updates by employers to public servants' individual retirement accounts through individual corrective or additional filings, most notably linked to the beneficiaries' contributions in their last months of employment. Thanks to the public sector DSN process, which allows data to be filed monthly, the number of revisions tied to these updates is expected to fall permanently, thus allowing beneficiaries to receive an amount when they draw their pension that is very close to the amount ultimately due to them.

Typical benefits payment simulations[9]

Lump sum payment		Split lump sum payment before 1 April 2024[10]	Split lump sum payment from 1 April 2024[10]	Payment as an annuity	Reversionary payment
Isabelle, a school teacher, retired in June 2024 at the age of 62 and 6 months.	**Jérôme**, a town hall secretary, retired early under a long-service provision on 1 January 2024, at the age of 62.	**Eric**, a specialist educator, retired at the age of 63 in February 2024.	**Samira**, a hospital pharmacy preparer, retired at 64 in September 2024.	**Evelyne**, a State administrative assistant, retired in November 2024 at the age of 67.	**Gérard**, 64, lost his wife Nicole in 2024, who died after retiring at 62 in 2023.
She has **4,325** points in her individual RAFP account (>**4,600** points).	On his RAFP benefit's effective date[11], he had **5,038** points in his individual RAFP account (**between 4,900 and 5,124** points).	He has **4,752** points in his individual RAFP account (**between 4,600 and 5,124** points).	She has **5,075** points in her individual RAFP account (**between 4,900 and 5,124** points).	She has **9,679** points in her individual RAFP account (>**5,125** points).	Nicole had **5,810** points in her individual RAFP account (> **5,125** points).
4,325 x 0.05378[12] x 1.02[13] x 26.73[14]	5,038 x 0.05378[12] x 1.00[13] x 27.11[14]	4,752 x 0.05378[12] x 1.04[13] /12 x 15	5,075 x 0.05378[12] x1.08[13] /12 x 4	9,679 x 0.05378[12] x 1.22[13]	5,810 x 0.05378[12] x 1.00[13] x 50% x 23.48[15]
€6,341.71 gross	**€7,345.28** gross	**€332.23** gross	**€98.26** gross	**€635.05** gross	**€3,668.30** gross
Isabelle will receive a gross **lump sum of €6,341.71.**	Having retired six months before the effective date of his RAFP benefit, Jérôme is not affected by the lump sum splitting mechanism in effect since 1 April 2024. **Jérôme** will therefore receive a gross **lump sum of €7,345.28**.	**Eric** will first receive the fraction of his **lump sum equating** to 15 months of annuity equivalent, i.e. a gross annuity of **€332.23**. *After 15 months, if his benefit has not been switched to an annuity, he will receive the balance of his lump sum (a gross amount of at least €6,669).*	**Samira** will first receive the **fraction of her lump sum equating to four months** of annuity equivalent, i.e. a gross annuity of **€98.26**. *After four months, if her benefit has not been switched to an annuity, she will receive the balance of her lump sum (a gross amount of at least €7,439).*	**Evelyne** will receive a gross annuity of **€635.05** per year, i.e., a gross monthly annuity of **€52.92**. *This amount will increase each year in line with the service value of a point.* *Given that she liquidated her RAFP benefit at the age of 67, the amount of her annuity was increased by 22%.*	**Nicole** was receiving an **annual gross annuity** of €312.46 per year. **Gérard** will receive a reversionary payment in the form of a gross **lump sum of €3,668.30** (the annuity equivalent being converted into a lump sum based on a conversion factor of 23.48, which equates to a right from the age of 64).

9 Illustrative examples: not contractually binding and given as an indication only.

10 The RAFP points vested during the last few months of employment are not available - and hence cannot be factored in - when the RAFP benefit is paid. The benefit is therefore generally revised upwards a few months after retirement. If the revision increases the number of points above the 5,125-point threshold, the beneficiary will be switched to an annuity-based benefit, the payment of which will begin from the 16th month for benefits liquidated before 1 April 2024 and from the 5th month for benefits liquidated after this date. If the benefits continue to be paid in the form of a lump sum, the beneficiary will receive the balance of this lump sum.

11 i.e., when he reaches the age of 62 and 6 months.

12 Service value of a point in 2024.

13 Premium factor: after the age of 62, the higher the retirement age, the greater the factor.

14 Lump sum conversion factor corresponding to life expectancy at the age when the lump sum is paid.

15 Factor for lump sum conversion at the age of 64 for the reversionary spouse.

Initiatives for employers and beneficiaries and information about the Scheme

ERAFP's communications strategy is aimed at enhancing the Scheme's effectiveness by providing all stakeholders (beneficiaries, employers and institutional players) with the information required to participate fully at the appropriate level in its activities.

It also aims to promote and show the relevance of ERAFP's SRI approach, since social responsibility only becomes effective once it is shared.

ACCESS TO INFORMATION ABOUT THE SCHEME

In the first years of the Scheme, the main focus of the communication policy was to raise public employers' awareness about their obligations. This was a highly strategic issue, as difficulties had been observed stemming from discrepancies between payments and filing extracts. Among the range of tools deployed, in 2010 ERAFP introduced regional meetings with public sector employers in collaboration with the Caisse des Dépôts. The success of these meetings led to them becoming a permanent fixture. Since then, 17 such events have been organised, each time bringing together dozens of participants.

Although RAFP is a mandatory scheme, it was clear from the outset that contributors did not know much, if anything, about it. Alongside its participation in campaigns led under right to information provisions, ERAFP wanted to use its website, launched in 2008, to meet this need for information. Public servants who visit the website will find detailed information about the Scheme and have access to platforms where they can find out what they are entitled to ('Info retraite' and 'Ma retraite publique'). Two tools have been developed and are particularly appreciated by users: a points calculator and a benefits simulator. The website was redesigned in 2023 based on the results of a satisfaction survey, in order to facilitate user journeys and enable them to find the information they are looking for more quickly.

More recently, ERAFP has been raising awareness among stakeholders, particularly members of the Scheme, regarding its investor status and its SRI approach. The aim is to be as transparent as possible about how contributions are used and to highlight the Scheme's social value.

The Scheme's communications strategy covers two areas:

- institutional communication, mainly public, managed by ERAFP;
- operational communication to inform employers and beneficiaries of their rights and obligations, which is the responsibility of the Caisse des Dépôts (CDC) in its capacity as administrative manager.

PUBLIC SECTOR EMPLOYERS: MORE DETAILED INFORMATION

ERAFP holds regular "Meetings with employers on additional pensions" in various parts of France. These events are attended by ERAFP's Chairman and Chief Executive Officer and are an ideal opportunity to share ideas and experience in a face to face setting with the Scheme's main contacts, enabling ERAFP and its administrative manager to take on board employers' needs in terms of information and systems, particularly as regards:

- day-to-day administration procedures for individual employee records;
- informing contributors about their rights;
- regulatory developments, especially in relation to the "split lump sum" method for paying out Scheme benefits.

In June 2024, more than 50 employers from the Provence-Alpes-Côte d'Azur region took part in the Employers' Meeting organised by ERAFP in Marseille.

Caisse des Dépôts also staged a number of training and information sessions for employers.

Two types of sessions were held:

- training sessions on pension procedures and systems for public servants dealing with pensions in local and regional authorities and hospitals;
- information sessions for decision-makers in local and regional authorities and hospitals.

260,102
individual retirement account consultations

91%
call centre satisfaction rate

91%
processing rate for calls from active contributors

97%
call centre satisfaction rate among active contributors

1,266
items of correspondence processed from active contributors

94%
processing rate for calls from retired beneficiaries

94%
call centre satisfaction rate among retired beneficiaries

14,426
items of correspondence processed from retired beneficiaries

94%
processing rate for calls from employers

92%
call centre satisfaction rate among employers

1,495
employer emails processed

ERAFP's tutorial videos – particularly appreciated by meeting participants for their educational value – are regularly presented at these sessions and can also be found at www.rafp.fr. Lastly, employers can obtain information via the PEP's platform developed by the CDC, through which they clocked up more than 162,986 account viewings over the year.

7,046 phone calls from employers were received by the CDC call centre in 2024, down 40% from 2023 (11,736). 6,627 of the calls received were processed, i.e. 94.1% (97.3% in 2023). A 2024 survey conducted by the Caisse des Dépôts found that 92% of employers who contacted the call centre were satisfied with the manner in which their query was handled. Additionally, 1,495 emails from employers were processed in 2024, compared with 2,406 in 2023.

A high-performance multi-channel relationship with affiliates and employers

PROVIDING THE BEST POSSIBLE RESPONSE TO THE NEEDS OF ACTIVE CONTRIBUTORS

The RAFP website is a vital tool for communicating with beneficiaries and an important complement to the information provided by the employer[16].

In order to best meet the needs of beneficiaries, a satisfaction survey was posted on the Scheme's website to obtain more detailed information on beneficiaries' needs as users of this service. Based on the results of this survey, we reorganised the different sections of the website to optimise browsing and access to the most sought-after information.

Informing retired beneficiaries

Nearly 143,633 phone calls from retired beneficiaries were received in 2024, up by 20% on 2023 (119,967). 134,968 of the calls received were processed, or 94.0% (93.0% in 2023). A 2024 survey conducted by the Caisse des Dépôts found that 94% of retired beneficiaries who contacted the call centre were satisfied with the manner in which their query was handled. Meanwhile, 14,426 items of correspondence (letters and emails) were processed in 2024, down by 17.5% on 2023 (17,480 items).

Members are also kept informed via the 'Ma retraite publique' ("My state pension") platform ('MAREP'), through which they can access their career statement, available on the common inter-pension scheme portal ('PCI'): There were 2,365,000 log-ins to the "My career" section of the PCI (of which 666,000 were redirections from the MAREP platform) by members of the Scheme, as well as 1,659,514 log-ins to the "Estimate my pension" service (of which 594,000 redirections from MAREP).

The administrative manager continuously measures user satisfaction with its information services in order to improve the quality of its responses and case monitoring.

Informing active contributors

In accordance with the French law on the right to information ('DAI'), mandatory schemes as a whole sent out 375,660 RAFP documents to active contributors (individual statements and general indicative estimates). It is worth noting that, since 2011, the Scheme has been responsible for providing beneficiaries with information if the primary scheme is unable to produce the required documents[17]. Of the 375,660 documents sent out, 14,391 were sent directly by the Scheme (including 10,153 individual account statements and 4,238 general indicative estimates). In addition, 599,339 emails were sent out for paperless consultation of 272,490 individual statements and 326,849 general indicative estimates.

16 Results of the survey on the Scheme's image and recognition conducted by BVA in 2018.

17 Such as in the case of invalid affiliation agreements, known career contributions below the requisite minimum amount, ongoing re-employment procedures or public servants changing status from manager, defined by the Union Retraite GIP (retirement information public interest group).

In addition to the information that is sent out, public servants have permanent access to information relating to their RAFP pension via their individual retirement account ('CIR'), which can be accessed from the ERAFP website. At 31 December 2024, the Scheme managed 4.5 million individual retirement accounts (figure for 2024). Of these nearly 4.5 million individual retirement accounts, 260,102 had been consulted at 31 December 2024 (compared with 241,031 in 2023). ERAFP also provides a benefits simulator on the website.

Caisse des Dépôts also received 37,391 calls from active contributors under right to information provisions, down 6.3% compared with 2023 (39,901). 34,044 calls were processed, or 91.0% (94.6% in 2023). The annual survey conducted by Caisse des Dépôts shows that 97% of active contributors who contacted the call centre were satisfied with the way their query was handled. 1,266 letters and emails were also processed in addition to these telephone calls.

COMMUNICATION TO THE PUBLIC

Through the press

ERAFP's investments and strategy prompt most of its mentions in the press. Its press releases on the award of financial management mandates and its socially-responsible engagement also continue to be widely reported. ERAFP's image is growing, particularly in the sphere of socially-responsible investment, an area in which it is logically seen as a major player in France.

In 2024, numerous print and online press articles cited RAFP or ERAFP, mainly to report on the increase in benefits, the Scheme's model (which operates according to an accumulation principle), its role as an investor and its actions in implementing its SRI policy.

Through social media

ERAFP is present on two social media platforms: LinkedIn and YouTube.

These two accounts, managed by ERAFP's communications department, are real channels of communication that help strengthen the Scheme's identity, raise its visibility and highlight its initiatives, particularly in areas such as the energy transition.

ERAFP uses these platforms to inform audiences already familiar with ERAFP and the RAFP of its actions, commitments and news. Even more importantly, they enable it to reach out more easily and on a much wider scale to those who know little or nothing about the Scheme.

Through the website, a central communication tool for the Scheme

In 2024, site traffic was stable with an average session duration up by nearly 6% compared to 2023. The "Retirees" section, created when the site was redesigned, was the most viewed section, ahead of the "Active contributors" section and the MAREP personal account access page. Lastly, fact sheets, in particular those relating to the calculation and payment of RAFP benefits, were the most downloaded items by users.

Management costs in 2024

A scheme managed by a public administrative institution under the supervision of the State.

Administrative management entrusted to Caisse des Dépôts, under the authority and control of the board of directors.

Management of financial assets, mainly delegated to investment management firms.

Direct management by ERAFP of government bonds, government-backed securities and investments in mutual funds.

Management costs in 2024: €32 million.

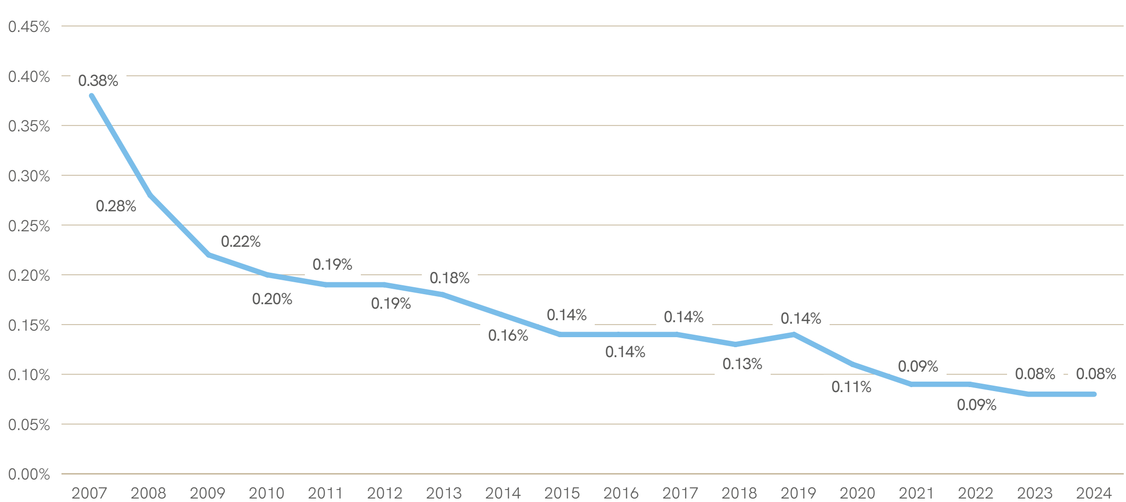
CONTROLLED MANAGEMENT COSTS

The operating budget for the Scheme and ERAFP is financed directly from amounts deducted from contributions, and is approved annually by the board of directors.

In 2024, the Scheme's management costs totalled €32 million. This equated to 0.08% of net assets, 1.4% of contributions collected in 2024 and €7.3 per contributor.

Changes in Scheme management costs since 2005 as a percentage of net assets (at amortised cost)

Source — ERAFP



ERAFP's financial statements for 2024

The Scheme's financial statements illustrate both its steady expansion and its financial strength.

ERAFP has a specific chart of accounts that reflects the comprehensive provisioning of its commitments and the characteristics of its financial investments. It requires, inter alia:

- the recognition of assets at their historical value, less any amortisation and impairment;
- a very conservatively-set discounting rate for the Scheme's commitments. The resulting rate for 2024 was 1.4% (net of expenses).

A SOLID BALANCE SHEET

In 2024, total assets came to €41.5 billion, up by 7.8% on the previous year (€38.5 billion). On the liabilities side, the technical reserve, which reflects the present value of future commitments corresponding to rights being accumulated or paid, discounted at a rate of 1.4%, came to €35.4 billion (up 3.7% on 2023). On the assets side, investments totalled €41.2 billion (up 7.8% year-on-year).

A long-term impairment provision of €30 million was set aside for financial assets deemed subject to a permanent unrealised capital loss, while, pursuant to the principle of prudence, the overall unrealised capital gain of €6.3 billion at 31 December 2024 was not recognised. The market value of the Scheme's assets, which totalled €47.8 billion at year-end, was equivalent to 135.8% of the value of its commitments. On the accounting front, the commitments coverage ratio came to 117.3%, resulting in the recognition of non-technical reserves of €6.1 billion.

As for the other asset items, cash and cash equivalents amounted to €209.9 million, while receivables from contributors and beneficiaries totalled €87.5 million, reflecting accrued income in respect of contributions for 2024 and previous years not paid at the end of the financial year but due for subsequent collection (€30.2 million), as well as overpayments to beneficiaries (€57.3 million), mainly in respect of beneficiaries switched from lump sum to annuity payments.

On the liabilities side, given that the Scheme was only recently established, the largest item (€29.2 billion) is the reserve for rights in the course of accumulation.

The reserve for rights being paid increases in line with the number of annuity payments; it represented €6.2 billion at the end of the year, up 25.9% on 2023.

The commitments coverage ratio came to 117.3%, resulting in the recognition of non-technical reserves of €6.1 billion

Balance sheet overview

Source — ERAFP

ASSETS (NET) IN € MILLIONS

	2023	2024	Change
Financial investments	38,264	41,227	+7.7%
Receivables	211	96	-54.5%
Cash and cash equivalents	67	210	+213.4%
Total	**38,542**	**41,533**	**+7.8%**

LIABILITIES (NET) IN € MILLIONS

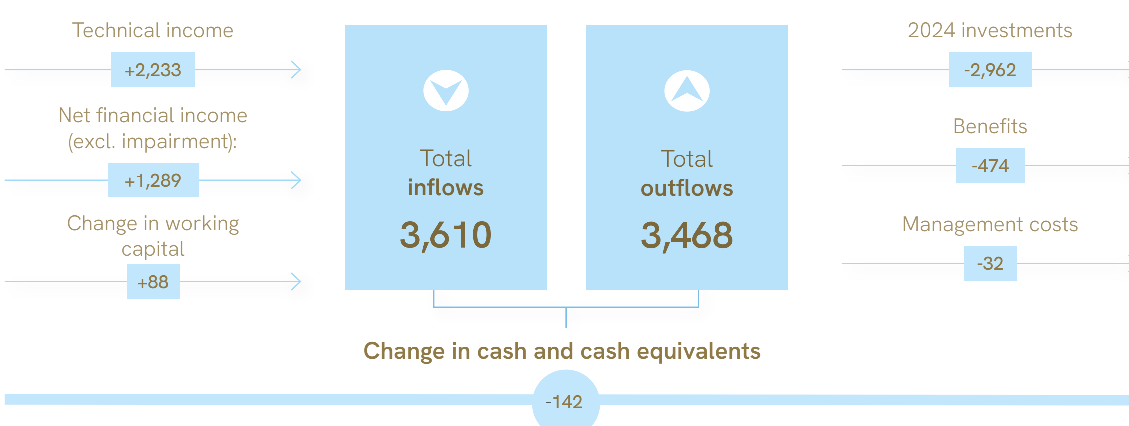
	2023	2024	Change
Technical reserves	34,129	35,390	+3.7%
Non-technical reserves	4,406	6,134	+39.2%
Payables	7	9	+28.6%
Total	**38,542**	**41,533**	**+7.8%**

€3BN INVESTED IN 2024

As regards financial flows, contributions and financial income for the year came to €3.6 billion. Of these inflows, €3 billion[18] was invested and €474 million was used to pay benefits. There was consequently a net decrease of -€142 million in cash and cash equivalents.

Cash flow overview (in € millions)

Source — ERAFP



18 According to the accounting approach.

2024 INCOME STATEMENT

In 2024, technical income, mainly comprising contributions to the Scheme, totalled €2.25 billion, up 4.1% on 2023. Technical reserves increased by €1.3 billion (excluding non-technical reserves). Net financial income came to €1,262 million, up 18.6% compared with 2023. There was a technical gain of €1.7 billion, reflecting a 11.8% increase in benefits and operating expenses of €32 million[19]. Pursuant to Decree No. 2010-1742 of 30 December 2010, reported income was brought to zero through an addition to the provision for non-technical reserves, the amount of which consequently came to €1.7 billion, marking an increase on the €1.0 billion recognised in 2023.

€1.7 billion addition to the provision for non-technical reserves

Income statement overview (in € millions)

Source — ERAFP

	2023	2024
Technical income	2,145	2,233
Net financial income	1,064	1,262
Change in Scheme reserves	-1737	-1,261
Benefits	-423	-474
Operating expenses	-32	-32
Non-recurring income	0	0
Income before allocation to non-technical reserves	+1,017	+1,728
Change in non-technical reserves	-1,017	-1,728
Total	0	0

The cover letter for the statutory auditors' report can be found in the appendix to this report

19 See p. 121.

2

Scheme strategy and performance

A long-term **investor**

The Scheme operates on an accumulation basis. Contributions paid in are fully provisioned and invested in financial assets of at least an equivalent amount, making it possible to cover commitments to each beneficiary at all times. The board of directors is responsible for ensuring this financial equilibrium. It also strives to maintain the purchasing power of benefits. The additional financial margin generated offers opportunities to increase returns for members. In 2023, the Scheme's sound financial health prompted the board of directors to revise the premium rate. This decision was implemented in 2024.

INTRODUCTION OF MANAGEMENT GUIDELINES FOR TECHNICAL PARAMETERS IN 2013

In 2013, the Scheme's board of directors decided to adopt management guidelines for technical parameters in order to pursue its objective, which has been asserted since the Scheme's inception, of preserving the purchasing power of benefits over the long term, while complying with the regulatory obligation to fully cover commitments.

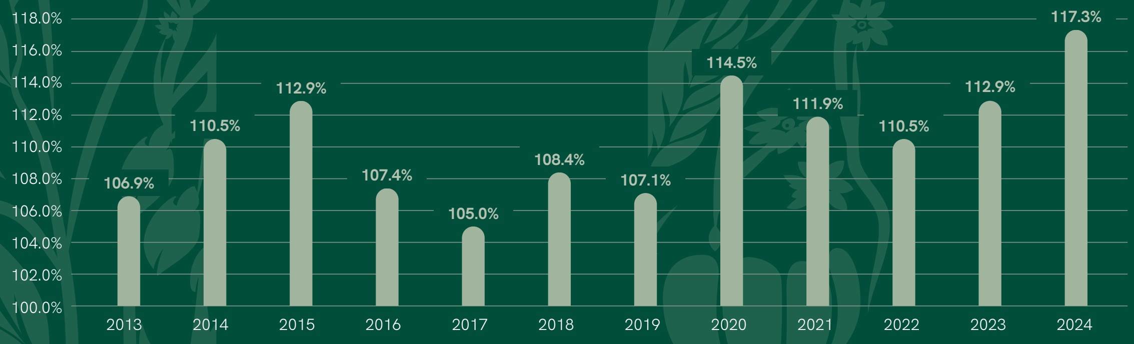
Thus, in addition to the financial approach to the coverage ratio, which must always be greater than or equal to 100%, the board has defined an "economic" coverage rate. This rate takes into account the unrealised value of an asset, but also the risks that may cause a liability or asset to vary, for which a margin of conservatism must be established in the absence of capital. This margin was defined by the board as the "excess economic coverage requirement". It was the board's wish that, regardless of the financial coverage ratio, the service value of the point could not be increased if the excess economic coverage requirement was not met.

The board has also provided for an original "inflation catch-up" mechanism to be triggered if the Scheme were unable to increase benefits in a given year. This incremental mechanism keeps a tally of any missed increases: it is raised by the amount that would have been necessary to increase the service value of a point in line with inflation. Once the conditions are met again, the board can proceed with the "catch-up" of inflation.

This mechanism has proved effective since 2013: the Scheme has duly complied with its regulatory obligation to fully cover commitments over the entire period and has been able to preserve the purchasing power of benefits. The additional financial margins produced have even enabled the board to exceed this objective in certain years, with above-inflation increases, as was the case in 2024 and 2025. Since 2013, benefits have registered a cumulative increase of 21.6%, while cumulative inflation has been 18.1%.

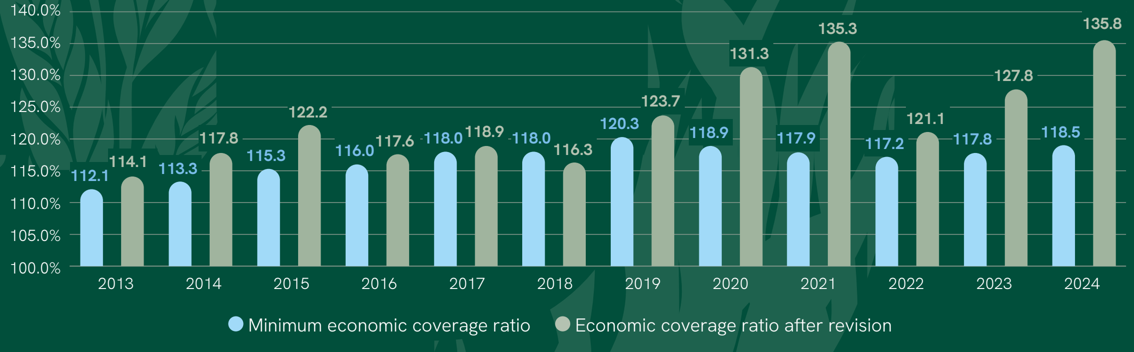
Financial coverage since the introduction of the management guidelines (%)

Source — ERAFP



Minimum economic coverage[20] and economic coverage after revaluation since the introduction of the management guidelines (%)

Source — ERAFP



20 Forecast ratio at year-end, estimated using snapshot market data at end-November of the year in question, in accordance with the Scheme's technical management guidelines.

TECHNICAL MANAGEMENT OF THE SCHEME IN 2024

A look back at the decision to revise the premium rate[21]

In 2023, as part of the three-year review of the management guidelines for technical parameters and in view of the Scheme's financial soundness in recent years, the board of directors decided to revise the premium rate in order to improve the Scheme's "technical yield" for members. It had chosen to spread out this revision over two years starting in 2024 by increasing the service value in each of the two years by two points above inflation, and by revising the purchase value in line with inflation.

For the sake of prudence, the board made the implementation of this decision conditional on compliance with the Scheme's excess economic coverage requirements as defined in the management guidelines for technical parameters (any increase can only be possible if the economic coverage ratio is higher than the minimum economic coverage ratio, i.e. full coverage of commitments plus the minimum economic coverage requirement, which factors in risks for which a margin of conservatism must be established). It also introduced a review clause in the event of highly adverse macroeconomic circumstances.

Boosting the "technical yield" and maintaining the purchasing power of benefits

In early 2024, at its first substantive meeting, the recently-appointed board of directors reviewed the implementation of the first phase of the premium rate revision. Noting that the required conditions had been met, it therefore decided to increase the service value of a point by 6.8% on 1 January 2024, i.e. two points above inflation, and to increase the purchase value by 4.8%. In doing so, it boosted the Scheme's "technical yield" for members (the ratio of the service value to the purchase value of a point) to 3.81%, compared with 3.74% previously.

At its 12 December meeting, after verifying that the required conditions were met, the board proceeded with the second phase of the rate revision by increasing the service value of a point by 4% on 1 January 2025, i.e. once again, two points above inflation, and by increasing the purchase value by 2%. This brought the "technical yield" up to 3.89% and completed the rate revision process decided in 2023.

Through these two decisions, the board has therefore increased the Scheme's "technical yield" for members and maintained the purchasing power of their benefits in 2024 and 2025.

21 The revision of the premium rate consists of a change in the service value of a point that is different to the change in the purchase value of a point, leading to an increase or decrease, as the case may be, in the Scheme's "technical yield".

Point purchase and service values since 2015

Source — ERAFP

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service value (€)	0.04465	0.04474	0.04487	0.04532	0.04605	0.04656	0.04675	0.04764	0.05036	0.05378	0.05593
Change	0%	+0.2%	+0.3%	+1%	+1.6%	+1.1%	+0.4%	+1.9%	+5.7%	+6.8%	+4%
Purchase value (€)	1.1452	1.1967	1.2003	1.2123	1.2317	1.2452	1.2502	1.2740	1.3466	1.4112	1.4394
Change	+4.5%	+4.5%	+0.3%	+1%	+1.6%	+1.1%	+0.4%	+1.9%	+5.7%	+4.8%	+2%

A financially robust Scheme

Mindful of its regulatory obligations, the Scheme maintained necessary reserves as at 31 December 2024, including after the application of the rate revision. At 31 December, the Scheme's commitments were largely covered by assets, with a financial coverage ratio of 117.3%, up from the level recorded at the end of 2023 (112.9%).

The economic coverage ratio, which takes into account the unrealised value of non-amortisable securities, stood at 135.8% after the rate increase (up from 127.8% at the end of 2023). This was well above the minimum economic coverage ratio, which factors in the margin of conservatism required to cover the risks identified in the Scheme's assets and liabilities, and stood at 118.5% (before the rate increase).

The greater coverage of the Scheme's commitments in 2024 was the result, on the assets side, of an increase in investments, and on the liabilities side, of a change in the discount rate for commitments. The board of directors set this discount rate at 1.4% at the end of 2024 against the backdrop of rising interest rates, marking an increase on the 1.2% at end-2023.

These high coverage levels make the Scheme financially robust. This favourable state of affairs meant that the Scheme was able in 2024 to achieve its objective of maintaining the purchasing power of benefits and increasing the yield for members.

GRADUAL DIVERSIFICATION OF INVESTMENTS

When it was created in 2005, the vast majority of ERAFP's portfolio consisted of bonds (at least 75%). Given the particularly low interest rate environment, which had a significant impact on bond yields, and in line with the Scheme's very long-term liabilities, ERAFP was gradually authorised to increase the diversification of its portfolio by investing in variable-income assets.

The first change in the regulatory investment framework that facilitated this shift dates back to 2010, when ERAFP was granted the possibility of investing in real estate. However, the range of possibilities was significantly expanded for the first time in 2015. Prior to that date, ERAFP had only been authorised to invest up to 25% of its total asset base in variable-income assets, but the cap was then increased to 40%. ERAFP was also given the opportunity to invest in unlisted assets.

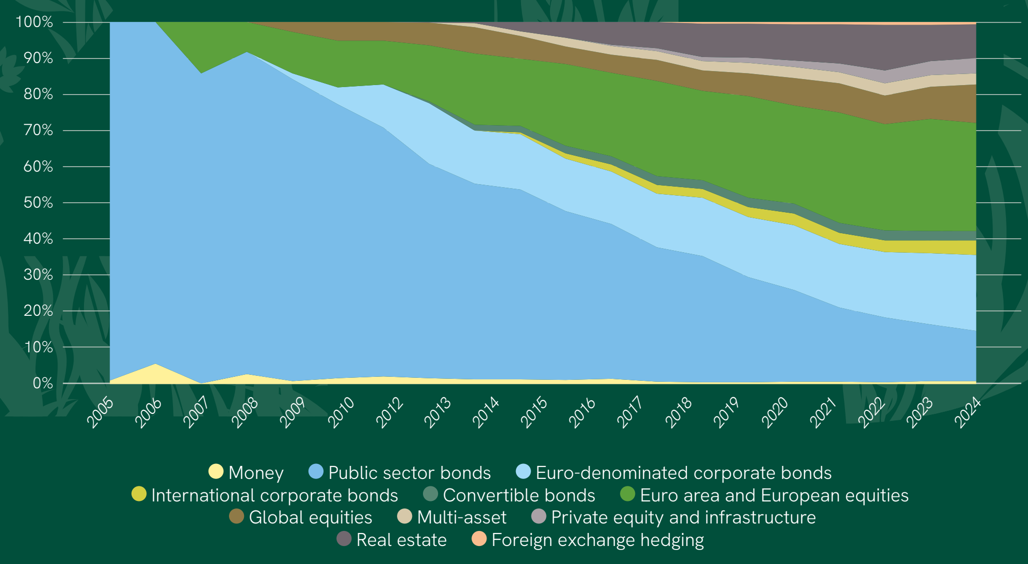
Faced with persistently low interest rates, the Scheme's regulatory investment framework underwent a further change in 2019 to give ERAFP more leeway to manage its investments. The regulatory caps on variable-income and real estate estates were lifted from 40% to 45% and from 12.5% to 15%, respectively.

These changes have enabled ERAFP to benefit from a higher expected return on its investments. They have also boosted its ability to participate in financing the economy, particularly in France, in keeping with its role as a long-term investor.

The board, which has been a driving force in changing the regulatory framework governing investment, has been able to seize new opportunities to diversify the portfolio through its strategic asset allocation choices, as illustrated in the chart below.

Breakdown of ERAFP's assets at market value since 2005 (%)

Source — ERAFP



ASSET ALLOCATION: GENERAL ORIENTATIONS AND INVESTMENT DECISIONS

ERAFP, a long-term investor in the economy

REGULATION OF THE SCHEME'S INVESTMENTS

ERAFP's investment framework was defined by the order of 26 November 2004 implementing Decree No. 2004-569 of 18 June 2004 on the French public service additional pension scheme. It provides for the following:

— 45% (maximum) invested in variable-income assets, of which no more than 10% in unlisted equity funds (private equity, infrastructure, unlisted debt, currency hedging);

— 40% (minimum) invested in fixed-income assets, of which no more than 3% in loan securitisation funds;

— 15% (maximum) in real estate assets.

Greater flexibility to better adapt to mounting uncertainty

STRATEGIC ASSET ALLOCATION IN 2024

Adopted by the board of directors on 8 February 2024 at its first substantive meeting, RAFP's asset allocation for 2024 focused on adjustment capacity amid uncertainty over trends in long-term interest rates. Asset allocation had the following characteristics:

— continued investment in bonds to support the market, which could represent at least 51.2%;

— continued diversification into variable-income assets, with a target of between 36.3% and 38.8% of the asset base by the end of 2024;

— considerable selectivity in real estate investments, which could account for a portfolio share of between 12.5% and 13.1% at the end of 2024.

RAFP's asset allocation for 2024 focused on adjustment capacity amid uncertainty

FRAMEWORK GOVERNING INVESTMENT IN 2024

A statutory order dated 4 July 2024[22] streamlined the regulations governing ERAFP regarding investment in unlisted asset vehicles by merging the 5% limit for non-professional funds and the 5% limit applicable to professional funds and alternative investment funds. ERAFP need now only comply with a single 10% limit for investment in these types of funds.

22 Decree of 4 July 2024 amending the decree of 26 November 2004 implementing Decree No. 2004-569 of 18 June 2004 on additional retirement benefits for civil servants.

Strategic asset allocation adopted at the 8 February 2024 board of directors meeting (at amortised cost)

Source — ERAFP

<table>
<tr><th>Asset class</th><th>Mandate</th><th>Theoretical minimum</th><th colspan="2">Maximum</th></tr>
<tr><td>Cash and currency hedging</td><td></td><td rowspan="3">44.3%</td><td colspan="2" rowspan="3"></td></tr>
<tr><td>Bonds</td><td>Public sector bonds</td></tr>
<tr><td></td><td>Euro-denominated corporate bonds[23]</td></tr>
<tr><td></td><td>International corporate bonds[24]</td><td>4.3%</td><td>5.3%</td><td></td></tr>
<tr><td></td><td>Convertible bonds</td><td>2.6%</td><td>3.0%</td><td></td></tr>
<tr><td></td><td>Total bonds</td><td>51.2%[25]</td><td></td><td></td></tr>
<tr><td>Equities</td><td></td><td>30.8%</td><td>32.6%</td><td rowspan="3">38.8%</td></tr>
<tr><td>Multi-asset</td><td></td><td>2.5%</td><td>2.9%</td></tr>
<tr><td>Private equity and infrastructure</td><td></td><td>3.0%</td><td>3.3%</td></tr>
<tr><td>Real estate</td><td></td><td>12.5%</td><td colspan="2">13.1%</td></tr>
</table>

IMPLEMENTATION OF STRATEGIC ALLOCATION

Regular updates were provided to the board of directors throughout the year on the execution of the strategic asset allocation for 2024 in relation to the ranges defined for each asset class. At year-end, the allocation reflected the specific context in which it was deployed, with the following characteristics:

— The equity and multi-asset allocation was between the low end and the high end of the range stipulated by the board (31.9% for equities with a range of between 30.8% and 32.6%, and 2.7% for the multi-asset allocation with a range of between 2.5% and 2.9%).

— The allocation in fixed income and real estate was beneath the low end of the range (49.9% compared with 51.2%, and 12.3% compared with 12.5%, respectively).

— The private equity and infrastructure allocation (3.4%) was very close to the upper end of the range set by the board (3.3%).

23 Euro bonds are bonds issued by private companies denominated in euros.
24 These include corporate bonds denominated in dollars and corporate bonds issued in emerging countries.
25 For bonds (including cash and currency hedging), the amount corresponds to the theoretical maximum.

Global aggregate portfolio by asset class at 31 December 2019, 31 December 2023 and 31 December 2024 (at amortised cost)

Source — ERAFP

	2024	2023	2019
Public sector bonds	15.7%	16.9%	29.1%
Corporate bonds[26]	29.7%	27.8%	22.6%
Convertible bonds	2.5%	2.7%	2.8%
Equities	31.9%	32.4%	29.0%
Multi-asset	2.7%	2.9%	3.0%
Private equity and infrastructure	3.4%	3.1%	1.6%
Real estate	12.3%	12.5%	10.6%
Cash[27]	2.0%	1.6%	1.3%
Total	**100%**	**100%**	**100%**

INVESTMENT FLOWS BY ASSET CLASS

ERAFP invested more than €3 billion in 2024 (essentially breaking down into contributions received less benefits, fully invested, and income generated by assets held in the portfolio), in accordance with the strategic asset allocation approved by the board.

ERAFP reinvested massively in the bond asset class with a net investment flow of nearly €1.7 billion last year (i.e. nearly two-thirds of flows). This essentially comprised investments in euro-denominated corporate bonds, for an amount of €1.7 billion, in a context of rising interest rates and with a level of risk that remained acceptable for the Scheme. Investment flows in public sector bonds, mainly in the euro area, generally offset portfolio securities falling due (-€22.5 million).

Net investment flows[28] by asset class in 2024 (in € millions)

Source — ERAFP

Asset class	In € millions	As a %
Money market	-65.6	-2.2%
Total bonds	1,741.6	57.8%
Public sector bonds	-22.5	-0.8%
Corporate bonds	1,754.2	58.2%
Convertible bonds	9.9	0.3%
Equities	607.1	20.2%
Multi-asset	-24.9	-0.8%
Private equity and infrastructure	295.0	9.8%
Real estate	279.7	9.3%
Foreign exchange hedging	180.0	6.0%
Total	**3,012.9**	**100%**

26 Corporate bonds include euro-denominated corporate bonds and international corporate bonds denominated in dollars and issued in emerging countries.

27 Balances of cash accounts for money market mandates and funds excluding euro-denominated corporate bond mandates and cash related to the management of the currency hedging mandate.

28 Purchases – (redemptions and sales).

At the same time, ERAFP continued to invest in variable-income assets: in equities, for €607.1 million (representing 20% of flows), mainly allocated to European securities, as well as in private equity and infrastructure, for €295 million (representing around 10% of flows). Investment in real estate, which amounted to €280 million, remained limited in 2024 amid an ongoing crisis in this market, particularly in offices.

In 2024, based on all asset classes combined and in terms of stock market value, ERAFP financed the French economy and the European economy (excluding France) to the tune of €16 billion (i.e. nearly 34% of assets) and €21 billion (i.e. approximately 44% of assets), respectively. In total, ERAFP therefore financed the overall European economy in the amount of €37 billion, representing more than 77% of assets under management at end-2024.

Investments in France, in the rest of the European Union and globally at 31 December 2024 (at market value)

Source — ERAFP

Asset class		France	Euro area / Europe (excluding France)	Other
Fixed income / Credit	Public sector bonds	6.5%	7.3%	0.4%
	Euro-denominated corporate bonds	74%	10.6%	3.0%
	Convertible bonds	0.7%	0.6%	1.7%
	International corporate bonds	0.0%	0.6%	3.5%
	TOTAL Fixed income / Credit	**14.2%**	**19.1%**	**8.5%**
Equities	Euro area / European equities	11.2%	18.3%	0.4%
	Global equities	0.1%	0.4%	10.1%
	TOTAL Equities	**11.2%**	**18.7%**	**10.5%**
Multi-asset		0.3%	1.0%	1.8%
Real estate		6.7%	2.7%	0.0%
Private equity and infrastructure		1.1%	2.2%	0.8%
Direct cash and money market (including currency hedging)		0.1%	0.0%	1.1%
TOTAL ERAFP NET ASSETS		**33.6%**	**43.7%**	**22.7%**

OVERALL FINANCIAL PERFORMANCE OF INVESTMENTS

As an institution that manages a pension scheme, ERAFP seeks to invest annual cash flows in the best interests of its members, by maximising returns on its portfolio, while keeping risk at an acceptable level. The Scheme must at all times cover its liabilities with assets of at least an equivalent amount. The internal rate of return (IRR)[29] is the benchmark used to assess the appropriateness of portfolio allocation choices over time.

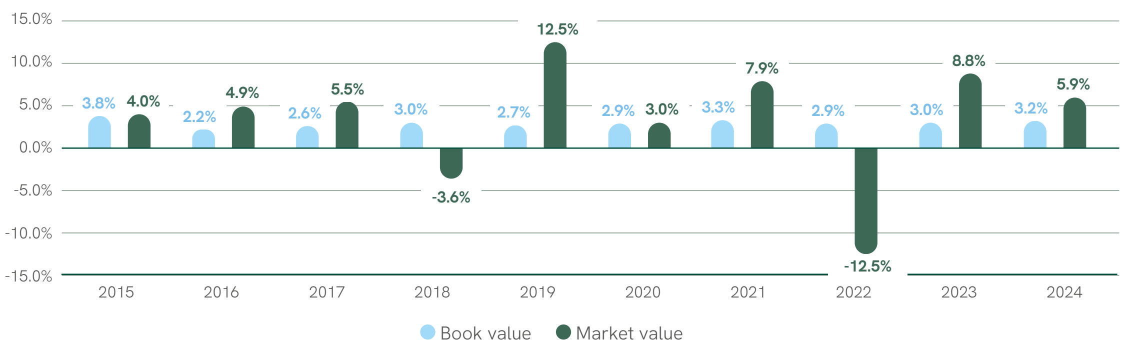
ERAFP's IRR stood at 5.9% at market value in 2024. A large proportion of asset classes contributed to this performance, particularly equities. The very dynamic performance of the US markets in 2024 compared to the European markets supported the IRR in the equity component. In addition, while lower than last year due to the rise in interest rates linked to a reversal in expectations regarding the continuation of monetary easing by the central banks, the performance of the bond component remained high in 2024.

29 It differs from performance in that it takes into account the timing of investment and divestment flows or, in the case of delegated asset management, subscriptions and redemptions.

The performance of the private equity and infrastructure segment also contributed positively to the IRR, although to a lesser extent, given the limited share of these investments in the portfolio. Lastly, although it remained in negative territory in 2024, the performance of the real estate component improved from the low reached in 2023.

One-year internal rate of return since 2015 (at book value and at market value)

Source — ERAFP



Annualised internal rate of return of each portfolio component between its year of creation and 31 December 2024 (in book value and market value)

Source — ERAFP

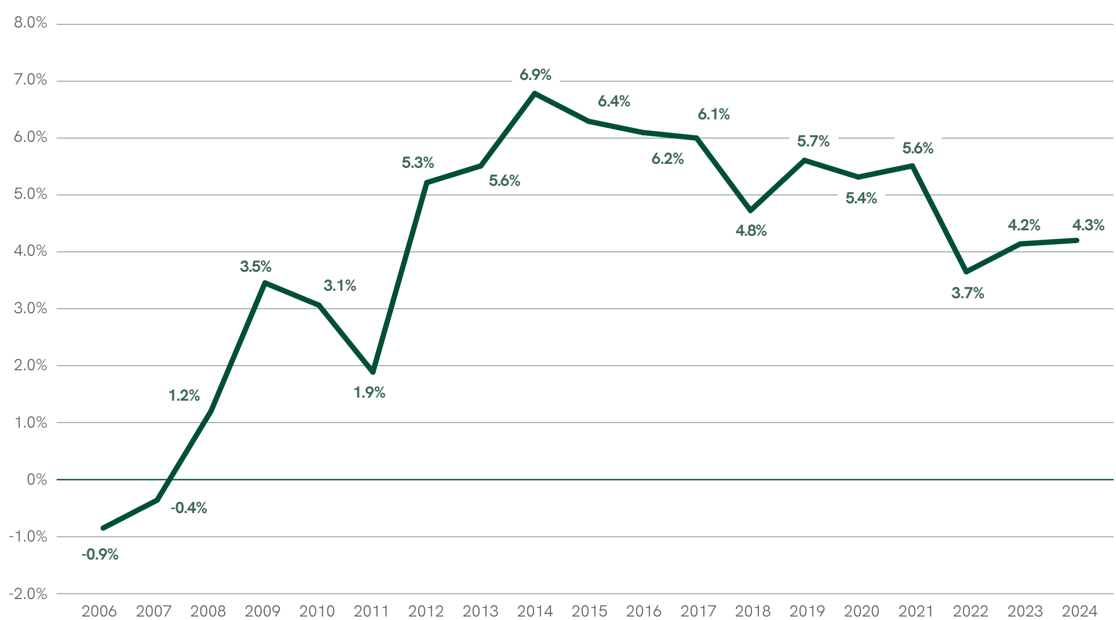
	Annualised IRR since 2006		
	Book value	Market value	Component creation date
Cash	1.2%	1.3%	2006
Public sector bonds	3.8%	3.9%	2006
Euro-denominated corporate bonds	2.7%	2.3%	2009
International corporate bonds	2.7%	2.1%	2014
Convertible bonds	0.3%	2.1%	2012
Euro area and European equities	2.1%	5.8%	2007
Global equities	6.3%	11.4%	2009
Multi-asset	0.1%	4.0%	2013
Private equity and infrastructure	1.2%	10.1%	2015
Real estate	2.5%	0.6%	2012
Foreign exchange hedging	-5.3%	-13.3%	2018
Global aggregate portfolio	**3.0%**	**4.3%**	

While annual performance is a useful monitoring indicator, for ERAFP, as a long-term investor in its expansion phase, it seems more appropriate to measure performance over a long period, as there is not as much sensitivity to cyclical ups and downs.

The overall IRR since 2006 stood at 4.3% at the end of 2024, up from the 4.2% recorded at the end of 2023. The link between the trend in IRR and the previous year's performance was all the more pronounced for portfolio components that were created more recently. This was particularly true in the real estate component, which was created in 2012 and has registered a sharp drop in performance since 2023. However, the impact of this level of performance on the overall IRR was limited, as the oldest components, which happen to represent the vast majority of assets held by ERAFP (bonds and equities), showed a much higher IRR.

Annualised internal rate of return since 2006 (at market value)[30]

Source — ERAFP



In addition to the vision at end-2024, the chart above shows that annualised IRR at market value has consistently remained well above the 2011 low. The relative stability of the IRR since 2006 in recent years, despite an annualised IRR that has fluctuated over the period, reflects an inertia effect specific to that indicator: the more it gains in historical depth, the more limited the weight of an additional year in the level of IRR measured since inception.

The comparison of the IRR since 2006 with the 5-year IRR (see table opposite), which covers the period from 2019 to 2024, paints a clearer picture than the annualised IRR of how the long-term IRR has evolved. The level of IRR at market value since 2006, initially driven by fixed income assets, has been supported in recent years by the returns on variable-income assets.

30 At 1 January of each year.

Annualised five-year internal rate of return in book value and market value at 31 December 2024

Source — ERAFP

	Book value	Market value
Cash & cash equivalents	2.6%	2.7%
Public sector bonds	4.2%	-0.9%
Euro-denominated corporate bonds	2.5%	0.7%
International corporate bonds	3.4%	1.8%
Convertible bonds	0.6%	1.9%
Euro area and European equities	3.2%	4.2%
Global equities	5.7%	10.4%
Multi-asset	0.1%	3.6%
Private equity and infrastructure	0.4%	10.5%
Real estate	2.8%	-1.3%
Foreign exchange hedging	-4.3%	-12.9%
Overall portfolio	**3.1%**	**2.4%**

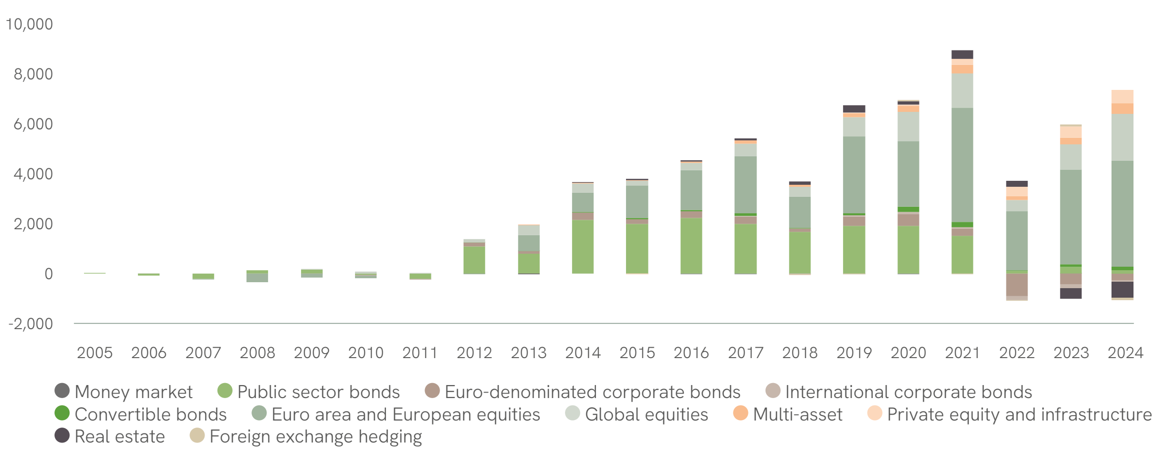
The portfolio's unrealised capital gain, broken down by asset class in the chart below, increased significantly in 2024 (+26%). At 31 December, it stood at €6.3 billion, or 15.1% of assets at amortised cost (compared with €5.0 billion and 13.0% respectively at end-2023).

This unrealised capital gain was almost entirely driven by the equity allocation in the amount of €6.1 billion (compared with €4.8 billion in 2023), essentially due to the increase in the contribution of the global equity allocation amid vibrant US markets.

The chart below, which shows the change in unrealised capital gains since inception, shows that variable-income assets have contributed most to the Scheme's ability to generate wealth in recent years, and in particular since the regulatory change in 2019, which led to greater investment diversification.

Breakdown of unrealised capital gains or losses on ERAFP's assets since the inception of the Scheme (in € millions)

Source — ERAFP



A socially-responsible investor

As well as being responsible for the Scheme's technical and financial management, ERAFP assumes the stewardship of the environmental, social and governance (ESG) components of its investments.

This section describes the monitoring of the application of ERAFP's best in class SRI approach at portfolio level in 2024. The results for each portfolio component are presented in section 3 of this report.

ERAFP has also published a sustainability report for 2024 in accordance with the decree implementing Article 29 of the French energy climate act. The report provides a comprehensive overview of the Scheme's SRI policy and its implementation.

ADOPTION OF THE SRI CHARTER

20 years ago, based on the observation that investment that seeks only to produce a maximum financial return can have harmful consequences, ERAFP's board of directors adopted an investment policy that reconciles financial performance, risk management and socially responsible commitment in the same approach.

This approach was implemented in March 2006 with the adoption of a demanding SRI Charter defining the guidelines, media and resources needed to implement an overarching socially responsible investment policy.

The values of the Charter (rule of law and human rights, social progress, social democracy, environment and good governance and transparency) were used as a basis to establish specific frameworks for each asset class (equities, sovereign bonds, real estate, etc.) that apply to all investments.

ERAFP's best in class approach, which consists of selecting the most responsible issuers within each sector and geographic area according to the environmental, social and governance criteria it has defined, has enabled the Scheme to reconcile the requirements of socially responsible investment with the necessary diversification of its portfolio.

Since its adoption, ERAFP's SRI Charter has been revised to include other key issues such as the climate emergency, the fight against discrimination, labour-related risks in the supply chain, etc.

This charter is not set in stone but intended rather as a reference to adapt to the structural and cyclical transformations of the world we live in.

THE SCHEME'S SRI APPROACH

An original SRI approach

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

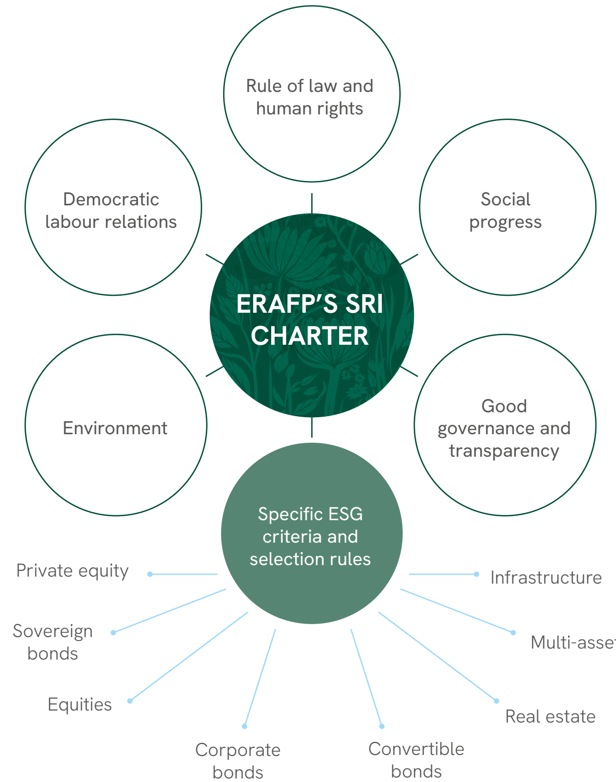
- the board of directors has defined its own SRI guidelines. Based on recommendations made by management, the board has laid down an approach satisfying the demands and reflecting the values of its members. It also monitors its application at all times on the basis of the comprehensive and continuous information provided at regular meetings of its investment policy monitoring committee (CSPP);
- the policy's content is '100% SRI'. In other words, the SRI Charter applies to all of the Scheme's investments and takes into account the specific features of each asset class.

An overarching SRI approach

- not only does it concern all the Scheme's investments, but it also applies to all the investment phases, from the first stage of asset allocation to the post-investment stage of monitoring the companies whose shares or bonds are included in the portfolio;
- it is based on a broad cross-cutting range of securities rather than on an array of thematic allocations.

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.

An SRI charter broken down into assessment criteria for the various asset classes



ERAFP's SRI Charter

The best in class principle is applied to the SRI investment process by using quantitative rules to define the eligible investment universe. These rules are defined for each asset class, with the aim of encouraging each issuer to make 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;
- showcasing progress made;
- 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 hydrocarbons). ERAFP also divested from the tobacco sector in 2019.

In keeping with ERAFP's SRI approach, the compliance of companies whose activities are linked to thermal coal, unconventional hydrocarbons and conventional hydrocarbons with the eligibility criteria defined in the fossil fuel policy adopted in 2023 has been closely monitored since 1 January 2024 in application of ERAFP's SRI Charter.

SRI assessment criteria for issuers

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 the Scheme's investments and broken down into more than 18 assessment criteria adapted to the specific features of each category of issuer. While each issuer's individual context systematically dictates the analysis of these criteria, the Scheme considers some to be key and therefore attributes more weight to them, regardless of the issuer's geographic location or activity. The most important criteria (shown opposite in bold in the infographic) must therefore always be assigned the same value.

All asset classes are subject to an ESG and climate analysis, except for foreign exchange hedging instruments, for which such an analysis has little relevance and which represented less than 1% of assets under management at end-2024.

Non-financial rating agency

ERAFP calls on the services of a non-financial rating agency to analyse the asset portfolio and provide it with monthly and annual reports on the bond and equity portfolios. The agency also assesses the SRI compliance of sovereign and similar bonds managed directly by ERAFP.

The ESG ratings issued by the agency incorporate an issuer management score for all the indicators making up the five pillars of the SRI Charter. This score assesses the ability of management at each portfolio company to manage ESG risks specific to the sector to which it belongs. It includes management indicators that incorporate a set of category-based results.

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 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.

The agency also assesses controversies that may reduce an issuer's ESG rating, depending on their severity. Controversies are classified by category, ranging from category 1 (low ESG impact) to category 5 (severe ESG impact).

This dual analysis (management score and controversy score) rounds out companies' non-financial ratings and ultimately broadens the coverage of the ESG issues taken into account.

A detailed analysis of the SRI profile of ERAFP's various asset classes is presented in section 3 of the report

Key aspects of ESG performance

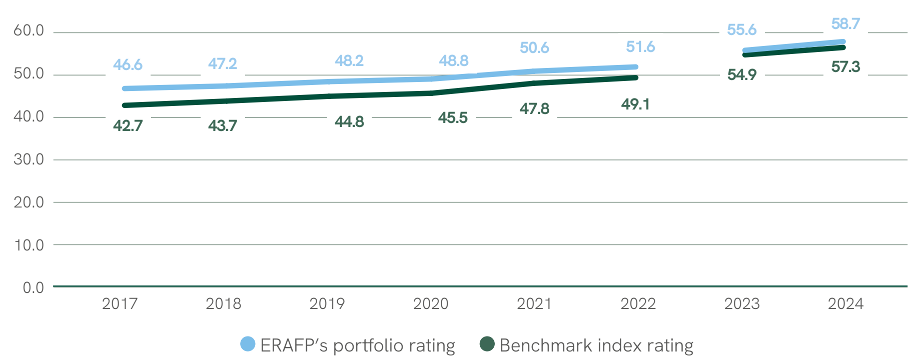
The selectivity rate compared with the potential investment universe – i.e. the percentage of companies excluded under ERAFP's ESG methodology – is around 21%. In other words, around a fifth of the companies in which ERAFP could potentially invest are ruled out as a result of SRI screening. This high rate reflects both the stringency and the effectiveness of the screening methodology.

The ESG score of ERAFP's portfolio of listed companies (see chart below) continued to outperform that of its benchmark (+1.4 of a point). This reflects the fact that the portfolio does better than the benchmark in the five pillars of the SRI Charter: the portfolio of listed companies carries a better score than the benchmark, particularly in the "Environment" (+2.5 points) and "Good Governance" (+2 points) pillars.

For information purposes, we have provided the SRI score from 2017 to 2022 calculated by the previous non-financial rating agency. A comparison of the 2023 score with those obtained in previous years is not relevant given the change in methodology.

ESG score of the listed company portfolio compared with the benchmark since 2017[31]

Sources – Moody's ESG Solutions (2017-2022), Morningstar-Sustainalytics (2023-2024)



31 In 2023, the change of non-financial rating agency and in the resulting assessment method led to an increase in the ESG scores assigned to issuers in the portfolio.

An investor that is taking action to address environmental issues

There has been ever-mounting interest in climate change since the COP21 summit. Awareness that investors have an important role to play has also increased. Since the COP21 summit, initiatives have been taken to help investors set targets for reducing greenhouse gas emissions in line with the Paris Agreement. In 2020, ERAFP joined the Net-Zero Asset Owner Alliance, launched a year earlier at the United Nations Climate Action Summit. In 2021, drawing on the work of the Alliance, it adopted interim climate targets for 2019-2024. The purpose of this section is to report on the achievement of these objectives. It also covers the policy adopted in 2023 specifically targeting the fossil fuel sector.

More recently, ERAFP wanted to initiate an approach on the issue of biodiversity, which is closely linked to climate considerations. Faced with the observation, made by IPBES[32] in particular, that biodiversity loss has been intensifying in recent years, investor-led action at portfolio level is looking increasingly necessary. The beginnings of this approach are presented in this section. In addition, this is the first year in which ERAFP's public report contains information on the biodiversity footprint of its portfolio.

ERAFP's 2024 sustainability report provides a more exhaustive overview of all the aspects mentioned in this sub-section.

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

INCORPORATION OF CLIMATE ISSUES

Since its creation, ERAFP has paid particular attention to climate issues, particularly through its best in class mechanism, which incorporates criteria to capture this issue, thereby helping to define its investment universe.

By joining the Net-Zero Asset Owner Alliance (AOA) in 2020, ERAFP pledged to take steps to put its investment portfolio on a net zero trajectory for 2050. In September 2021, the board of directors acted on this pledge by adopting interim climate targets for 2019-2024.

Given the issues raised in relation to fossil fuels and their considerable contribution to global warming, ERAFP adopted a policy in 2023 specifically targeting coal, unconventional hydrocarbons and conventional hydrocarbons. This policy is in line with the approach launched in 2021 to better take climate issues into account. It also reinforces the decision taken in 2019 to divest from companies which derive more than 10% of their revenue from coal-related activities.

MONITORING OF ERAFP'S CLIMATE POLICY IN 2024

The AOA Target-Setting Protocol

ERAFP's climate policy echoes the AOA Target Setting Protocol for 2025, developed jointly with the other members of the Alliance. In this version of the Protocol, each member must reduce its greenhouse gas emissions by between 16% and 29% compared to the end of 2019.

To achieve this, the Alliance asked its members to set targets for at least three of the four pillars identified, each with a particular impact on issuers and emission reduction. ERAFP has decided to set targets based on the following pillars: reducing greenhouse gas emissions, committing to and financing the transition to a low-carbon economy.

Results obtained in 2024

GREENHOUSE GAS EMISSION REDUCTION TARGETS

AOA LISTED COMPANY PORTFOLIOS

+ METHODOLOGY NOTE

A company's carbon intensity is a measure of its energy efficiency. It corresponds to the volume of the company's greenhouse gas emissions relative to its revenue. At the portfolio level, it corresponds to the weighted average carbon intensity of the portfolio's constituent companies. Carbon intensity is measured for one or several scopes:

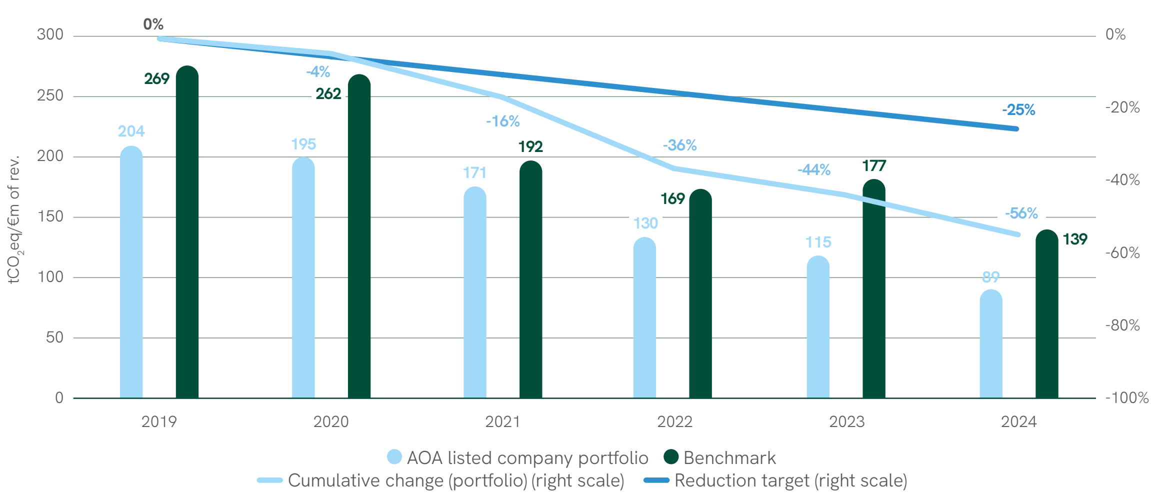
— **Scope 1** (direct emissions), which includes emissions physically produced by an activity, through the combustion of fossil fuels (gas, oil or coal), for example;

— **Scope 2** (indirect emissions), which corresponds to emissions related to the consumption of the electricity, heat or steam consumed by a company's activities;

— **Scope 3** (indirect emissions), which refers to emissions generated before or after the production stage. "Upstream scope 3 emissions" relate to the supply chain (the extraction and transportation of the materials a company buys to make its products, for example), and "downstream scope 3 emissions" relate in particular to the transportation, use and ultimate disposal of finished products.

Carbon intensity of the AOA[33] listed company portfolio compared with the benchmark (Scopes 1 and 2, per €1 million of revenue, as a weighted average)

Sources — Iceberg Datalab, ERAFP, 31 October 2024



33 Portfolio of listed equities and companies.

At the end of 2024, there had been a cumulative decrease in carbon intensity since the beginning of the period (2019-2024) of -56%

In 2024, the carbon intensity of ERAFP's portfolio of AOA listed companies per €1 million of revenue decreased compared with 2023, from 115 tonnes CO_2 equivalent (tCO_2eq) to 89, i.e. a decrease of 22.6%.

The portfolio continues to outperform the index, with the difference between the portfolio's emissions and those of the index remaining very substantial (-36% in 2024, compared with -35% in 2023).

At the end of 2024, the cumulative carbon intensity of the portfolio of AOA listed companies since the beginning of the period (2019-2024) had decreased by -56%. ERAFP has therefore well exceeded its target of reducing carbon intensity by 25%. This reduction can be explained by an overall decrease in the carbon intensity of carbon-intensive issuers, as well as lower weightings relative to 2019 for the energy and materials sectors.

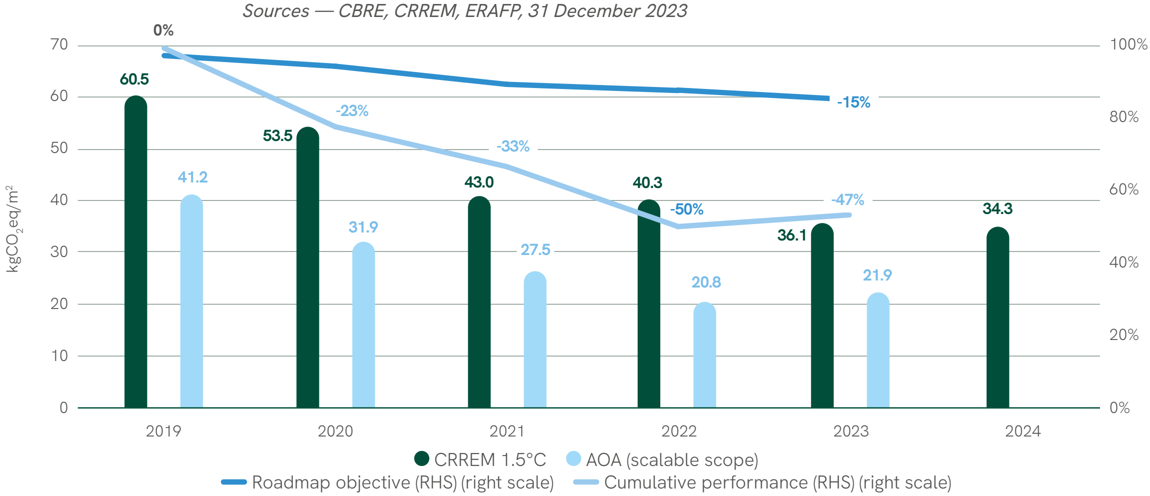
REAL ESTATE PORTFOLIO

+ METHODOLOGY NOTE

The CRREM (Carbon Risk Real Estate Monitor) methodology is used to assess a portfolio's greenhouse gas emissions, expressed in "surface intensity" ($kgCO_2/m^2$), in light of the Paris Agreement's climate change limitation targets. Each asset in the portfolio is assessed from a 1.5°C scenario perspective specific to the type of asset and the country in which it is located. Note that the indicator calculation basis includes, in addition to Scopes 1 and 2, part of Scope 3 emissions.

Surface intensity of the AOA[34] real estate portfolio relative to that of the CRREM 1.5°C trajectory ($kgCO_2eq/m^2$)[35]

Sources — CBRE, CRREM, ERAFP, 31 December 2023



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

35 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 to the buildings.

In 2023[36], the surface intensity of ERAFP's AOA real estate portfolio[37] increased compared with 2022, from 20.8 $kgCO_2eq/m^2$ to 21.9, i.e. an increase of 5.3%.

The increase in surface intensity is explained by more reliable and better quality data this year following a change of provider in 2023, which resulted in higher emissions figures.

The surface intensity of the ERAFP portfolio is significantly lower than the 2023 transition point in the CRREM 1.5°C scenario (36.1 $kgCO_2e/m^2$).

At the end of 2023, the cumulative decrease in surface intensity since the beginning of the period (2019-2023) was -47%. This performance enabled ERAFP to achieve its target of -15% over the period, as well as its target of aligning the portfolio's surface intensity with the 2025 transition point in the CRREM scenario.

In 2023, the surface intensity of ERAFP's AOA real estate portfolio was significantly lower than the 2023 transition point in the CRREM 1.5°C scenario

ENGAGEMENT TARGETS

The table below shows the breakdown by business sector at end-2024 of the 24 companies selected by ERAFP under its engagement target. The majority (7) of these companies are in the materials sector, followed by utilities (5), energy (5), consumer discretionary (4) and industry (3).

Breakdown by business sector at end-2024 of companies covered by ERAFP's engagement targets

Sources — ERAFP, Iceberg Datalab, 31 October 2024

Business sector	Number of companies covered by the target	Percentage of assets	Percentage of the carbon footprint (tCO_2eq/€ million invested, Scopes1 and 2)
Materials	7	1.5%	11.6%
Utilities	5	2.2%	20.7%
Energy	5	1.7%	8.2%
Industrials	3	1.3%	6.2%
Consumer discretionary	4	1.2%	2.0%
Total	**24**[38]	**7.8%**	**48.8%**

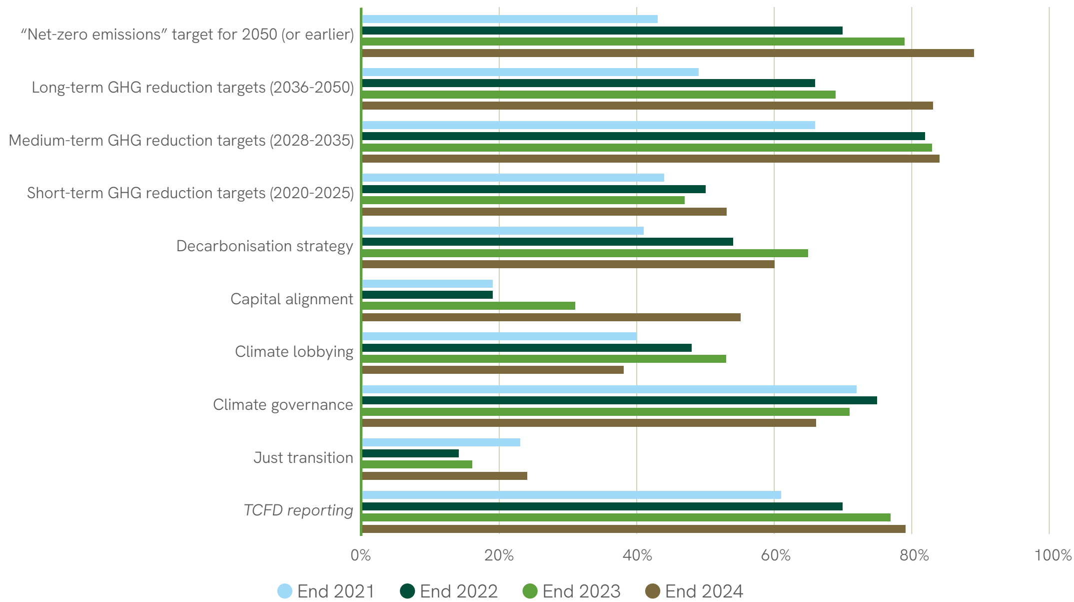
36 Most recent known data.

37 A more in-depth analysis of the indicator is presented on p. 111.

38 The decrease in the number of companies affected by ERAFP's engagement target between 2023 and 2024 (respectively 30 and 24) stems from changes in mandates and the disposal of positions under existing mandates.

AOA engagement indicators attainment rate for the companies monitored (%)

Sources — ERAFP, Climate Action 100+, managers, at 31 December 2024



Between 2023 and 2024, the companies monitored by ERAFP improved on 7 of the 10 AOA engagement indicators, but declined on the "Decarbonisation Strategy", "Climate Lobbying" and "Climate Governance" indicators. The main indicators attained were the medium- and long-term GHG emission reduction targets (2026-2050), the "TCFD reporting" and the "Zero net emissions 2050 (or earlier)" indicators.

ERAFP notes that these trends are common to all companies, despite the contrasts that exist between companies and between the sectors monitored. 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.

TARGET FOR FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

In 2024, ERAFP invested €527 million[39] in assets contributing to the transition to a low-carbon economy. These investments break down as follows: €478 million in corporate bonds, €60 million[40] in infrastructure, €42 million in public sector bonds and €5 million in equities.

ERAFP's total investments in the energy transition or contributing to the decarbonisation of the economy, across the extended scope[41], amounted to €21 billion[42] at the end of 2024 (i.e. 44% of assets), compared with €16 billion at the end of 2023, i.e. an increase of 31% year-on-year.

TEMPERATURE ALIGNMENT TARGET

ERAFP has set the target of achieving a situation by 2025 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. This target was achieved at 31 October 2024, as 51% of the listed company portfolio's carbon footprint was related to companies that had set 1.5°C-aligned targets – or more ambitious targets – that had been validated by the SBTi. This percentage stood at 29% at the end of 2023. This performance can be explained by the validation by the SBTi of the targets set by issuers representing a significant share of the carbon footprint of ERAFP's portfolio.

In a similar vein, the share of this footprint resulting from companies with a validated target greater than 1.5°C, or having committed to a target, went from 44% in 2023 to 18% in 2024.

In 2024, ERAFP invested €527 million in assets contributing to the transition to a low-carbon economy

+ METHODOLOGY NOTE

The carbon intensity or carbon footprint gives a backward-looking view of how the portfolio's greenhouse gas emissions have evolved. Companies' emissions reduction or carbon neutrality targets provide information to facilitate a more accurate assessment of the portfolio's proper alignment with the Paris Agreement's climate trajectories. The market-leading Science-Based Targets initiative (SBTi) aims to encourage companies to set science-based targets for reducing their greenhouse gas (GHG) emissions, within a common framework. The share of the carbon footprint of companies having set a target of alignment with a temperature rise scenario lower than or equal to 1.5°C validated by the SBTi gives a useful indication of the future evolution of a portfolio's emissions. Note that, since 2022, the SBTi only validates targets for alignment with a trajectory of lower than or equal to 1.5°C.

39 Net amount.

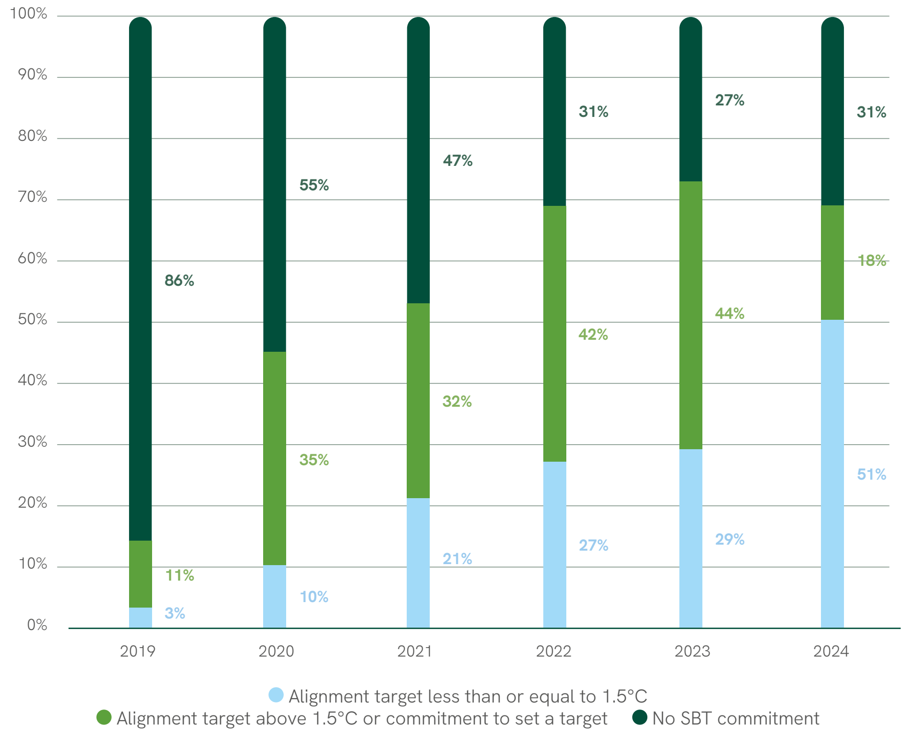
40 Amount committed.

41 See the table "Investments in the energy transition or that contribute to the decarbonisation of the economy" on page 66.

42 Market value.

Percentage of the carbon footprint for the listed company portfolio covered by science-based targets, by type of approach (%, Scopes 1 and 2)

Sources — SBTi, Iceberg Datalab, ERAFP, at 31 October 2024



ERAFP'S POLICY ON FOSSIL FUELS

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 hydrocarbons[43] and conventional hydrocarbons[44]). 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 adapt their strategy to this scenario.

Founded on a review of the main scientific and institutional scenarios[45], ERAFP's policy takes into account 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 hydrocarbons being chief among these fuels.

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

44 Crude oil and natural gas.

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

Consideration of biodiversity issues

BIODIVERSITY LOSS: A NEW CHALLENGE FOR INVESTORS

For several years, scientific reports, notably those of the IPBES [46], 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.

As an investor, ERAFP wanted to strengthen its commitment to biodiversity. 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.

In 2024, ERAFP took a new step in its commitment to biodiversity by joining the Nature Action 100 initiative. Based on the Climate Action 100+ model, this initiative targets 100 of the companies that have the greatest impact or are the most dependent on biodiversity in the agri-food, mass retail, pharmaceuticals, chemicals and textiles sectors. The aim is to raise companies' awareness of biodiversity issues and to define best practices for taking these issues into account as quickly as possible.

At the end of 2024, the members of the CSPP were able to begin their work with a view to defining a policy for taking biodiversity issues into account. This work will continue in 2025.

TRAINING AS A LEVER TO BETTER UNDERSTAND BIODIVERSITY ISSUES

In parallel with the engagement process initiated on this issue and given the complexity involved, ERAFP has undertaken to train its employees and directors with a view to improving their skills. In 2023, training sessions on biodiversity were offered to them. This approach was continued in 2024 for the newly-appointed directors, with the organisation of a one-day biodiversity seminar. The seminar included a talk given by an ecologist, together with "Biodiversity Fresk" workshops and a presentation on biodiversity issues for companies and institutional investors.

ERAFP's policy on fossil fuels

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

OVERVIEW OF THE CONSIDERATION OF BIODIVERSITY IN THE SRI POLICY

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 than 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.

ERAFP'S EXPOSURE TO BIODIVERSITY ISSUES

While business activities may have dependencies on biodiversity, they can also exert pressure on biodiversity. For these reasons, ERAFP uses a "double materiality" assessment approach, i.e. taking into account both financial risks related to biodiversity (financial materiality) and the impacts of its investments on biodiversity (impact materiality). ERAFP has undertaken to measure its exposure to these issues in order to better understand it.

MEASURING THE PORTFOLIO'S FOOTPRINT

Footprint indicator

ERAFP has chosen the Carbon Biodiversity Footprint (CBF) to measure its biodiversity footprint. 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.

The CBF is expressed in km^2.MSA. For example, 1 km2.MSA corresponds to the value of the biodiversity contained in 1 km2 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.

Iceberg Datalab's CBF metric, used to analyse the biodiversity footprint, covers emissions in all scopes (1,2 and 3). Despite the risk of double counting, opting for full coverage in line with recommendations issued by the TNFD (Taskforce on Nature-related Financial Disclosures) 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 on the basis of 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.

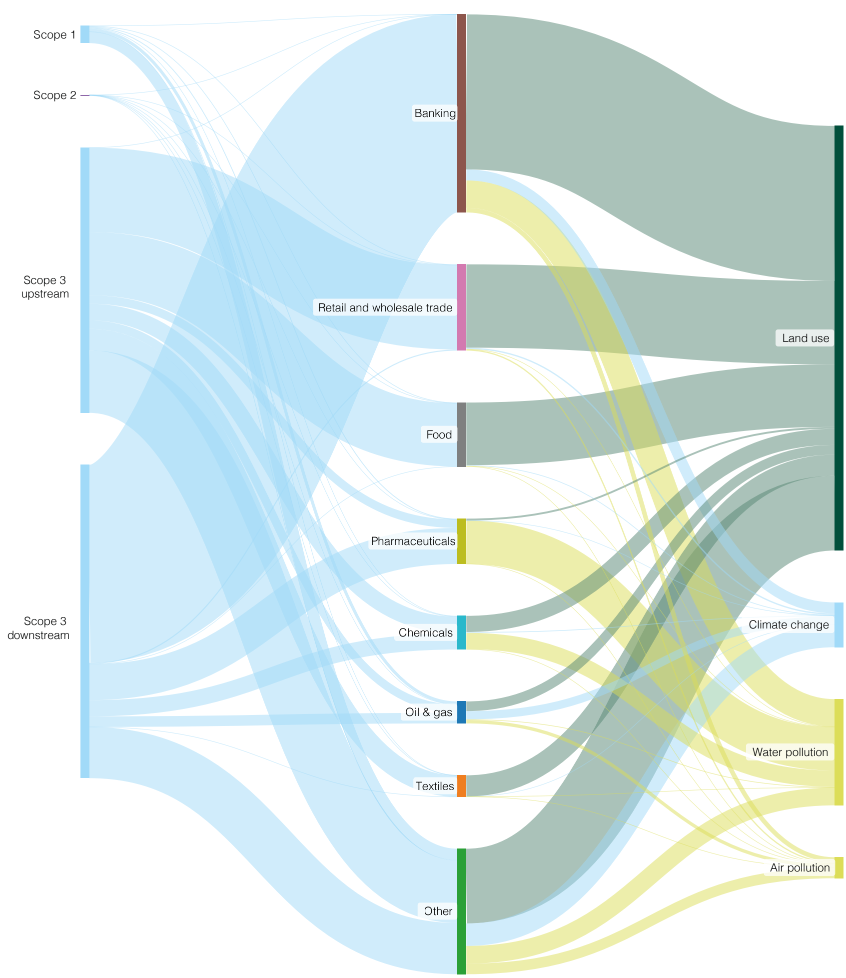
Results of footprint measurement

ERAFP's biodiversity footprint at 31 October 2024 is estimated at -0.0837 km^2. MSA/€m invested. By way of comparison, the biodiversity footprint of the benchmark index is estimated at -0.0843km^2.MSA per €1 million invested. 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 portfolio.

Breakdown of the biodiversity footprint of the portfolio of listed companies by emission scope, sector and pressure

Sources — Iceberg Datalab, ERAFP, SankeyMatic, 31 October 2024



Based on the above, the majority of the portfolio's impacts are from land use. The sectors contributing the most to this impact are the banking sector, the retail and wholesale trade sector and the food sector. Most of the impacts come from Scope 3 and more specifically from the "downstream" component for the banking sector (most notably consisting of the impact of investments and loans) and the "upstream" component for the retail and wholesale trade sectors and the food sector (which includes suppliers).

MEASURING THE PORTFOLIO'S DEPENDENCY

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 (via 25 services).

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.

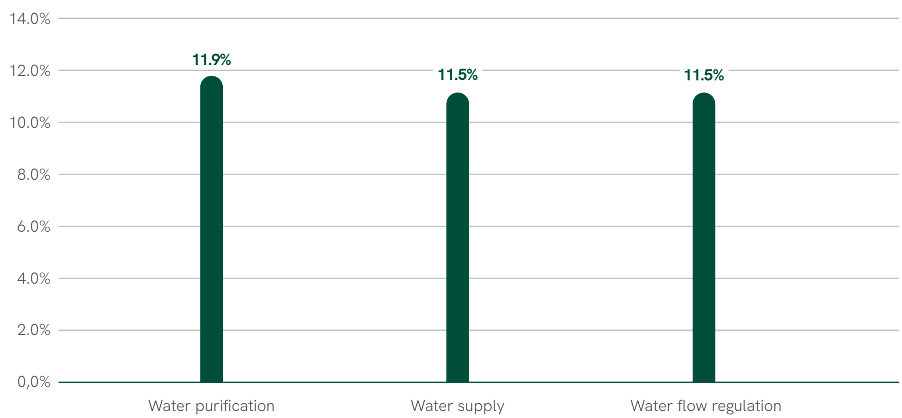
While the ENCORE matrix is a very good starting point for incorporating biodiversity into a portfolio, it is important to note that it only lists direct dependencies related to a company's production process. The "upstream" and "downstream" value chains, despite representing most of the impacts and dependencies, are not covered by the analysis.

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 of dependency measurement

Major dependencies on ecosystem services in the listed company portfolio

Sources — ENCORE, ERAFP, 31 October 2024



The ecosystem services on which ERAFP's portfolio is most dependent are water purification, water supply and water flow regulation, with 11.9%, 11.5% and 11.5% respectively of assets under management being significantly dependent on these services. 25.5% of listed assets are significantly dependent on at least one ecosystem service, i.e. around €7.3 billion in assets.

The sectors most dependent on water purification within the portfolio are those related to the manufacture of food, pharmaceuticals and beverages. While assets relating to manufacturing also have significant dependencies on water supply and water flow regulation, this is even more the case with electricity producers, particularly when it comes to the production of hydroelectricity and nuclear power.

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.

A committed **investor**

In addition to the best in class mechanism, which applies to all parts of its portfolio, ERAFP's socially-responsible investment approach is supplemented by more targeted initiatives related to engagement in the broad sense.

Right from the Scheme's beginnings, for example, ERAFP has used the leverage arising from its position within companies to promote its core values, as defined in the SRI Charter adopted by the board of directors in 2006.

Moreover, for some of its investments, ERAFP has adopted an approach aimed at harnessing their intrinsic characteristics to achieve a certain economic, social or environmental impact. ERAFP has identified three impact priorities that can be satisfied by some of its investments: contributing to the decarbonisation of the economy, supporting small and medium-sized enterprises (SMEs) and intermediate-sized enterprises (ISEs), and financing housing for public sector employees.

ENGAGEMENT IN 2024

The ERAFP approach

ERAFP engages with issuers to influence their ESG practices through:

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

ERAFP's engagement strategy potentially covers all the companies held in its portfolio and those in which it may invest, 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;
- or with the aim of improving transparency and ESG performance;
- or when a company is the subject of a controversy related to ESG criteria.

ERAFP's Engagement guidelines and voting policy

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

ERAFP's priority engagement themes for 2024 were as follows:

- promoting strategies aligned with the targets of the Paris Agreement;
- combating aggressive tax optimisation practices;
- promoting biodiversity integration policies and strategies.

Collaborative initiatives

In 2024, 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 are part of ERAFP's priority engagement themes.

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

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

1

Promoting strategies aligned with the targets of the Paris climate agreement:

- IIGCC/Climate Action 100+ and Net Zero Engagement Initiative
- IDI[47] / ShareAction
- CDP
- Net-Zero Asset Owner Alliance

2

Promoting policies and strategies for integrating biodiversity:

- Nature Action 100
- FAIRR
- Finance for Biodiversity Pledge

47 Investor Decarbonisation Initiative.

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.

In 2024, ERAFP's SRI teams participated in collective engagement initiatives together with other institutional investors and management companies. These four engagement initiatives targeted French companies active in the utilities sector and in the oil and gas production sector.

ERAFP's general requests mainly called for:

- greater disclosure of companies' climate strategies;
- alignment of greenhouse gas emission reduction targets across all scopes with the main reference scenarios and the Paris Agreement;
- the establishment of strategies to promote a just transition;
- the separation of the positions of Chairman and Chief Executive Officer.

In 2024, ERAFP joined the Nature Action 100 and FAIRR initiatives

One of these four engagements led ERAFP to participate in tabling a resolution at general meetings in 2024.

ERAFP also joined two new initiatives in 2024:

- the Nature Action 100 investor coalition, which targets the 100 companies that have the greatest impact or are the most dependent on biodiversity in the agri-food and mass retail, pharmaceuticals, chemicals and textiles sectors;
- the FAIRR initiative, which aims to help investors take into consideration key issues facing the agricultural sector.

ERAFP'S PARTICIPATION IN THE CLIMATE ACTION 100+ INITIATIVE

Launched by 225 investors including ERAFP 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 support more than 100 issuers identified as the world's largest greenhouse gas emitters, but also as those with the greatest capacity to contribute to the transition.

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 more than 600 investors and targets 169 companies. 80% of these companies now have a target to reduce their greenhouse gas emissions.

As part of the initiative, ERAFP has been actively involved since 2017 in shareholder engagement in the utilities, energy and automotive sectors. ERAFP is the lead investor for engagement with two companies in these sectors and is a "supporting" investor for engagement with four others.

Engagement among ERAFP's delegated assets managers

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

In implementing ERAFP's SRI Charter, which was updated in 2016, its delegated asset managers closely monitor controversies that issuers may be exposed to. As part of an engagement approach, the managers initiate a 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 issuers (companies) on one or more ESG themes, with the aim of improving their transparency and ESG performance. Alongside the engagement actions carried out on their own initiative by asset management companies, ERAFP has asked several of them, as part of its climate policy, to engage with certain companies in which they hold shares under the mandate entrusted to them. Among the 30 companies that ERAFP has chosen to target, 15 are involved in an engagement action through its asset managers.

2016, introduction of in-depth monitoring of controversies

A voting policy that is consistent with public service values and puts the onus on listed issuers

ERAFP's policy for voting at general meetings is updated annually, in order to draw lessons from each general meeting season and thereby gradually improve the policy's consistency and comprehensiveness.

Although this policy is implemented by the companies that manage equity mandates on its behalf, ERAFP ensures that it is correctly interpreted, particularly for a sample of companies.

With regard to voting at general meetings, the board of directors opted, for the 2024 general meeting campaign, to continue to focus on tackling climate change, through even more demanding requirements of issuers in this regard:

- their policy on the appropriation of earnings is assessed in the light of the capital expenditure needed to implement a 1.5°C alignment plan ;
- external resolutions and climate resolutions ("say on climate") are analysed taking ERAFP's commitments into account, as reflected in its fossil fuel and climate policies;
- for companies operating in a high climate impact sector, voting on the re-appointment of a director, a member of the Supervisory Board or a Chief Executive Officer is assessed against a grid that contains the exact same criteria as in the methodology used to analyse climate resolutions;
- a vote against the appointment or re-appointment of the statutory auditors is recommended where there has been a clear failure to act in the shareholders' interests in the assessment of ESG and climate data.

In 2024, the sample of companies monitored by ERAFP consisted of 30 French large caps and 10 global large caps. Companies are selected to be included in the sample based on a number of criteria: large carbon footprint; lack of alignment with a 1.5°C global warming scenario validated by the Science-Based Targets initiative; and weight of the company in the portfolio.

The main issues in respect of which ERAFP expressed its opposition at general shareholder meetings in 2024 were related to executive pay and the way in which companies incorporate climate issues:

- in 2024, at the general meetings of the 30 French companies in the sample, ERAFP voted in favour of 80 resolutions on executive pay ("say on pay") out of a total of 193, i.e. an approval rate of 41.5%, compared with a rate of 26.5% in 2023. The increase in the approval rate was attributable to the fact that the resolutions were more granular, which meant that ERAFP was able to apply the provisions of its voting policy that related specifically to the topic of each resolution. ERAFP's opposition to resolutions was mainly justified by pay proposals that exceeded the thresholds set in its voting policy;
- 2024 saw a sharp decline in climate resolutions ("say on climate") in France and Europe. In France, ERAFP supported a climate resolution tabled by a coalition of minority shareholders. These voting decisions were mainly motivated by the fact that the company lacked climate objectives and transparency in this area, as well as by differences regarding the chosen scope (no consideration of Scope 3).

Overall, in the sample reviewed, ERAFP's opposition rate was 26.8% for French companies and 32.8% for international companies.

SEEKING IMPACT

Contributing to the transition to a carbon-free economy

In 2021, ERAFP adopted a policy detailing the targets it has set for 2025 with a view to making its investment portfolio carbon neutral by 2050. This keystone of the Scheme's investment policy is designed to contribute to the fight against climate change. In addition to reducing the impact of its investments on the climate, ERAFP has been investing for a number of years in the energy transition and initiatives designed to decarbonise the economy. These investments, which support the transition towards a greener economy, directly help reduce greenhouse gas emissions.

At the end of 2024, ERAFP's investments in the energy transition or contributing to the decarbonisation of the economy represented approximately 44% of the asset base (compared with 37% in 2023), up by 31% compared to 2023. This was due to the following factors:

- the increase in the valuation of assets in the equity component contributing to the decarbonisation of the economy;
- the greater number of companies aligned with a global warming target of 1.5°C or below validated by the SBTi, and the increase in share valuations over the year;
- increased investment in green bonds;
- new investment flows;
- new investments that contribute to the energy transition in the infrastructure segment.

Investments in the energy transition or that contribute to the decarbonisation of the economy (at market value, € millions)

Source — ERAFP

Asset class		At 31 December 2023	At 31 December 2024	2023-2024 change
Equities	"Climate transition benchmark" mandate	2,727.2	2,814.9	+3%
	Equity funds – climate theme	619.7	616,5	-1%
	"Paris-Aligned Benchmark" mandate	218.7	228.8	+5%
Bonds	Green bonds	1,043.0	1,658.5	+59%
	Bond funds – thematic	87.1	70.5	-19%
Equity and convertible bond mandates	Issuers with a 1.5°C SBTi target	7,366.1[48]	11,938.0	+62%
Real estate	Forestry	27.6	28.6	+4%
	1.5°C-aligned real estate assets	3,289.1[49]	2,962.0	-10%
Infrastructure	Energy transition	570.0[50]	630[50]	+11%
Private equity	Energy transition	100.0[50]	100[50]	0%
Total		**16,048.6**	**21,047.7**	**+31%**

48 All mandates, except the "Climate Transition Benchmark" mandate, "Paris-Aligned Benchmark" mandate and green bonds.
49 Real estate assets aligned with the CRREM 1.5°C trajectory. Data as at 31 December 2023.
50 Amounts committed.

Supporting business and employment

In 2024, a significant portion of ERAFP's investments contributed to financing the economy. In the past year:

- it supported 139 SMEs and mid-tier companies through investments totalling €1,529 million in small-cap management mandates entrusted to Tocqueville Finance, Amiral Gestion, BFT IM – Montanaro AM and Sycomore AM;
- ERAFP contributed €804 million to the financing of around 600 unlisted SMEs and mid-tier companies through private debt or loan securitisation funds in which it invested directly or through the management mandates held by Amundi and Ostrum AM;
- ERAFP provided around €614 million in financing to more than 922 mainly European unlisted companies (microenterprises, SMEs and mid-tier companies - including 464 french companies) through its private equity activity, through direct participation in open-ended funds and through a management mandate entrusted to Access Capital Partners.

ERAFP has also invested in listed equity funds and unlisted funds with the "Relance" label, specifically dedicated to financing economic activity, for the respective amounts of €870 million[51] and €114 million[52].

In total, at the end of 2024, ERAFP had invested more than €2.9 billion[53] in financing European SMEs and mid-tier companies.

ERAFP, FINANCING THE REAL ECONOMY

Due to their ability to make long-term investments, institutional investors are able to help provide the capital required to finance economic activity, which indirectly contributes to job growth.

ERAFP decided very early on to finance listed SMEs and mid-tier companies by investing in small caps. Changes in investment regulations, particularly in 2015 and 2019, subsequently enabled it to expand its range of instruments and to finance SMEs and mid-tier companies by participating in loan securitisation funds, but also through the use of private equity, with the allocation of its first management mandate in this asset class in 2017.

ERAFP has therefore become a contributor to the financing of the real economy, supporting the economic development of France and Europe.

51 In balance sheet value.
52 Amount committed.
53 Amounts committed and disbursed combined.

FOCUS ON IMPACT INVESTING

BPI France's "Growth 2" fund of funds invests in innovative tech companies at various stages of their development and in different sectors: digital, climate tech, deeptech and healthcare. The fund meets the criteria of the Tibi 2 initiative, which covers a broader scope than the first phase of the initiative, by seeking to fuel the primary pipeline of technology companies and financing disruptive innovation projects[54].

In 2024, ERAFP, alongside several other French institutional investors, acquired a €50 million stake in this fund (the size of the vehicle is €200 million).

Through its private equity investments, ERAFP contributes to the injection of long-term capital into the economy, the need for which was highlighted again recently by the Draghi report on European competitiveness[55].

The other part of ERAFP's support for economic activity consists of its involvement in the funding of up-and-coming technology companies, particularly in France. As highlighted by the Tibi report[56] published in 2019, start-ups often find it hard to pursue their development because they cannot secure the necessary funding. At the end of 2019, ERAFP pledged with other French institutional investors to help finance these types of businesses via the Tibi initiative. In 2023, a new phase of this initiative was launched. ERAFP was keen to participate in it. By the end of the year, ERAFP had invested €416 million, including €221 million in listed equity funds and €195 million in unlisted tech funds[57] with the "Tibi" label.

Facilitating access to housing for public sector employees

In line with the real estate strategy mapped out by the board of directors, the aim of which is to facilitate access to housing for public servants, ERAFP's investments in the French residential sector (intermediate housing[58], open-market housing[59] and managed residences[60]) accounted for 34.2% of its real estate portfolio in 2024.

At the end of 2024, ERAFP had invested more than €1.6 billion in the French residential real estate sector. ERAFP's commitments in this sector amount to €1.7 billion, representing 6,892 identified homes (acquired or in the process of being acquired).

54 Directorate General of the Treasury, "Tibi initiative: phase 2 and outlook", 6 May 2024.

55 Mario Draghi, The Future of European competitiveness, September 2024.

56 Philippe Tibi, "Financing the fourth industrial revolution", report submitted to the French Minister of the Economy and Finance, July 2019.

57 These funds are intended to hold investments of more than €1 billion in unlisted companies in a late-stage growth phase.

58 Intermediate housing is rental housing with a level of rent between that of social housing and open-market housing (10% to 15% lower than open-market prices). It thus represents a solution mid-way between private and social housing for people with incomes that exceed the social housing eligibility threshold.

59 Open-market housing, or private housing, is a type of housing with rent that is freely set or controlled (but not regulated). This category includes housing located in areas not eligible for intermediate housing and for which a rent discount is applied relative to market prices.

60 A managed residence is housing managed not by the property's owner but by a separate business entity.

SUPPORTING FINANCING FOR INTERMEDIATE HOUSING

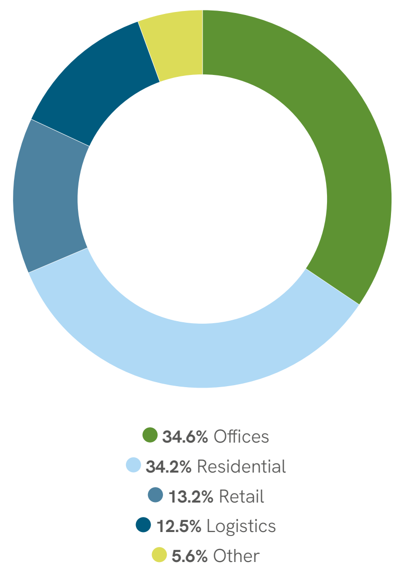
Published in 2016, the Dorison/Chambellan Le Levier report noted that public sector employees arriving in high-pressure neighbourhoods faced specific difficulties in finding and renting affordable and suitable housing. The authors of the report highlighted the role that institutional investors could play in financing "intermediate" housing (i.e. with rents positioned between social housing and open market levels, i.e. 10% to 15% lower than open-market prices) for public sector employees.

ERAFP has set an example in this area. In 2014, through its participation in the Intermediate Housing Fund (FLI), the board of directors wanted part of the Scheme's investments to be directed towards financing this type of housing, which had the advantage of being both socially responsible and profitable. The Scheme also endeavoured to obtain a priority information right with a one-month exclusivity period for public servants. In doing so, it allowed a portion of its investments to be directly useful to contributors.

Since then, ERAFP has expanded its activities to include the financing of other intermediate or affordable housing programmes. In early 2024, ERAFP reaffirmed its commitment by signing, alongside other investors, the Intermediate Housing Pact, which provides for the financing of the construction or renovation of 75,000 new and existing intermediate housing units over the next three years.

Sector breakdown of the real estate portfolio at 31 December 2024 (at amortised cost)

Source — ERAFP



At the end of 2024, ERAFP had committed more than €591.9 million to intermediate housing, and hence had 2,351 homes potentially available for reservation.

This total committed amount derives from a number of separate investments made by ERAFP over the past 10 years:

- in 2014, ERAFP invested €60 million in an initial trial conducted through the FLI intermediate housing fund.
- in February 2018, ERAFP activated a residential property mandate awarded to Ampère Gestion, the objective of which is to invest in residential assets in France, particularly in intermediate housing (€1.2 billion committed at the end of 2024).

- in early 2019, ERAFP invested €40 million in the FLI II fund managed by Ampère Gestion.
- at the end of 2022, ERAFP invested a total of €77.6 million in "Hestia", a project set up to acquire a portfolio of intermediate housing properties from a French insurer in partnership with other institutional investors.

Furthermore, when making these investments in intermediate housing, ERAFP has insisted on obtaining a priority right of access, which generally carries a one-month exclusivity period for public sector employees priced out of the housing market, mainly for housing in Paris and its environs, on the Côte d'Azur or in the Gex region.

As well as channelling some of its investments into intermediate housing financing, ERAFP has chosen to invest, through the mandate entrusted to Ampère Gestion, in open-market housing, for which a reservation system is also in place for public servants. This includes transactions specific to ERAFP as well as the stake acquired in the Foncière Vesta property company in 2018, which was increased in 2023 (bringing the total amount invested to €352 million). In total, 949 open-market housing units were potentially available for reservation in 2024.

ERAFP has also invested in approximately 772 housing units in the open market and 1,647 managed residence units.

THE RESERVATION SYSTEM

In 2018, CDC Habitat dedicated a specific area on its housing ads website to ERAFP's investments. Central government employees can use the site to create their own account, view "partner" offers and apply for accommodation.

For direct housing units under the dedicated mandate and the FLI I and II funds, account holders who have asked for updates on housing available in a given area receive related information seven months before the reserved housing units are delivered. Then, no later than three and a half months ahead of delivery, they can access the ads for the platform's reserved housing units. This exclusive access runs for a one-month period.

They also have exclusive seven-day access to advertisements for newly vacated reserved housing units.

Intermediate housing

Controlled **risks**

The Scheme's commitments must be covered at all times by assets of at least the same amount. Prudence is therefore inherent in the operation of the Scheme. Nevertheless, this principle must remain compatible with the constant desire to seek a return on assets in order to meet liability requirements. ERAFP has therefore adopted a financial risk management system aimed at achieving these two objectives.

FINANCIAL RISK MANAGEMENT

The main financial risks

ERAFP's financial risks include the risk of losses or insufficient returns on the Scheme's financial assets. The two main families of financial risks are market risk and credit risk. ERAFP is exposed to a wide variety of risks (counterparty risk, currency risk, country risk, concentration risk, etc.).

The governance of financial risk management at ERAFP is covered in the appendix entitled "Organisation of internal control and risk management at ERAFP"

MARKET RISK

Market risk is defined as the risk of a loss in a portfolio resulting from a fluctuation in the market value of the securities held due to a change in market variables (such as share prices, interest rates, foreign exchange rates, etc.).

Market risk is materialised in a loss, mainly on the resale of the asset.

It is traditionally measured through the assessment of potential losses:

- following a specific market movement;
- following a historical or hypothetical scenario;
- or statistically calculated using a probabilistic model (VaR: Value at Risk).

CREDIT RISK

Credit risk is the risk of loss due to the difficulties or impossibility for the issuer (company or sovereign entity) of a debt, of any kind whatsoever, to honour its commitments (payment of interest or repayment of capital).

It is generated by the direct or indirect holding of securities or bond funds and can be broken down into two sub-risks:

- the risk of impairment of the market value following a change in credit rating or a widening of the credit spread;
- default risk, which mainly relates to potential financial losses related to difficulties or the inability of the issuer of the bond to honour its contractual interest payment commitments or to repay the principal in full at maturity due to its poor financial situation.

Credit risk is assessed, among other things, based on the credit rating of the issue or issuer. The further away the maturity of the debt, the greater the risk.

This is one of the major risks to which the Scheme is exposed. However, as ERAFP intends to hold the bond assets until maturity, it is not exposed to changes in value or to unrealised capital losses that may be recorded prior to the maturity date, except in the event of effective issuer default.

The financial risk management system

ERAFP has established a system to manage the financial risks associated with its investments.

The current system contains many parts. These include the equity market risk management system (the objective of which is to control and monitor the risk of a loss of value linked to fluctuations in the equity markets) and the credit risk management system (which aims to limit the portfolio's exposure to assets with the riskiest credit profiles and consequently to contain the risks of issuer default).

In addition to these, there is a system for managing foreign exchange risk, country risk and specific risks related to unlisted assets.

While each management system has its own operating principle, they all have common general principles. These principles are defined in a cross-cutting financial risk management system. They include in particular the principle of prudence and the principle of diversification:

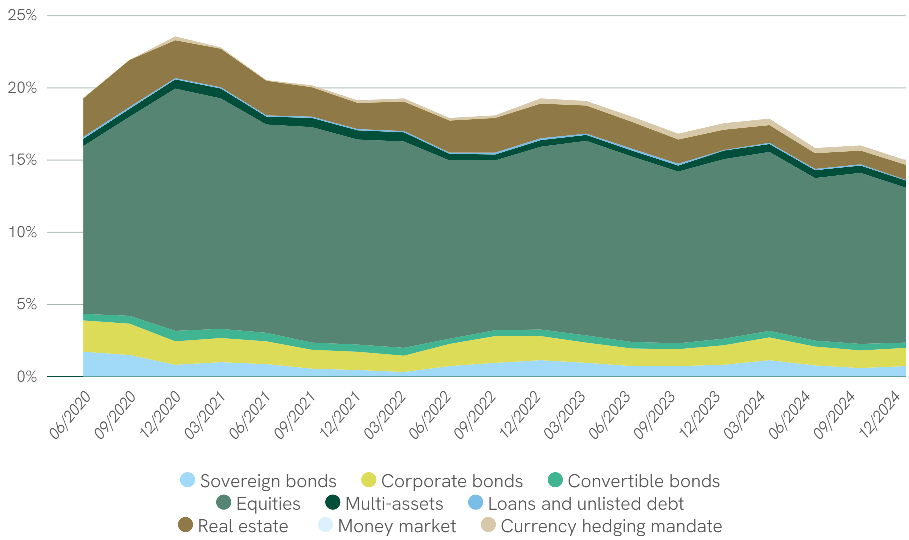
- the principle of prudence is intrinsic to the nature of the Scheme. Nevertheless, it must be compatible with the constant ambition to seek a sufficient return on assets;
- the principle of diversification, intrinsically linked to the principle of prudence, is good practice when it comes to mitigating risks. ERAFP adopts this principle as part of the management of its asset portfolio.

MONITORING OF THE MAIN FINANCIAL RISKS AT END-2024

Market risk monitoring

Contributions to market risk by asset class (at market value)

Source — ERAFP



The market risk of the portfolio is measured, among other things, based on the "conditional value at risk" (CVaR) indicator. The CVaR measures the potential average loss that the asset portfolio would suffer in the 5% most adverse market scenarios, according to statistical modelling.

The chart above shows that at the end of 2024 this potential average loss would be 15%. The level of market risk for the overall portfolio is mainly determined based on the contribution of the equity allocation. Since 2020, the market risk to which the portfolio is exposed has been on a downward trend (it was 24% at the end of 2020).

Monitoring credit risk

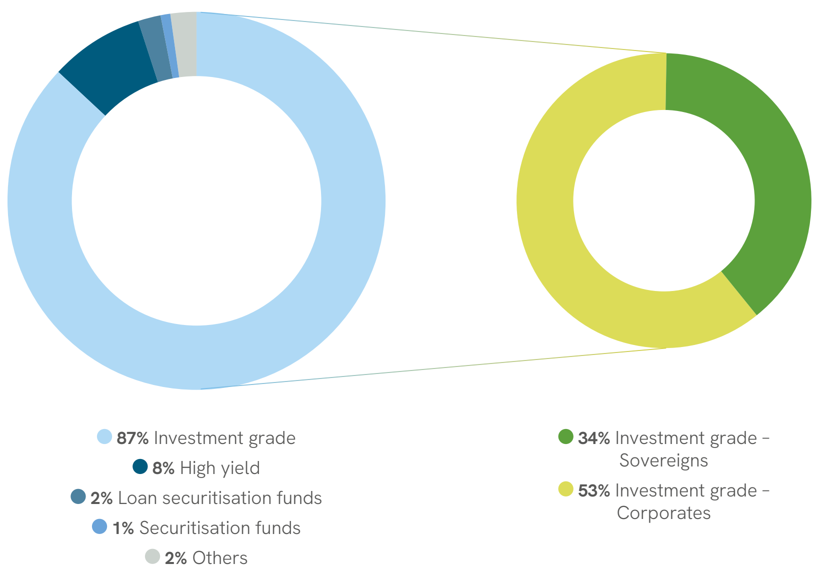
Credit risk (bond portfolio risk) can be assessed by analysing the breakdown of securities held by rating segment and by rating.

The charts opposite show that at the end of 2024, 87% of the bonds held by ERAFP were well-rated (investment grade profile, ratings ranging between AAA and BBB-), of which 53% were corporate bonds and 34% were sovereign bonds. Only 8% of bonds have a higher level of risk (high yield bonds, rated below BBB-). However, it is worth noting that the vast majority of these carry some of the best ratings in the category (from BB- to BB+). ERAFP holds very few securities rated below B- (0.12% at 31 December 2024).

The evolving distribution of credit ratings suggests a tendency to prioritise bonds falling into the investment grade category, provided that the yields are sufficiently attractive.

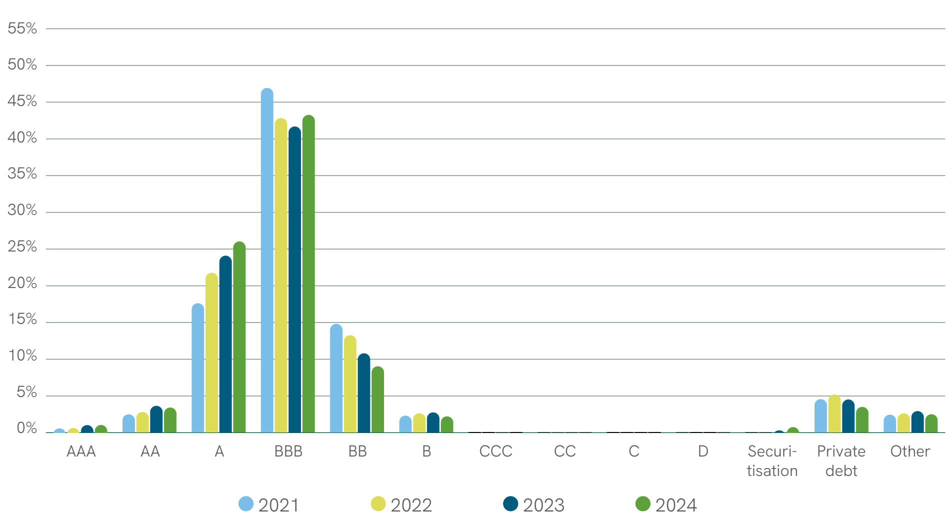
Breakdown of the bond portfolio by rating segment (market value)

Source — ERAFP



Breakdown of the bond portfolio (excluding sovereign bonds) by Basel rating and management company rating

Source — ERAFP



3

Financial and non-financial analysis of ERAFP's portfolios

This section presents the results of the implementation of the Scheme's strategy in 2024, through an analysis of the financial and non-financial characteristics of the portfolio's various components. Where available, the climate change analysis for each component is shown after its ESG rating.

Information on non-financial characteristics is presented in detail for the largest asset classes.

In accordance with the decree implementing Article 29 of Act 2019-1147 of 8 November 2019 on energy and the climate, ERAFP has published a sustainability report for 2024 on the SRI aspect of its investment policy. This report provides a more in-depth climate analysis of its portfolio.

This section reviews in detail the way that the Scheme's investment policy is implemented. ERAFP is required by regulations to delegate the management of its financial assets (except for government bonds and investments in mutual fund units or shares) to portfolio management companies selected through public tender procedures.

The information presented in this section on the holders of the various mandates is supplemented by an appendix entitled "Asset management mandates awarded by ERAFP", which provides an exhaustive list of the asset managers working on ERAFP's behalf.

Information on non-financial characteristics is presented in detail for the largest asset classes

The **equity** portfolio

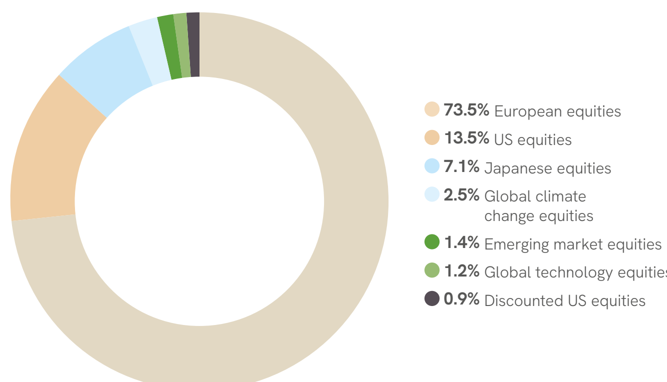
FINANCIAL PROFILE

At 31 December 2024, the equity portfolio totalled €13.2 billion at amortised cost, corresponding to 31.9% of ERAFP's total assets. It comprises shares in European companies (24.2% of total assets, or €10.0 billion) and shares in international companies (7.7%, or €3.2 billion).

At the end of 2024, ERAFP had outsourced the management of its equity portfolio, with the exception of direct investments in climate change reduction-themed funds (€473 million at market value), emerging market equity funds (€276 million at market value), discounted US equity funds (€167 million at market value) and funds invested in technology companies (€221 million at market value).

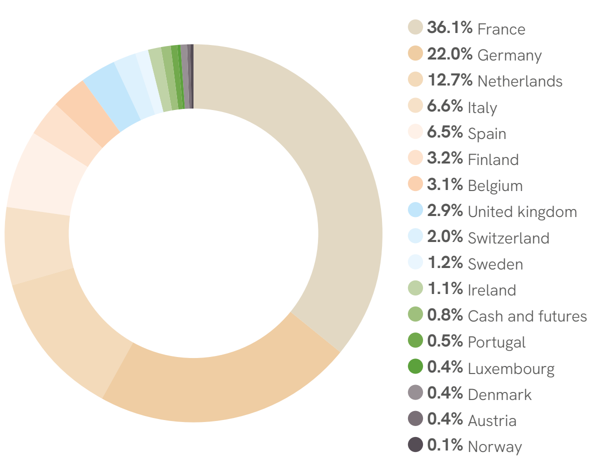
Breakdown of the equity portfolio by geographical component at 31 December 2024 (at market value)

Source — ERAFP



Breakdown of European equities by country at 31 December 2024 (at market value)

Source — ERAFP



The two equity allocations were spread across 18 mandates, including 13 in European equities, entrusted to Allianz GI, Amiral Gestion, Amundi (two mandates), BFT IM - Montanaro AM, BlackRock France SAS, BNP Paribas AM France, Candriam, Edmond de Rothschild AM France, Lazard Frères Gestion SAS, Sycomore AM and Tocqueville Finance SA (two mandates), as well as five in global equities, entrusted to BTF IM - Morgan Stanley AM, Ostrum AM and Oddo - Allspring for North America and to Comgest and BTF IM - Wellington Management Japan for Japan.

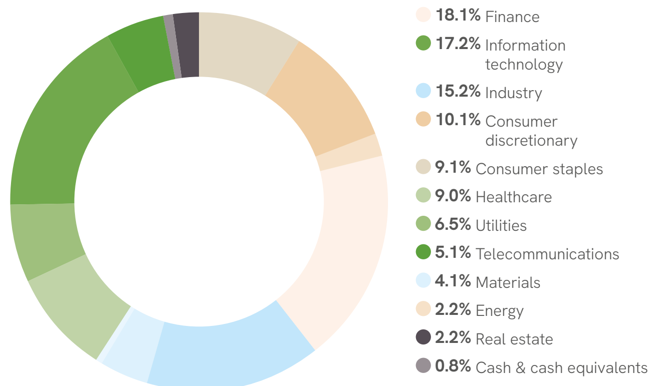
At the end of 2024, the equity portfolio's one-year IRR stood at 10.5% and the IRR since its first investment (2007) at 7.0%. This broke down into a one-year market value IRR of 6.1% for the euro area/European equities portfolio and 25.4% for the global equities portfolio. IRR since first investment stood at 5.8% and 11.4%, respectively.

At 31 December 2024, unrealised gains on the equity portfolio were equal to 46.3% of its amortised cost, up 7.6 points on 2023.

2007, first equity investments

Breakdown of the European equity portfolio by sector at 31 December 2024 (at market value)

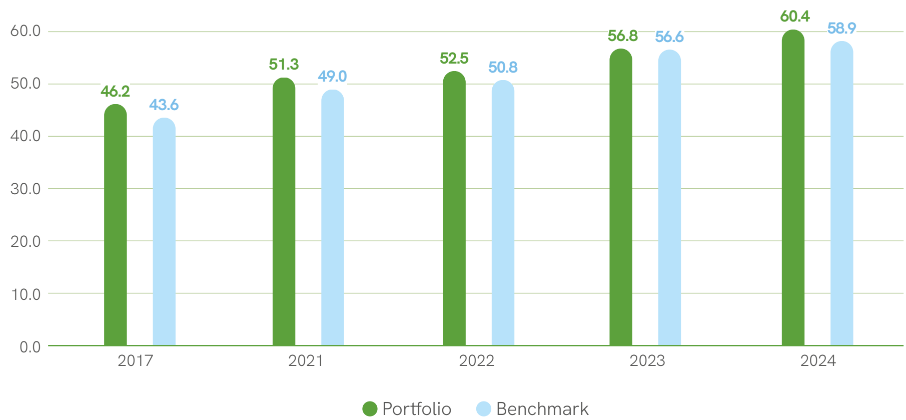
Source — ERAFP



NON-FINANCIAL PROFILE

Change in the ESG score of the equity portfolio relative to the benchmark

Sources – Moody's ESG Solutions (2017-2022), Morningstar-Sustainalytics (2023-2024), at 31 December 2024



In 2024, the ERAFP's equity portfolio once again outperforms its benchmark index by 1.5 points

This is largely explained by the ESG score obtained by the large and mid-cap equity portfolios in the Eurozone and European equities, which represent approximately 70% of the ERAFP's aggregated equity portfolio, as well as the large-cap equity portfolios in the North American region, which represent approximately 17% of the ERAFP's aggregated equity portfolio. These portfolios achieve a better score than their benchmark index.

The North American mid-cap equity portfolios and the Japanese equity portfolio received an ESG rating lower than their benchmark index

The underperformance of the North American mid-cap equity portfolio is explained by the lack of data for many companies in the portfolio, which are overweight compared to a benchmark index better covered by the rating agency.

The underperformance of the equity portfolio in the Japan zone is mainly due to the fact that one of the two mandates is invested in smaller companies, for which the criteria are less well documented and the issuers are therefore penalized, and to a generally poorer performance of the assets, particularly in the "Social Democracy" pillar. In this context, the management process of the mandate relies heavily on dialogue with the companies in the portfolio to encourage greater transparency. During the semi-annual management committee meetings with the managers, ERAFP ensures that its expectations are well taken into account.

Given the specificities of these universes, the mandates follow a so-called dynamic best in class system, consisting of engaging in dialogue with issuers to advance their ESG practices rather than applying quantitative filters to the universe.

CLIMATE ANALYSIS

Carbon intensity

Carbon intensity of the equity portfolio compared with the benchmark

Source – Iceberg Datalab, 31 October 2024

	Scopes 1 and 2 (tCO_2eq/€m revenue)	Scopes 1, 2 and 3 (tCO_2eq/€m of revenue)
Equity portfolio	89	1,860
Benchmark index	134	2,651
Relative performance	-34%	-30%

In 2024, the equity portfolio's carbon intensity, calculated as a weighted average for Scopes 1 and 2, was 34% lower than that of its benchmark index (89 tCO_2eq/€m of revenue, compared with 134 tCO_2eq/€m of revenue).

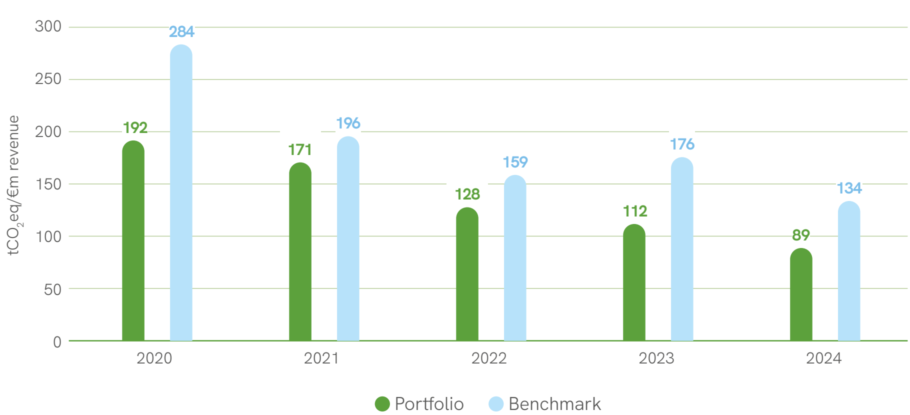
This performance gap was mainly attributable to the selection of less carbon intensive securities in the utilities sectors, but also by an underweight in energy, combined with the selection of less carbon intensive securities than the benchmark in that sector.

If we add in Scope 3, the equity portfolio still outperformed the benchmark, being 30% less carbon intensive. The difference stemmed from the selection of less carbon intensive securities in a number of sectors, most notably in communication services, healthcare and materials.

Note that, while they provide an overview of the entire value chain, results including Scope 3 should be interpreted with caution as there is an increased risk of double counting emissions.

Carbon intensity of the equity portfolio compared with the benchmark (Scopes 1 and 2)

Sources – Iceberg Data Lab, ERAFP, at 31 October 2024

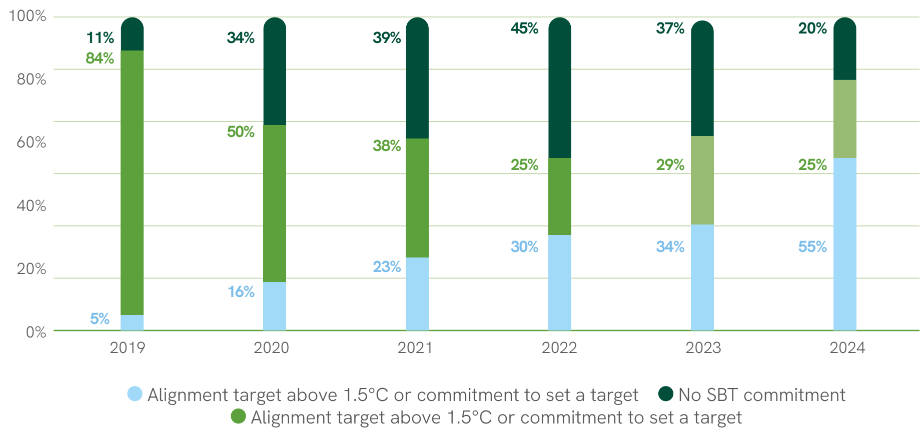


2022, launch of the Paris-Aligned Benchmark (PAB) equity mandate

ALIGNMENT WITH TEMPERATURE SCENARIOS

Proportion of ERAFP's equity portfolio carbon footprint covered by Science-Based Targets, by target type (%, Scopes 1 and 2)

Sources – Iceberg Data Lab, SBTi, ERAFP, at 31 October 2024



Carbon intensity measures a portfolio's climate performance compared with that of a benchmark index. What it does not show is how the portfolio contributes to the transition to a decarbonised economy. ERAFP has therefore adopted a more forward-looking indicator: the share of the carbon footprint (Scopes 1 and 2) covered by an SBTi-validated temperature alignment target.

At 31 December 2024, 55% of the equity portfolio's carbon footprint resulted from companies that had set targets to align their greenhouse gas emissions with a temperature rise of 1.5°C or lower and whose targets had been validated by the SBTi, compared with 21% for the index. In 2019, this percentage was 5%.

This was enabled through:

— the ramping up of the initiative (created in 2015) at the same time as companies' growing desire to set science-based targets, as illustrated by the fact that the share of the carbon footprint attributable to companies that have not adopted a SBTi approach went from 84% in 2019 to just 25%;

— stock-picking that placed a greater focus than the benchmark on companies having set such targets, in particular due to the inclusion of a criterion relating to the assessment of alignment with the Paris Agreement in the SRI framework.

The corporate bond portfolio

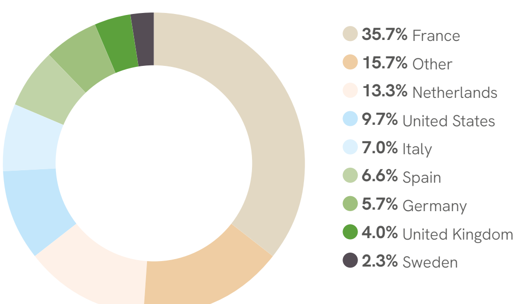
FINANCIAL PROFILE

Euro-denominated corporate bonds

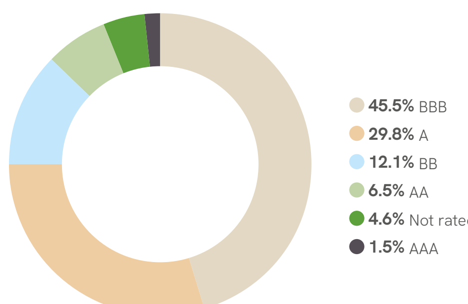
Breakdown of euro-denominated corporate bonds held in delegated management mandates by country, rating and sector at 31 December 2024 (at market value)

Source — ERAFP

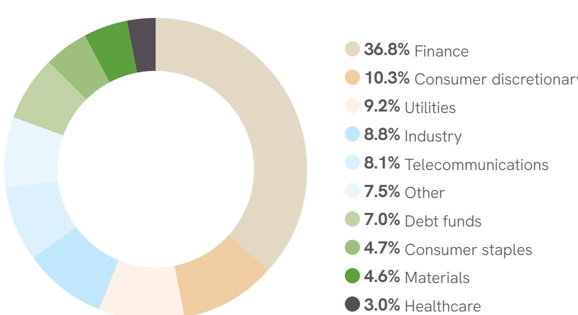
BREAKDOWN BY COUNTRY



BREAKDOWN BY RATING



BREAKDOWN BY SECTOR



At the end of 2024, the euro-denominated corporate bond class totalled €10.3 billion at amortised cost, representing 24.9% of ERAFP's total assets.

The management mandates for these bonds have been entrusted to Amundi AM, Ostrum AM and HSBC Global AM. The mandates entrusted to Amundi AM and Ostrum AM include units in loan securitisation funds in the amount of €465 million (out of a total amount invested in private debt funds of €804 million).

At 31 December 2024, the euro-denominated corporate bond portfolio had generated unrealised losses equivalent to -2.8% of its amortised cost. Its IRR (at market value) since the first investment in 2009 stood at 2.3% and its one-year IRR at 4.6%.

2009, first investments in euro-denominated corporate bonds

As a long-term investor, ERAFP has the capacity to hold fixed income assets until maturity, when it will receive their redemption value. Therefore, unless their issuers default, it has no sensitivity to any changes in value or unrealised losses that may arise before these bonds mature.

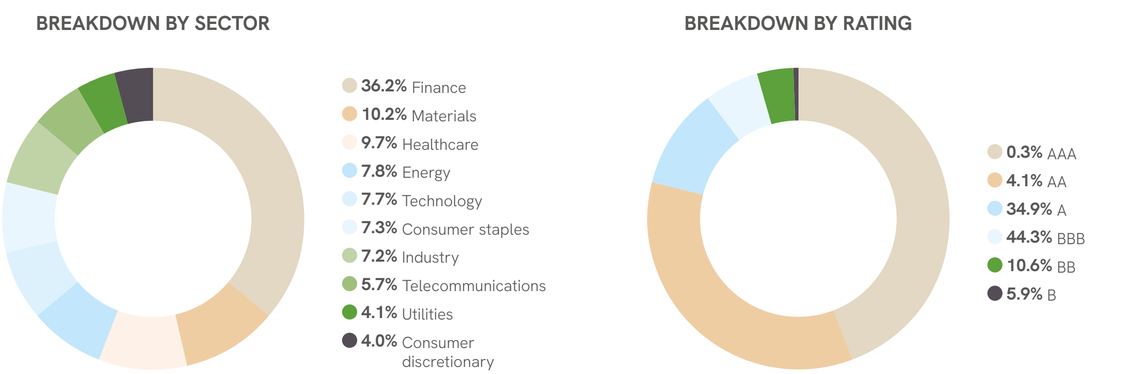
International corporate bonds

At 31 December 2024, the international corporate bond portfolio totalled €2.0 billion at amortised cost, representing 4.8% of ERAFP's assets.

At the end of 2024, this portfolio consisted of two US dollar-denominated SRI corporate bond mandates entrusted to AXA IM and FundLogic (Morgan Stanley group) and an emerging market corporate bond management mandate entrusted to Aberdeen Asset Management Limited. In July 2024, ERAFP launched a request for proposals to select three emerging market SRI corporate bond managers.

Breakdown of US dollar-denominated corporate bonds held in delegated management mandates by sector and rating at 31 December 2024 (at market value)

Source — ERAFP



In addition to delegated management, ERAFP has holdings of €172 million (market value) in third-party emerging market corporate bond funds and a €58 million holding in an emerging market green bond fund (see box on p. 103 "The issue of energy transition in emerging countries").

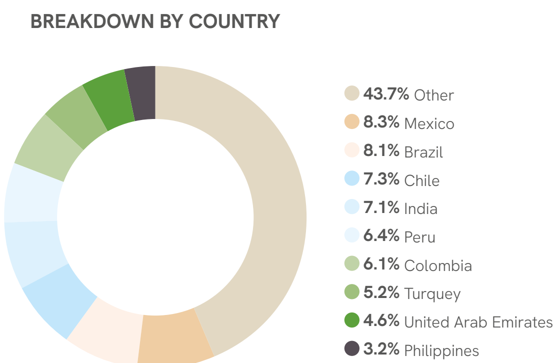
At the end of 2024, the international corporate bond allocation showed an unrealised capital loss at amortised cost of -2.7%. Its one-year IRR at market value was 9.9%, and the IRR since its first investment in 2014 was 2.1%.

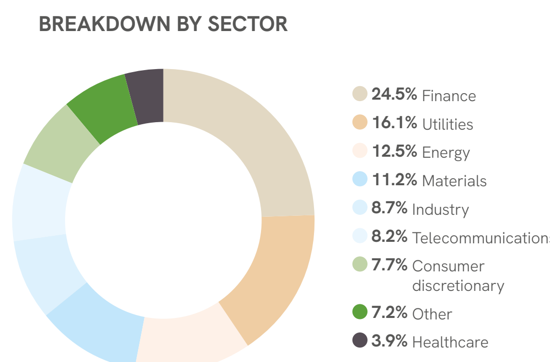
2014, first investments in dollar-denominated corporate bonds

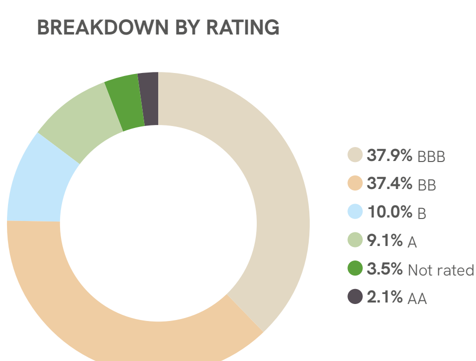
As a long-term investor, ERAFP has the capacity to hold fixed income assets until maturity, when it will receive their redemption value. Therefore, unless their issuers default, it has no sensitivity to any changes in value or unrealised losses that may arise before these bonds mature.

Breakdown of emerging country corporate bonds held in delegated management mandates by country, sector and rating at 31 December 2024 (at market value)

Source — ERAFP







Convertible bonds

At 31 December 2024, the convertible bond portfolio totalled €1.0 billion at amortised cost, representing 2.5% of ERAFP's total assets.

2012, first investments in convertible bonds

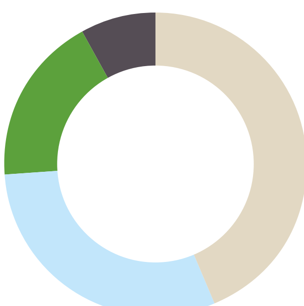
The convertible bond mandates have been entrusted to BTF IM - CQS and Lombard Odier Gestion. In November 2024, ERAFP launched a request for proposals to select three SRI global convertible bond managers.

At the end of 2024, the convertible bond allocation had generated unrealised gains equating to 15.3% of its amortised cost. The one-year IRR of the convertible bond portfolio stood at 5.9% at 31 December 2024. The portfolio has returned 2.1% since its creation in 2012.

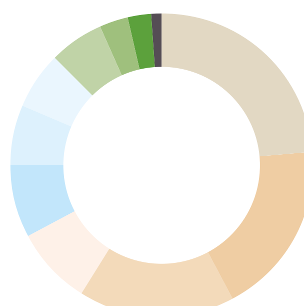
Breakdown of convertible bonds by geographic area, sector and rating at 31 December 2024 (market value)

Source — ERAFP

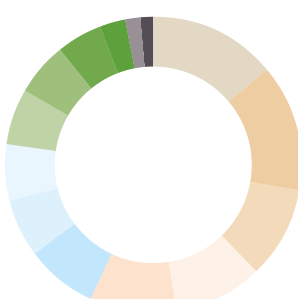
BREAKDOWN BY GEOGRAPHIC AREA



BREAKDOWN BY SECTOR



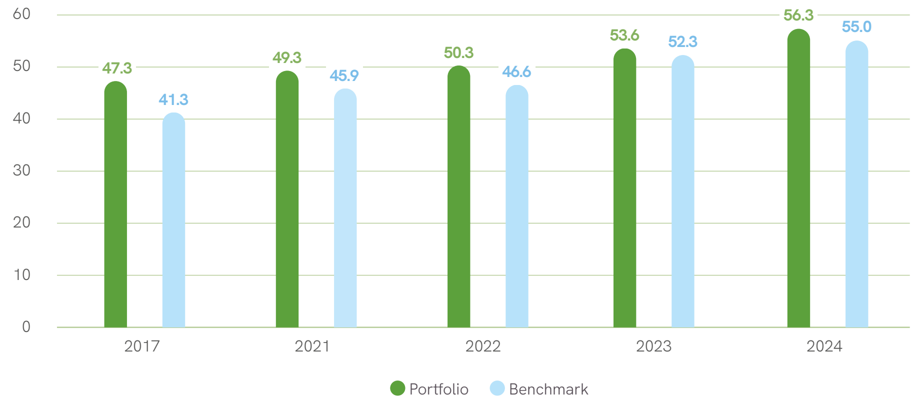
BREAKDOWN BY RATING



NON-FINANCIAL PROFILE

Change in the aggregate ESG score of the corporate[61] and convertible bond portfolios compared with the benchmark

Sources – Moody's ESG Solutions (2017-2022), Morningstar-Sustainalytics (2023-2024), at 31 December 2024



In 2024, ERAFP's portfolio continued to outperform its benchmark index by 1.3 points. The SRI ratings obtained by the euro-denominated corporate bond and global convertible bond portfolios explain this result. The euro-denominated corporate bond portfolio, which represents around 75% of the portfolio covered by the rating, outperformed its benchmark in four of the five pillars, resulting in an overall gap of 1.1 points. Similarly, the global convertible bond portfolio outperformed its benchmark by 4.6 points, benefiting from higher ESG scores across all pillars of the SRI Charter.

THE ISSUE OF ENERGY TRANSITION IN EMERGING COUNTRIES

ERAFP has invested €58 million in Amundi Planet Emerging Green One, the largest emerging market green bond fund to be launched to date, with €1.4 billion under management. The fund results from a partnership between Amundi and IFC, a member of the World Bank group, aimed at encouraging the creation of a high-quality green bond market with support measures for issuers and attractive returns for institutional investors.

61 Includes both the euro- and dollar-denominated corporate bond portfolios.

CLIMATE ANALYSIS

Carbon intensity

Aggregate carbon intensity of the corporate[62] and convertible bond portfolios compared with the benchmark

Source – Iceberg DataLab, at 31 October 2024

	Scopes 1 and 2 (tCO_2eq/€m revenue)	Scopes 1, 2 and 3 (tCO_2eq/€m of revenue)
Corporate and convertible bond portfolios	101	2,713
Benchmark index	181	6,902
Relative performance	-44%	-61%

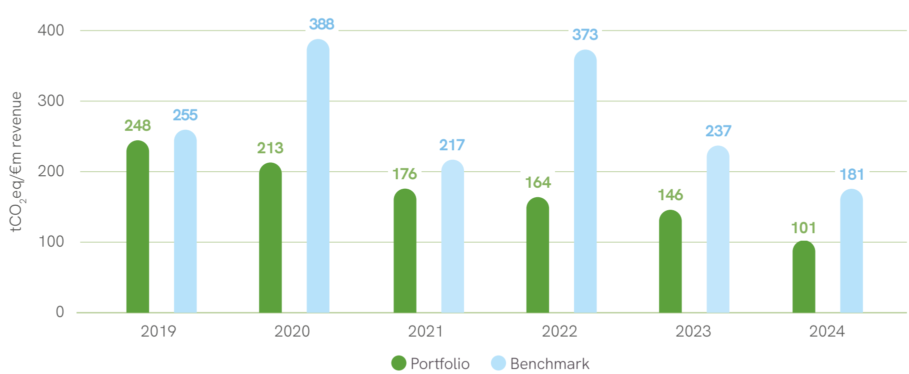
In 2024, the aggregate carbon intensity of the corporate bond and convertible bond portfolios, calculated as a weighted average for Scopes 1 and 2, was 44% lower than that of the benchmark index (at 101 tCO_2eq/€m of revenue, compared with 181 tCO_2eq/€m of revenue).

The performance gap was mainly attributable to the selection of less carbon intensive securities in the utilities, industry and materials sectors.

If we add in Scope 3, the portfolio's carbon intensity remains lower than that of the benchmark (-61%). This gap was mainly due to the selection of less carbon intensive securities in the consumer discretionary and finance sectors and an overweight in the communication services sector, which is not very carbon intensive.

Aggregate carbon intensity of the corporate and convertible bond portfolios compared with the benchmark (Scopes 1 and 2)

Source – Iceberg Data Lab, 31 October 2024



62 Includes both the euro- and dollar-denominated corporate bond portfolios and the emerging market corporate bond portfolio.

It is worth noting, however, that while they provide an overview of the entire value chain, results including Scope 3 should be interpreted with caution as there is a greater risk of double counting emissions.

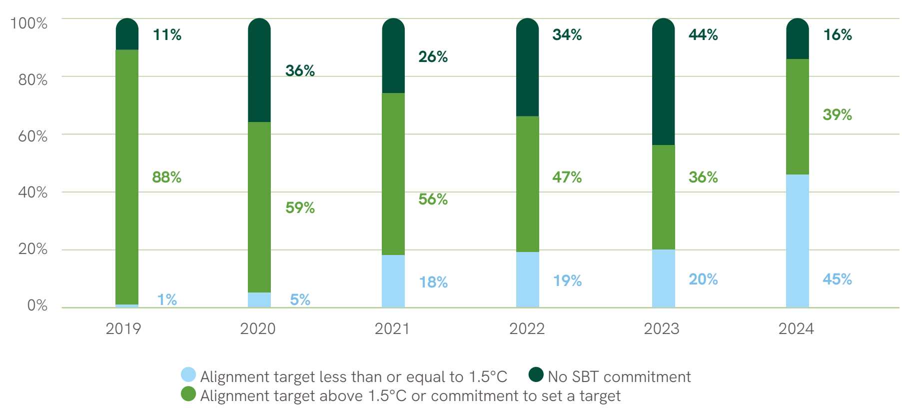
Alignment with a 1.5°C global warming scenario

At the end of 2024, 45% of the aggregate carbon footprint of the corporate and convertible bond portfolios was attributable to companies having set an SBTi-validated GHG emissions target aligned with a temperature increase scenario of 1.5°C or under, compared with 30% for the benchmark.

This percentage was virtually nil (1%) in 2019. The increase bears witness to the initiative's increasing importance; it was launched in 2015, at a time when companies' desire to set such targets was beginning to take hold. It is worth noting that the share of the carbon footprint of companies that have not undertaken an SBTi approach fell from 88% in 2019 to 39% in 2024.

Percentage of the aggregate carbon footprint for the corporate and convertible bond portfolios covered by science-based targets, by type of approach (%, Scopes 1 and 2)

Sources – Iceberg Data Lab, SBTi, ERAFP, at 31 October 2024



The public sector bond portfolio

FINANCIAL PROFILE

ERAFP manages all public sector bonds directly; their value at amortised cost at the end of 2024 was €6.5 billion, i.e. around 15.6% of total assets.

Sovereign bonds accounted for 97.7% of this portfolio. They include fixed-rate and inflation-linked bonds issued by Euro area countries, as well as bonds guaranteed by those countries.

2005, first investments in public sector bonds

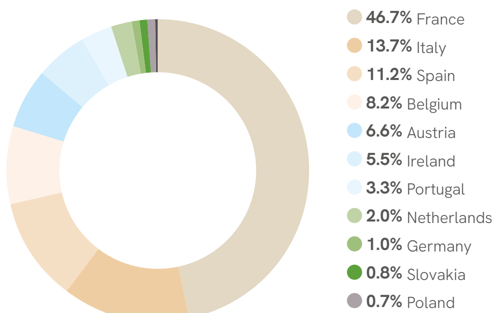
The remainder are issued by local and regional authorities in the OECD and supranational institutions. It should be noted that, in accordance with its SRI charter, ERAFP does not invest in the debt of countries that have not abolished the death penalty.

The IRR of public sector bonds between the Scheme's inception in 2005 and end-2024 stood at 3.9% in market value terms. The one-year IRR, meanwhile, stood at 1.3% and the unrealised gain on the fixed-rate securities portfolio was 0.8%. The unrealised gain on the inflation-linked bond portfolio was 5.7%.

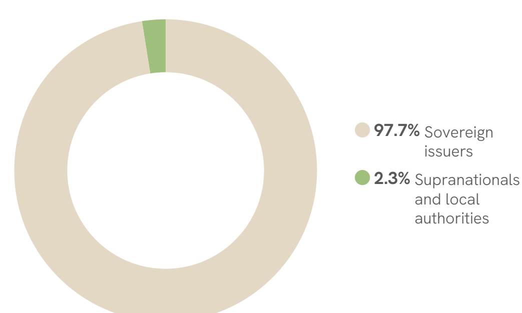
Breakdown of public sector bonds by country and issuer type at 31 December 2024 (at amortised cost)

Source — ERAFP

BREAKDOWN BY COUNTRY



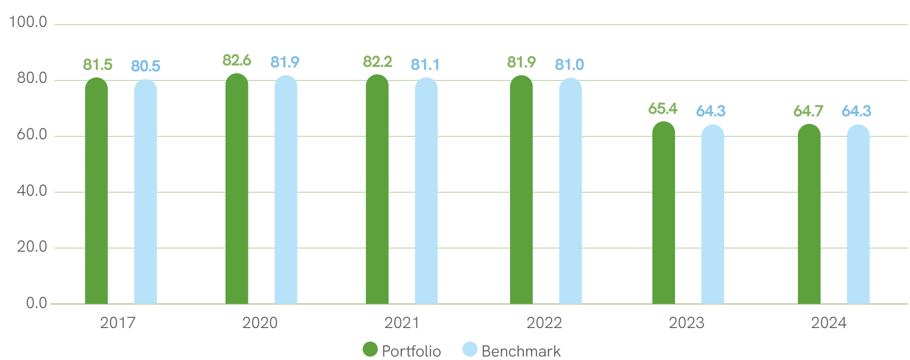
BREAKDOWN BY ISSUER



NON-FINANCIAL PROFILE

Change in the ESG score of the sovereign bond portfolio compared with the benchmark

Sources – Moody's ESG Solutions (2017-2022), Morningstar-Sustainalytics (2023-2024), at 31 December 2024



In keeping with previous years, all the issuers in ERAFP's portfolio satisfy its ESG criteria. All of them have been assigned an average ESG score well above 50/100, the minimum rating defined for this asset class in ERAFP's SRI guidelines.

The sovereign bond portfolio continued to outperform its benchmark by 0,4 of a point in 2024. This outperformance was recorded in 4 of the 5 pillars, particularly in the "Environment" (+1 point) and "Rule of Law and Human Rights" (+0.6 of a point) pillars. This result was largely attributable to the overweight in France, which accounts for nearly half of the sovereign portfolio and outperformed the index.

The portfolio's score decreased slightly (-0.7 of a point) between 2023 and 2024, while that of the index remained constant. This was because of how certain indicators evolved and their weighting in the calculation of the ESG score.

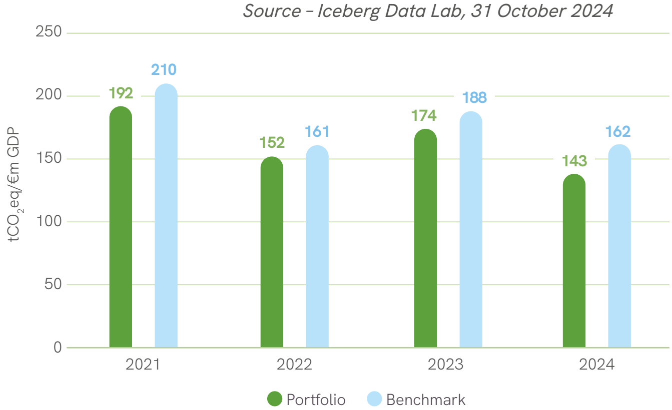
ERAFP does not invest in the debt of countries that have not abolished the death penalty

CLIMATE ANALYSIS

Carbon intensity

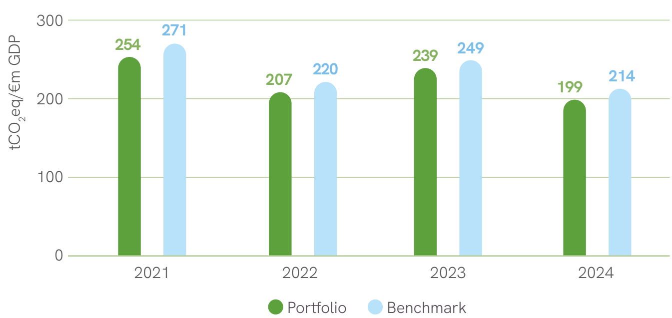
Production intensity of the sovereign portfolio relative to the benchmark

Source - Iceberg Data Lab, 31 October 2024



Consumption intensity of the sovereign portfolio relative to the benchmark

Source - Iceberg DataLab, at 31 October 2024



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.

The production and consumption intensities in ERAFP's portfolio, calculated as weighted averages, are 12% and 7% lower than those of the benchmark index, respectively.

The positive difference is mainly due to the portfolio's overweight in French government securities. Over two-thirds of the electricity produced in France is from a low-carbon nuclear source. For this reason, France is one of the euro area countries with the lowest greenhouse gas emissions relative to GDP.

2017, ERAFP participates in the launch of France's first sovereign green bond issue

The real estate portfolio

FINANCIAL PROFILE

At 31 December 2024, the real estate portfolio totalled €5.1 billion at amortised cost, i.e., 12.3% of total assets. Unreleased commitments of €177 million, pending future deliveries of buildings and cash calls by the mutual funds currently in the investment phase, can be added to this amount.

ERAFP's real estate portfolio comprises six diversified SRI asset management mandates:

- four French real estate mandates, two of which are managed on a diversified basis by AEW and La Française REM, a third under which AEW manages ERAFP's headquarters building and a fourth in the residential real estate sector, managed by Ampère Gestion;
- two European diversified real estate mandates, one managed by AXA Real Estate IM and the other by Swiss Life AM.

Investments in intermediate housing are made within the real estate portfolio, for a total commitment of €592 million.

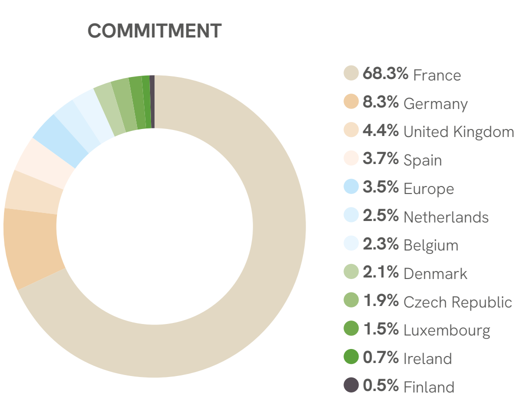
At the end of 2024, the real estate portfolio had generated unrealised losses equivalent to -12.2% at amortised cost. Its one-year IRR stood at -1.3%. It had been 0.6% since the real estate component was created in 2012.

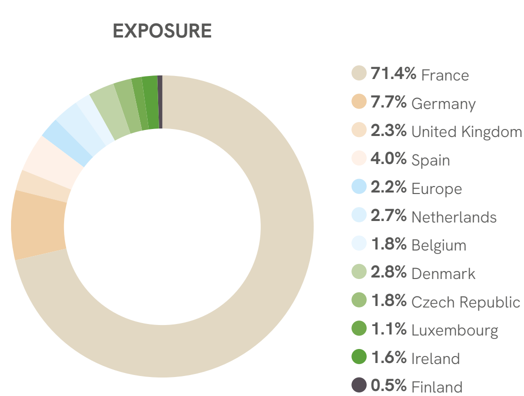
It should be noted that unrealised losses in this asset class are not realised, as ERAFP intends to hold these assets over a long period of time.

2012, first real estate investments

Geographical breakdown of the real estate portfolio at 31 December 2024

Source — ERAFP





NON-FINANCIAL PROFILE

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

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

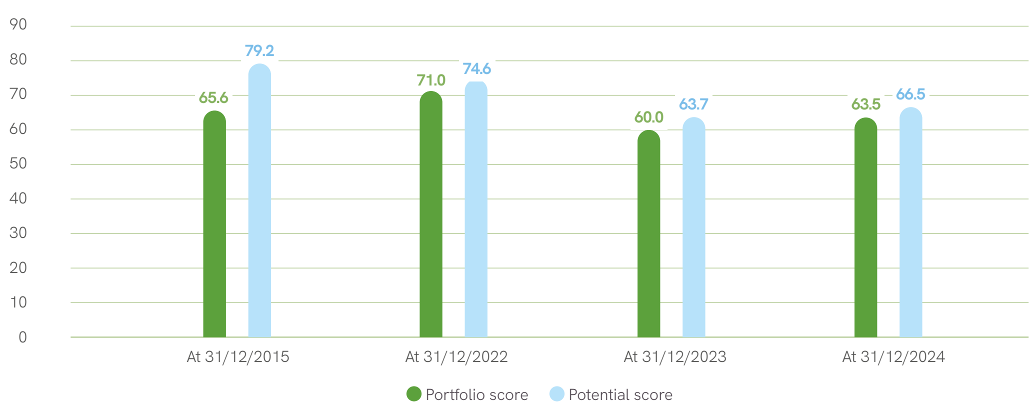
In summary, only real estate assets with a strong ESG performance within their category at the time of acquisition or those with strong improvement potential can be selected for ERAFP's portfolio.

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

In 2024, the ESG score of ERAFP's consolidated real estate portfolio improved compared to the previous year, from 60.0 to 63.5. The change observed from 2022 onwards is linked to the application of a new methodology following a change of manager for one of the portfolio mandates, resulting in a decrease in the ESG rating. The results obtained are therefore not comparable with those obtained in 2022 for those 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.

Change in the ESG score of the real estate portfolio

Source – Asset managers, at 31 December 2024



CLIMATE ANALYSIS

Real estate portfolio greenhouse gas emission indicators[63]

Source – CBRE, at 31 December 2023

	Absolute emissions (tCO_2eq)	Carbon footprint (tCO_2eq/€m invested)	Surface intensity ($kgCO_2eq/m^2$/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
2021	31,700	8.3	28.1
2022 (scopes 1, 2 and tenant consumption)	21,167	4.6	21.5
2023 (Scopes 1 and 2 and tenant consumption)	25,317	7.87	22.7

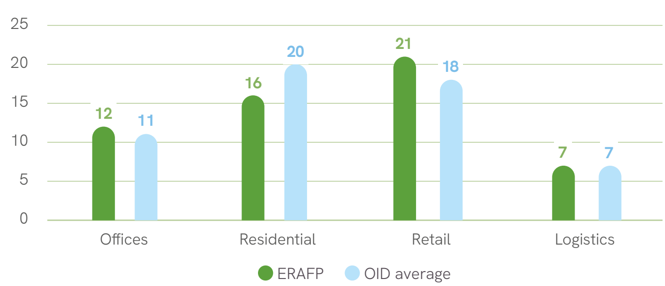
Between 2022 and 2023, the real estate portfolio's absolute greenhouse gas emissions increased by 20%. This change stemmed in part from the increase in the surface area taken into consideration, which rose by 15% over the period. In addition, in 2023, ERAFP switched to a different provider of climate and biodiversity data to review emissions relating to its real estate assets in 2022. The data collected this year is more reliable and of better quality, which has been a contributing factor in its volatility.

The increase in the carbon footprint was down to a scissors effect: the above-mentioned increase in emissions, combined with the decrease in the value of assets. Together, these two phenomena explain the apparent deterioration in the indicator between 2022 and 2023.

Like in 2022, ERAFP was able to compare the surface intensity of its French real estate portfolio with that of a benchmark index. The portfolio's residential assets were found to be much less energy intensive than those in the comparison sample, notably because most are recent constructions that comply with higher energy performance standards. 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.

Comparison of the french real estate portfolio's surface intensity with a european sample

Sources - CBRE, OID, at 31 December 2023



63 The analysis covers €4.3 billion in amounts invested by ERAFP at end-2023, i.e. 93% of the real estate portfolio.

The **multi-asset portfolio**

FINANCIAL PROFILE

At 31 December 2024, the multi-asset portfolio totalled €1.1 billion at amortised cost, representing 2.7% of ERAFP's total assets.

Two companies, Amundi and Allianz GI, were tasked with managing the multi-asset portfolio. Their aim was to maximise performance while complying with ERAFP's SRI Charter and optimising the risk-return ratio by implementing a diversified, flexible, tactical, dynamic and opportunistic asset allocation. The two funds are managed using a risk budget, based on a fundamental approach, with no benchmark constraint. The risk budget for this fund was set at -30% for 2024.

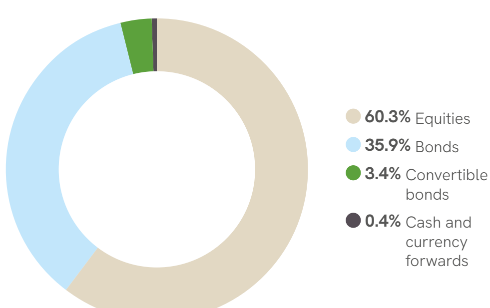
2013, first investments in the multi-asset portfolio

At the end of 2024, the one-year IRR of the multi-asset portfolio stood at 9.4% and its IRR since the portfolio's creation in 2013 at 4.0%. The portfolio showed an unrealised capital gain equating to 35.7% of its amortised cost.

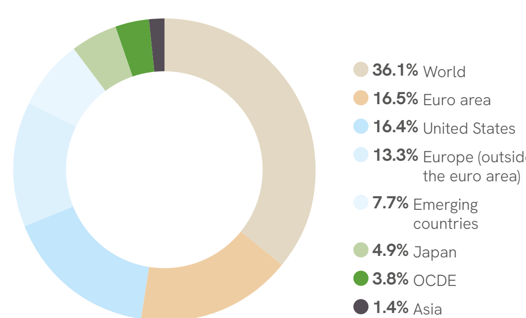
Breakdown of the multi-asset portfolio by asset class and geographic area at 31 December 2024 (at market value)

Source — ERAFP

BREAKDOWN BY ASSET CLASS



BREAKDOWN BY GEOGRAPHIC AREA



NON-FINANCIAL PROFILE

ERAFP has developed specific application provisions regarding its SRI approach to management of the multi-asset fund portfolio. It decided that the SRI eligibility of funds available for selection by managers would be determined based on:

- an analysis of the management process put in place: the only funds eligible are those selected through a best in class SRI approach or that follow a thematic approach based on environmental criteria (preventing climate change, protecting water resources, etc.) or social criteria (healthcare, combating poverty, etc.);
- or an analysis of the fund's ESG quality based on the ESG 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 regulation[64].

At 31 December 2024, all funds in the multi-asset portfolio had an SRI dimension. According to the SFDR classification, 83% (compared with 78.5% at the end of 2023) of these funds promoted environmental or social characteristics ("Article 8" funds) and 17% (compared with 19.3% in 2023) pursued a sustainable investment objective ("Article 9" funds). The decrease in "Article 9" funds mainly stemmed from the continued reclassification of these funds as "Article 8" funds since 2023 pending clarification from the European Commission on the ESG requirements applying to these funds.

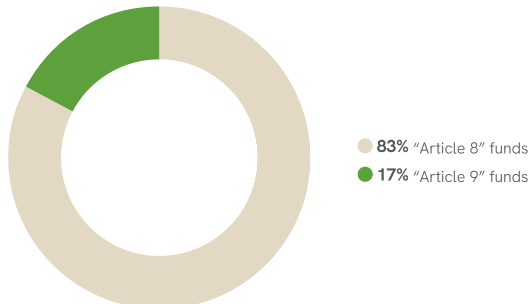
In addition to the SFDR interpretation grid, which is based on the classification of funds by the fund managers themselves, the breakdown of funds by type of ESG label shows how external entities view the funds in question. At 31 December 2024, 55% of the funds in the multi-asset portfolio had been awarded one or more ESG labels. 29% of the certified funds had obtained the French "SRI" label", 30% the "Toward Sustainability" label, 14% the "LuxFlag ESG" label, 1% the "Greenfin" label and 4% the "FNG Siegel" label. Some funds have obtained several labels and are therefore counted several times.

ERAFP has developed specific application provisions regarding its SRI approach to management of the multi-asset fund portfolio

64 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 (Sustainable Finance Disclosure Regulation - SFDR).

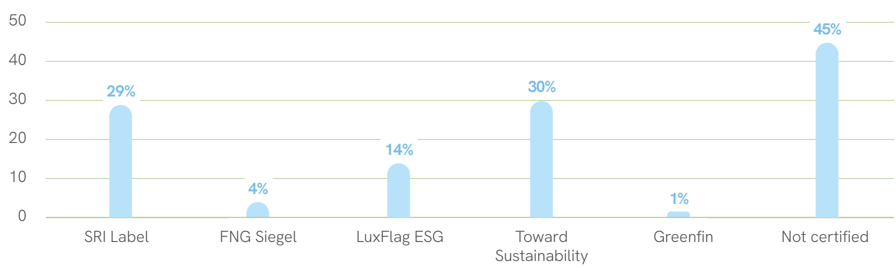
Breakdown of funds in the multi-asset portfolio by SFDR classification (%)

Source — ERAFP, at 31 December 2024



Breakdown of funds in the multi-asset portfolio by type of ESG label[65] (%)

Source — ERAFP, at 31 December 2024



65 The total for certified funds is more than 100% because some funds have more than one label.

The private equity and infrastructure portfolio

FINANCIAL PROFILE

ERAFP uses two delegated management methods to invest in unlisted private equity and infrastructure assets.

In 2015, it began to make direct investments in mutual funds, which at end-2024 amounted to:

- €1,833 million in private equity funds (of which €1,019 million actually called);
- €1,465 million in infrastructure funds (of which €859 million actually called);
- €730 million committed in private equity and infrastructure (of which €376 million actually called) through funds exclusively invested in renewable energy or the energy transition.

Starting in 2017, ERAFP also awarded unlisted asset management mandates in the following amounts:

- €550 million in the dedicated private equity fund managed by Access Capital Partners, which has already made €519 million in commitments (of which €424 million actually called);
- €490 million in the dedicated infrastructure fund (of which €100 million exclusively in renewable energy) managed by Ardian France, which has already made €465 million in commitments (of which €339 million actually called).

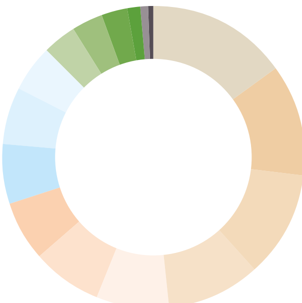
The amounts invested in the unlisted portfolio at 31 December 2024 therefore totalled €1,878 million (€3,358 million in total committed by ERAFP).

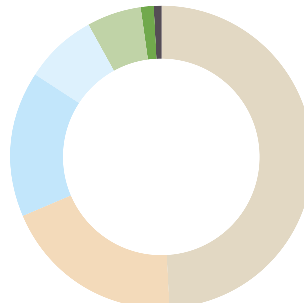
At the end of 2024, the private equity and infrastructure portfolio had generated an unrealised gain equivalent to 39.7% of its amortised cost. Its one-year IRR stood at 7.1% at 31 December 2024 and its IRR since the portfolio's creation in 2015 at 10.1%.

2015, first investments in private equity and infrastructure

Breakdown of private equity and infrastructure funds by sector at 31 December 2024 (at market value)

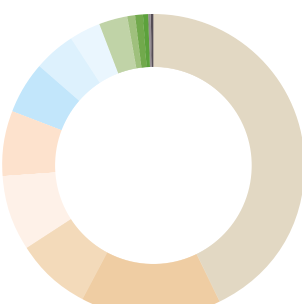
Source — ERAFP

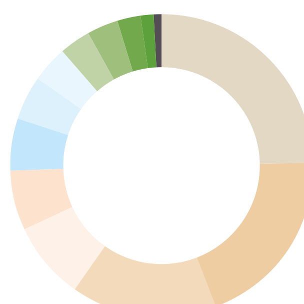




Geographical breakdown of private equity and infrastructure funds at 31 December 2024 (at market value)

Source — ERAFP





NON-FINANCIAL PROFILE

For its private equity and infrastructure mandates, ERAFP adapted the SRI framework to the specificities of these asset classes using a dynamic approach consistent with the life of the investments. Practically speaking, this means using the investment 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 managers invest mainly through mutual funds, SRI analysis is based on two aspects:

- assessment of the management company by analysing the manager's ESG commitments and the SRI management process implemented by the targeted fund;
- ESG assessment and monitoring of portfolio holdings in relation to ERAFP's SRI criteria.

Private equity portfolio

Managers are reviewed in the pre-investment phase. This is useful to assess their practices according to their commitments, organisational methods and ESG processes. Based on this assessment, the manager is assigned a score and categorised into one of two levels. This score is reviewed annually.

As of 31 December 2023, all the managers selected for ERAFP's private equity fund mandate had signed ERAFP's delegated asset manager ESG clause. Of the management companies, 74% issued an ESG report (compared with 67% at end-2022, up 7%), 81% were signatories to the Principles for Responsible Investment (compared with 84% at end-2022, down 3%) and 75% had disclosed their portfolio's carbon footprint (at least for Scopes 1 and 2, compared with 72% at end-2022). At the end of 2023, 19% of management companies were on a trajectory to reduce greenhouse gas emissions, compared with 12% at the end of 2022. There was a general improvement in observed performance due to the inclusion of new managers with more stringent ESG criteria, as well as better consideration of ESG issues by existing managers.

In addition, the performance of the underlying companies in the funds in which the managers invest is analysed annually.

The delegated asset manager redesigned the ESG questionnaire in 2022 in order to refine the assessment of companies and enhance the indicator coverage rate. It is now divided into five themes: governance, organisation of corporate social responsibility (CSR), environment, ESG certification, social considerations and suppliers.

At 31 December 2023, it should be noted that one of the companies was found to be in violation of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. This company was convicted of anti-competitive practices in its market (financial data distribution). Following this ruling, it took corrective internal measures, namely the revision of its sales agreements and the introduction of in-house training on competition law for all its staff. It is also worth mentioning that 31% of the underlying companies have produced a CSR report, 78% have assessed their carbon footprint, 21% have assessed their taxonomy eligibility for an average eligible turnover of 4%, 65% have a value distribution plan beyond regulatory requirements and 49% have adopted a responsible purchasing charter.

For its private equity and infrastructure mandates, ERAFP adapted the SRI framework to the specificities of these asset classes

Thanks to this new questionnaire, the coverage ratio has increased, both at the manager level and also at the underlying asset level. 88% of managers responded to the questionnaire (compared with 80% at the end of 2022). At the underlying company level, the coverage rate was 62.5% (compared with 51% at end-2022).

Infrastructure portfolio

For infrastructure investments, the delegated asset manager must first ensure that 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 targeted fund managers are then assessed before an investment is made, based on a rating grid analysing their ESG policy, their management of significant ESG risks, their contribution to managing the ESG risks and opportunities of the underlying assets, and the transparency of their ESG reporting. All the managers selected by the delegated asset manager of ERAFP's portfolio have a responsible investment policy. As of 31 December 2023, of the 16 managers, all had signed the Principles for Responsible Investment (PRI) and had established a responsible investment policy, and 15 also had a climate policy. Of these, 9 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. Lastly, 13 of the 16 stated that they take biodiversity into account (compared with 11 managers out of the 18 surveyed at 31 December 2022).

In 2021, the delegated asset manager suggested revising the reporting framework in order to align it with a recognised international framework (the ESG Data Convergence Initiative, or EDCI), to focus on transversal and comparable performance indicators and to reduce the number of indicators collected in order to achieve a greater quality and quantity of information.

ESG score of the underlying assets in the infrastructure portfolio

Source – Asset managers, at 31 December 2023

Reference year	Number of assets	Average coverage of indicators per asset	Static average score: Assets present at 31/12/2023	Dynamic average score: Assets present at 31/12/2022 and 31/12/2023
2022	186	63%	34.7	N/A
2023	169	59%	47.1	66.8 (105 assets only)

The revision of the reporting framework led the delegated asset manager to implement a new methodology for rating underlying assets as of 31 December 2022. This is aligned as much as possible with the EDCI market standard, to which are added certain indicators specific to ERAFP, particularly on social issues. These indicators are grouped into different categories relating to changes in employment, carbon intensity, consumption and production of renewable energy, biodiversity, the percentage of women on boards of directors, workplace accidents, employee satisfaction surveys and the completion level of all the above.

This methodology produces two scores:

- a static score to compare the performance of the assets with each other;
- a dynamic score to compare the performance of an asset from one year to the next.

Although coverage has decreased slightly, assets appear to have improved in terms of ESG quality. Next year's dynamic average score will provide a more detailed and comprehensive analysis.

As of 31 December 2023, fund managers were therefore assessed both on their own ESG performance and on their management of the ESG performance of their underlying assets.

CLIMATE ANALYSIS

Private equity portfolio

Weighted carbon intensity measures a portfolio's exposure to CO_2 emitting companies, per million euros of revenue. This makes it possible to assess regulatory risks without being influenced by the size of companies or changes in stock prices. It is calculated based on the sum of the carbon intensities of the companies, weighted by their weight in the portfolio.

At the end of 2023, the carbon intensity of the private equity portfolio on Scopes 1 and 2 was 48 tCO_2eq/€m. This intensity is measured at the level of the portfolio's underlying assets, with a coverage rate of 48%.

Since the results of previous years are not sufficiently reliable, no historical comparison is possible for the time being.

Appendices

Statutory auditors' report on the **2024 financial statements**

forvis mazars
61, rue Henri Regnault
92075 Paris La Défense Cedex

Grant Thornton
29, rue du Pont
92299 Neuilly-sur-Seine

ERAFP

Etablissement de Retraite Additionnelle de la Fonction Publique

Statutory Auditors' attestation on the commitment coverage ratio, drawn up pursuant to Article 28 of Decree No. 2004-569 of 18 June 2004 for the year ended 31 December 2024

Year ended 31 December 2024

Forvis Mazars SA
Public limited company (société anonyme) of chartered accountants and statutory auditors with an executive board and a supervisory board
Registered on the national list of statutory auditors attached to the Versailles and Centre regional institute of statutory auditors (Compagnie Régionale des Commissaires aux Comptes - CRCC)
Share capital of €8,320,000 - Nanterre Trade and Companies Register No. 784 824 153

Grant Thornton
Simplified joint stock company (société par actions simplifiée) of chartered accountants and statutory auditors
Registered on the national list of statutory auditors attached to the Versailles and Centre regional institute of statutory auditors (Compagnie Régionale des Commissaires aux Comptes - CRCC)
Share capital of €2,297,184 – Nanterre Trade and Companies Register No. 632 013 843

ERAFP
Etablissement de Retraite Additionnelle de la Fonction Publique
12, rue Portalis – 75008 Paris

Statutory Auditors’ attestation on the commitment coverage ratio, drawn up pursuant to Article 28 of Decree No. 2004-569 of 18 June 2004 for the year ended 31 December

Year ended 31 December 2024

To the supervisory authorities of ERAFP,

In our capacity as Statutory Auditors of ERAFP and in accordance with the provisions of Article 28 of Decree No. 2004-569 of 18 June 2004, we have prepared this attestation relating to the commitment coverage ratio for the year ended 31 December 2024, which is included in the attached document (in French) “Taux de couverture Régime de retraite additionnelle de la fonction publique”.

This coverage ratio was established under the responsibility of the board of directors, in accordance with the calculation methods specified in the aforementioned decree and based on the annual financial statements for the financial year ended 31 December 2024. It is our responsibility to certify this information.

As part of our statutory audit engagement, we conducted an audit of your Institution’s annual financial statements for the year ended 31 December 2024. The purpose of our audit, conducted in accordance with professional standards applicable in France, was to express an opinion on the annual financial statements taken as a whole, and not on specific items of these financial statements used to determine this information. Accordingly, we have not conducted our audit tests and sampling for this purpose and shall not express any opinion on these items taken in isolation.
We performed the procedures that we considered necessary in accordance with the professional standards of the CNCC (French National Institute of Statutory Auditors) relating to this engagement. These procedures, which do not constitute an audit or a limited review, consisted in verifying the calculation of the coverage rate of ERAFP’s commitments, namely:

- Verifying the compliance, in all material respects, of the calculation methods with the provisions of the decree;
- Verifying that the information contained in the attached document was consistent with the accounting records;
- Verifying the arithmetic accuracy of the calculations.

Based on our work, we have no observations to make on the coverage rate of the commitments shown in the attached document.

This attestation constitutes a certification of the coverage rate of commitments within the meaning of Article 28 of Decree No. 2004-569 of 18 June 2004.

This attestation has been drawn up for your attention in the context specified in the first paragraph and must not be used, distributed or referred to for any other purpose.

Issued at Paris-La Défense and Neuilly-sur-Seine, 10 April 2025

The Statutory Auditors

Forvis Mazars SA	Grant Thornton
Julie MALLET	Laurent LUCIANI
Associate	Associate

Asset management mandates awarded by ERAFP

Pursuant to the applicable regulations, asset management is mostly delegated to external asset management companies.

Allocating the delegated investment management portfolios to a number of different firms spreads financial risk across a number of service providers; this is a prudent approach to the management of assets administered on behalf of contributing beneficiaries.

Other than for the euro-denominated corporate bond mandates, each of the asset management companies has created a dedicated vehicle , in which ERAFP invests based on market conditions in accordance with a fully internal investment process.

For each management mandate, ERAFP assigns an "active" mandate and one or more "stand-by" mandates, which ERAFP may activate if it deems it necessary.

In 2024, the Institution launched two requests for proposals to allocate management mandates:

- in July, to select three emerging market SRI corporate bond managers;
- in November, to select three global SRI convertible bond managers.

MANDATES MANAGED ON ERAFP'S BEHALF AT 31 DECEMBER 2024

Equity mandates

- French listed small- and mid-cap equities: Sycomore AM, Amiral Gestion and Tocqueville AM;
- Euro area listed mid- and large-cap equities: Allianz GI GmbH, BNP Paribas AM France, Edmond de Rothschild AM France, Lazard Frères Gestion SAS;
- European listed small-cap equities: BFT IM (delegated to Montanaro AM);
- European listed mid- and large-cap equities: Candriam;
- Mid- and large-cap equities managed using a Carbon Transition Benchmark (CTB) index tracking method: BlackRock France SAS;
- Mid- and large-cap equities managed using a Paris-Aligned Benchmark (PAB) index tracking method: Amundi AM;
- Large-cap equities managed using an "MSCI EMU ISR" index tracking method: Amundi AM;

- US mid-cap equities: BFT IM (delegated to Morgan Stanley IM);
- US large-cap equities: Ostrum AM (delegated to Loomis Sayles) and Oddo (delegated to Allspring);
- Japanese listed large-caps: Comgest and BFT IM (delegated to Wellington Management Japan).

Corporate bond mandates

- Euro-denominated corporate bonds: Amundi AM, Ostrum AM and HSBC Global AM (France);
- Dollar-denominated corporate bonds: AXA IM Paris and FundLogic (delegated to Eaton Vance Management, a subsidiary - as well as FundLogic - of the Morgan Stanley IM Group);
- Emerging market corporate bonds: Aberdeen Asset Management Limited.

Convertible bond mandates

- Global convertible bonds BFT IM (delegated to CQS) and Lombard Odier Gestion.

Real estate mandates

- Real estate assets in France: AEW and La Française REM;
- Real estate assets in Europe: AXA Real Estate IM and Swiss Life AM;
- Residential real estate assets in France: Ampère Gestion;
- Management of the building which is home to ERAFP's head office: AEW.

Multi-asset mandates

- Multi-asset portfolio: Amundi and Allianz GI.

Private equity and infrastructure mandates

- Unlisted private equity assets: Access Capital Partner;
- Unlisted infrastructure assets: Ardian Capital SA.

Currency hedging mandate

- Specialised professional currency hedging fund: Millenium Global Europe.

Organisation of internal control and risk management at ERAFP

System

The purpose of internal control and risk management is to give the Scheme's supervisory and management bodies and ERAFP reasonable assurance that the following objectives are achieved:

- compliance with the laws and regulations that apply to ERAFP;
- accomplishment of the missions and achievement of the targets set by ERAFP's management, in line with and in accordance with the guidelines set by the board of directors;
- risk management, enabling the prevention of detrimental situations;
- reliability and integrity of accounting and financial information;
- compliance with internal rules and procedures;
- economical and efficient use of resources.

ERAFP's internal control organisation and risk management system are based on the following fundamental principles:

- clear governance and organisation, and the segregation of duties: to reduce the risk of conflicts of interest and/or fraud, the commitment, settlement and control functions must be distinct;
- the existence of several levels of control: distinction between first-level controls (carried out by the operational staff or their managers) and second-level controls (carried out by dedicated, hierarchically independent control staff);
- implementation of dedicated tools, specific committees and appropriate procedures.

ERAFP's internal control system includes:

- the permanent control activity, which is ERAFP's responsibility;
- the control activities carried out by the board of directors, which delegates the most meticulous or technical tasks to its specialised audit committee (CSA).

For ERAFP, the main players in monitoring the internal control and risk management system are:

- operational staff, who are the risk owners and are responsible, together with their managers, for effectively performing first-level controls;
- the internal control and operational risk department (CIRO): in addition to carrying out second-level controls, this department is responsible for coordinating and supervising the risk management system and the first-level controls carried out by the operational staff;

- the financial risk control department (RFI), which coordinates and supervises the financial risk control system and performs second-level controls relating to financial risks. The CIRO and RFI departments, which report to ERAFP's deputy chief executive officer for finance and operations, work closely together on all these matters. They are independent from the activities that they control;
- ERAFP's accounting agency, which carries out controls on financial flows as a public accountant independently of the authorising officer.

The accounting agency's participation in ERAFP's internal control system is based on the fundamental principle of segregation of duties between authorising officer and public accountant, pursuant to Article 191 of Decree No. 2012-1246 of 7 November 2012 on public budgetary and accounting management. The accounting officer carries out checks to ensure compliance with general accounting principles and rules as well as the quality of the accounting internal control relating to the operations within their remit.

With respect to risk, ERAFP distinguishes between mismatch risks between the Scheme's assets and liabilities, financial risks and operational risks.

Mismatch risks between the Scheme's assets and liabilities mainly include the risk that the Scheme's financial assets will be insufficient to cover its liabilities, which may arise specifically from the materialisation of a large volume of financial risks in relation to investing, member demographic risk (mainly comprising longevity risk), or a risk in relation to the model applied (for the calculations of life expectancy tables and discounted commitments, and for medium-term financial projections); this may also involve a mismatch between the cash flows of the Scheme's liabilities and those of the financial assets, which may be illiquid. By extension, the Scheme is also exposed to the economic and regulatory risks affecting mandatory public-sector pension schemes, which could impact the coverage of its liabilities by assets.

Financial risks include credit risk, market risk, liquidity risk, inflation risk, counterparty risk, country risk, currency risk, investment risk and concentration risk.

Operational risks include human resources risk, accounting, budgetary and tax risk, legal and compliance risk, information systems security risk, physical and environmental risks, fraud risk and administrative risk. By extension, ethics-related risk and image and reputational risk are also dealt with under operational risk.

ERAFP has entrusted certain activities to third parties:

- the management of financial assets other than sovereign bonds is delegated to financial asset managers authorised to act on behalf of third parties or to the managers of funds in which ERAFP invests directly,
- the Scheme's administrative management is mandated by the decree of 18 June 2004 to Caisse des Dépôts et Consignations, which, under the authority and control of the board of directors, carries out tasks such as collecting contributions, maintaining individual retirement accounts (CIR), calculating rights, paying benefits to beneficiaries who were employed in public hospitals and local and regional public authorities, managing relations with beneficiaries and public sector employers, and accounting for the Scheme,
- the payment of Scheme benefits to beneficiaries who were employed by central government, is handled by the Public Finances Directorate General (DGFiP), which includes the State Pension Service (SRE).

The scope of control therefore covers:

- firstly: ERAFP, i.e. its own staff, processes and systems;
- secondly, and indirectly: the risks and controls of ERAFP's service providers and external agents, particularly the management companies, the CDC and the DGFiP.

Changes in risk management and internal control in 2024

A number of notable projects and initiatives relating to risk management and internal control took place in 2024:

The risks and internal control committee, chaired by ERAFP's Chief Executive Officer, met regularly in 2024; the head of internal control presents and examines, in conjunction with the members of the management committee, the action plans in progress, any operational incidents observed, the effectiveness of the financial, technical and operational risk control systems, the compliance of operations and the security of information systems. Financial risk dashboards are presented by the Head of Financial Risk Control.

Similarly, the regular meetings of the financial risk committee continued in 2024 at a greater frequency. This committee meets quarterly with the Chief Executive Officer, the two Deputy Chief Executive Officers (for finance and for operations), the Head of Financial Risk Control and their team, and the Financial Management team, mainly to analyse the situation of the assets in terms of financial risks, based on an analysis of the general economic environment, risk reports and the results of controls.

The implementation of the action plan, drawn up following the overhaul of ERAFP's operational risk mapping in June 2022, continued in 2024. The construction of the new risk map made it possible to verify control of the main risks and, as regards material risks or risks requiring special attention, to put an action plan in place to supplement the risk management system. This risk map hence identified 18 "main" risks relating to ERAFP's activities, which were presented, along with the associated action plan, to the specialised audit committee (CSA) in June 2022 and to the board of directors in July 2022. A progress report on the implementation of the action plans was submitted to the CSA in June 2024.

Work to formalise the components of ERAFP's financial risk framework (cross-functional risks, market risk, country risk, credit risk, foreign exchange risk, risk relating to unlisted assets excluding real estate), which is an important aspect of the financial risk management system, was completed in 2023. A periodic review of these components was introduced in 2024. The 2024 review led to an adjustment of the framework governing credit risk and country risk.

As regards the work of ERAFP's ALM and actuarial unit, which uses the asset-liability modelling tool "Solveo", there were no major developments in this tool in 2024, although new functionalities are rolled out regularly to facilitate more detailed modelling. Since the end of 2023, the actuarial team has been receiving from the CDC's information systems, at a greater frequency and with greater levels of detail, management data relating to members. This data is used in particular to calculate the technical reserve, for which the valuation methodology was enhanced in 2024.

In late 2022 and early 2023, the French Court of Auditors (Cour des Comptes) examined the role of the Caisse des Dépôts in the management of three public sector pension schemes: CNRACL, IRCANTEC and RAFP. On 19 July 2023, the Court published its statement of final observations, which included six recommendations that were addressed to the supervisory authorities, the CDC or to the three schemes. The implementation of the recommendations concerning ERAFP, which related in particular to the objectives and management agreement, is underway.

Communication department: communication@erafp.fr
Photos: Communication department
Design LUCIOLE ▪ may 2025

Établissement de Retraite additionnelle de la Fonction publique
12, rue Portalis - CS 40 007 - 75381 Paris Cedex 08 — www.rafp.fr
Follow us on