
20 YEARS
2005
2025

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

Contents

Introduction

In adopting its SRI (Socially Responsible Investment) Charter as early as 2006, ERAFP sought to anchor the Scheme's investment policy to the values supported by its active contributors by building environmental, social and governance criteria into its processes. Keen to underscore the importance of its SRI approach, which is central to the Scheme's strategy, ERAFP has reported on it year after year in its public report. In 2016, ERAFP aligned its practices with the decree implementing Article 173-VI of the Energy Transition and Green Growth Law of 29 December 2015, marking its ongoing commitment to addressing these challenges to the best of its ability. In addition, in its 2019 public report ERAFP set out the measures it had taken to incorporate climate considerations into its practices. In doing so, it implemented the recommendations of the G20 Taskforce on Climate-related Financial Disclosures before they became mandatory. Driven by that same determination to remain at the forefront of sustainability disclosures — which has earned it several awards in recognition of the quality of its non-financial *reporting* — this year ERAFP is publishing its third report specifically dedicated to the Scheme's SRI policy, in accordance with the decree implementing Article 29 of the Energy and Climate Law of 8 November 2019.

The aim of this report is to set out ERAFP's response to the implementing decree, on a point-by-point basis. This report can be used in tandem with ERAFP's 2024 public report, which includes a brief presentation of the SRI policy implemented by the Scheme and the main results thereof, and refers readers to this report for a more in-depth analysis. Please note in particular that the annual report, which covers all the factors that affected ERAFP's activities during the past financial year, presents both the financial and non-financial aspects of the investment policy.

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

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

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General approach adopted by the entity

Vision and **values**

As a public institution established for the benefit of civil servants employed by the State, local and regional authorities, hospitals, the judiciary and the military, ERAFP's role is to serve the public interest. As a pension scheme with a capitalisation-based business model, it acts over the long term to ensure equity and intergenerational solidarity.

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

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

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

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

ENVIRONMENTAL CHALLENGES

According to the latest report by the Intergovernmental Panel on Climate Change (IPCC), published on 20 March 2023, the 1.5°C warming threshold, beneath which the harmful effects of climate change can be better contained, will be reached as soon as 2030. According to the EU's Copernicus Climate Change Service (C3S), this threshold was reached in 2024 (1.6°C above the pre-industrial era). While C3S specifies "it is generally agreed that temperatures averaged over two or three decades are needed to confirm that one or other of these thresholds has been passed," the year 2024 will be the first to cross this symbolic threshold. With extreme temperatures, heavy rainfall and rising sea levels, the climate risks identified years ago are already materialising in extreme ways, pushing biodiversity and human populations towards their limits, and in some cases even beyond them. In a study published in September 2023, an international team of researchers at the Stockholm Resilience Centre (SRC) found that six of the nine planetary boundaries have already been crossed[1]. Some of the consequences of global warming are already irreversible and any further delay in implementing concerted action across the globe will wipe out any hope of securing a liveable future for current generations and those to come.

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

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

More recently, ERAFP wanted to take action on the issue of biodiversity, which is closely linked to the climate issue. Faced with the observation made by IPBES[2] of the accelerated loss of biodiversity in recent years, it seems increasingly necessary for investors to take action at the portfolio level.

GOVERNANCE CHALLENGES

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

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

SOCIAL CHALLENGES

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

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

ERAFP expects companies to pay particular attention to respect for human rights and decent working conditions in their supply chain and at their subcontractors. Similarly, the challenges that companies will have to take on for a successful energy transition involve major transformations in some business areas that will have an impact on employees and civil society. ERAFP expects companies to incorporate principles of fair transition into their transition strategies.

ERAFP wanted to take action on the issue of biodiversity, which is closely linked to the climate issue

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

ERAFP's **ESG approach**

THE SCHEME'S SRI APPROACH

An original SRI approach

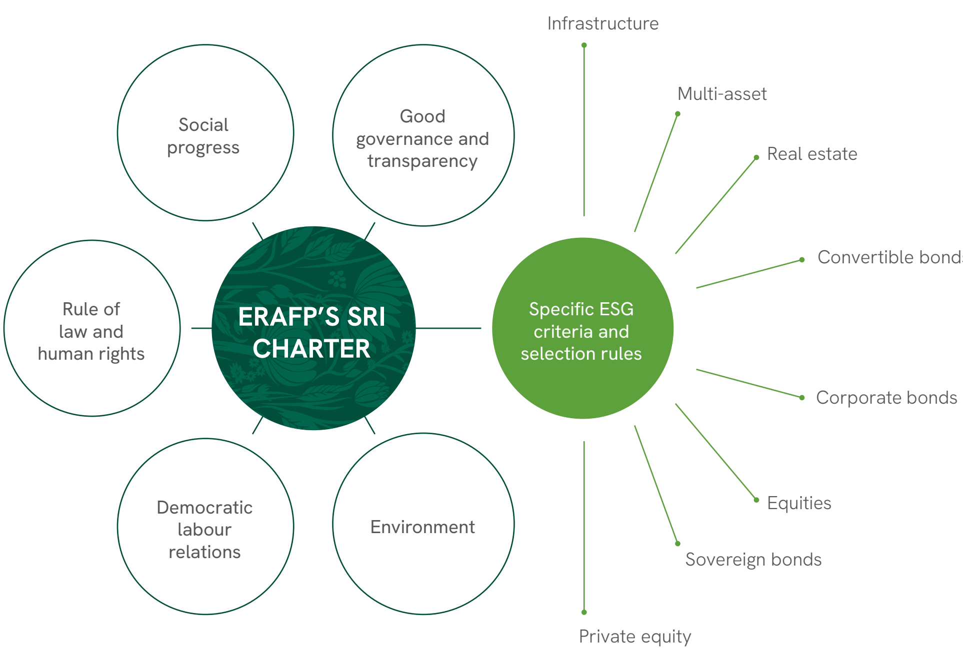
The Scheme's SRI approach is original in several ways:

- The board of directors oversees the SRI framework internally. On the management's proposal, the board itself laid down an approach that satisfies the demands and values of its members, and regularly monitors its application on the basis of the comprehensive and continuous information provided by regular meetings of its investment policy monitoring committee (CSPP).
- The policy's content is '100% SRI'. In other words, the SRI Charter applies to all of the Scheme's investments and takes into account the specific features of each asset class.

An overarching SRI approach

ERAFP's SRI approach:

- not only concerns all of the Scheme's investments but also applies to all the investment phases, from the first stage of asset allocation to the post-investment stage of monitoring the companies whose securities are included in the portfolio;
- applies to a broad spectrum of values to all sectors, instead of theme-specific investments.



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

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

- not excluding individual business sectors, but promoting the issuers with the best ESG practices within each sector and, more generally, within groups of comparable issuers;
- monitoring and supporting issuers that have adopted a continuous improvement approach.

ERAFP has taken its best in class approach even further by introducing thresholds and eligibility criteria for issuers exposed to certain activities, taking into consideration the specific issues involved (coal, conventional and unconventional fossil fuels). These criteria are detailed in section 5.3 of this report ("Climate-related exclusion policy")[3]. ERAFP also divested from the tobacco sector in 2019 and does not invest in the sovereign bonds of countries in which the death penalty is still legal.

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

SELECTING OF THE MAIN CRITERIA

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

Creating ERAFP's extra-financial rating system

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

Each criterion is assigned a weight (from 0 to 3) according to the importance of the underlying issues considering the issuer's business activity or the characteristics of the asset being assessed. Certain issues (highlighted in bold in the table on page 10) are considered "key" for the Scheme. Their weight can never be 0, regardless of the nature, geographical origin or activity of the issuer. This applies in particular to the 'Control of the risks associated with climate change and contribution to the energy transition' criterion.

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

3 See page 87.

THE CHARTER'S 5 VALUES AND 18 CRITERIA

1
Rule of law and human rights

Non-discrimination and promotion of equal opportunities

Freedom of opinion and expression and other fundamental rights

Responsible supply chain management

2
Social progress

Responsible career management and forward-looking job strategy

Fair sharing of added value

Improvement of working conditions

Impact and social added value of the product or service

3
Democratic labour relations

Respect for union rights and promotion of labour-management dialogue

Improvement of health and safety conditions

4
Environment

Environmental strategy

Environmental impact of the product or service

Control of environmental impacts

Control of the risks associated with climate change and contribution to the energy transition

5
Good governance and transparency

Management/Corporate governance

Protection of and respect for customer/consumer rights

Fight against corruption and money laundering

Responsible lobbying practices

Tax transparency and accountability

THE ROLE OF CLIMATE IN ESG ANALYSIS

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

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

This criterion makes it possible to assess the efforts made by issuers to anticipate and adapt to the effects and consequences of climate change. It also makes it possible to recognise the companies in sectors with significant energy transition issues that have laid down a strategy in line with the objectives of the Paris Agreement.

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

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

In addition to these analysis criteria, ERAFP has implemented eligibility criteria for issuers exposed to certain activities, taking into consideration the specific issues involved (coal, conventional and unconventional fossil fuels). For more information, see section 5.3 of this report ("Climate-related exclusion policy"), page 87.

A BEST IN CLASS SELECTION PROCESS

In practice, the principle translates into detailed rules that make it possible to determine, based on the scores that issuers obtain for ERAFP's SRI criteria, the issuers that can be considered as the best in their category.

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

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

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

The ERAFP has adopted a best in class approach to integrate the underlying ESG issues of its SRI Charter into all its investments

CONSIDERATION OF CLIMATE IN THE ISSUER SELECTION PROCESS

As a general rule, the issuer selection process does not dissociate climate-related criteria from other ESG criteria. There is, however, an exception for two index-tracking management mandates, based respectively on Climate Transition Benchmark (CTB) and Paris-Aligned Benchmark (PAB) indices, in accordance with European regulations on climate indices[4].

CONSIDERATION OF ESG CRITERIA IN THE DECISION-MAKING PROCESS FOR THE AWARD OF NEW MANAGEMENT MANDATES

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

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

In this context, candidates' ESG capabilities (coverage and depth of research, size and experience of teams, tools, etc.), together with the effectiveness of their approach for incorporating ESG criteria in the asset management process proposed, are a decisive factor when it comes to selecting asset managers. Applicants must be able to fully apply ERAFP's SRI framework. If this condition is met, ESG considerations represent 10% to 15% of the rating assigned to candidates, in both the application phase and the bid phase.

4 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016.

CONSIDERATION OF ESG CRITERIA IN THE MULTI-INVESTOR FUND SELECTION PROCESS

ERAFP has been authorised since 2019 to invest up to 10% of the carrying value of its assets in collective investment undertakings without delegating management. While the direct selection of collective investment undertakings is therefore not done in accordance with the Public Procurement Code, it is nonetheless governed by a documented internal procedure. The incorporation of ESG factors in the management process implemented by the funds considered is one of the selection criteria used, representing between 10% and 15% of the final rating assigned to each fund.

While the requirement for ESG integration is adjusted according to the maturity of the asset class in question, ERAFP still favours funds that adopt best practices and demonstrate innovation in this area.

Assets managed taking ESG criteria into account

	Assets under management (market value in €m)	Assets managed using ESG criteria (%)
Direct management		
Sovereign bonds	6,602	100%
Cash & cash equivalents	362	100%
Delegated management/Mandates or dedicated funds		
Corporate bonds	11,131	100%
Convertible bonds	1,188	100%
Listed equities	18,190	100%
Multi-asset	1,498	100%
Private equity and infrastructure	1,980	100%
Real estate	4,465	100%
Dedicated currency hedging	352	0%
Delegated management/Multi-investor funds		
Multi-investor funds	1,989	100%

All the asset classes in ERAFP's portfolio are subject to an ESG/climate analysis, with the exception of the currency hedging segment (for which this type of analysis is not relevant and which represented less than 1% of assets under management at end-2024). The analysis covers all business sectors, the sole limitation being a lack of available data for certain unlisted assets[5].

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

Key aspects of **ESG performance**

LISTED ASSET PORTFOLIOS

ERAFP assesses the effectiveness of its best in class SRI strategy by comparing the ESG ratings of its portfolios of listed assets (equities, corporate bonds, convertible bonds and sovereign bonds)[6] with those of its benchmark indices. In 2024, the vast majority of its portfolios outperformed their benchmark in terms of ESG score[7].

Specific provisions have been established for the application of the SRI framework to the multi-asset portfolio.

Change in the ESG rating of ERAFP's listed asset portfolio by investment segment

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

Listed assets at 31/12/2024	2017 ESG rating		2022 ESG rating		2023 ESG rating		2024 ESG rating	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Listed companies	**46.6**	**42.7**	**51.6**	**49.1**	**55.6**	**54.9**	**58.7**	**57.3**
Corporate and convertibles bonds	*48.2*	*42.3*	*51.3*	*47.9*	*54.2*	*53.4*	*56.3*	*55.0*
Equities	*46.2*	*43.6*	*52.5*	*50.8*	*56.8*	*56.6*	*60.4*	*58,9*
Sovereign bonds	**81,1**	**80,5**	**81,9**	**81,0**	**65,4**	**64,3**	**64,7**	**64,3**

6 Emerging market corporate bond credit portfolios and small cap portfolios are not included due to a lack of data for these asset classes.

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

Aggregate listed company portfolio

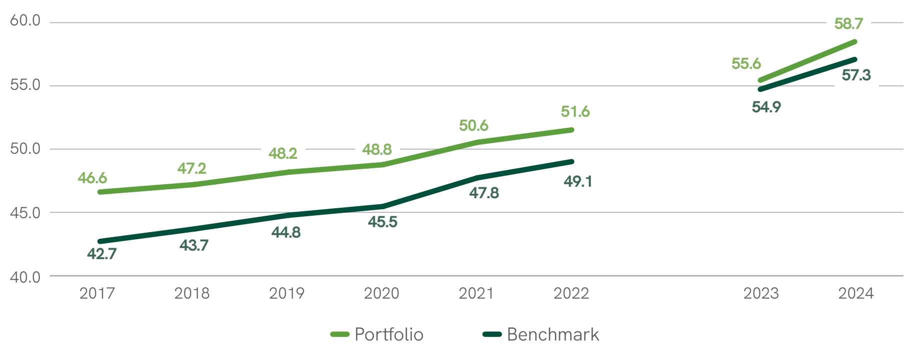
The ESG rating of ERAFP's portfolio of listed companies (see chart below) continued to outperform that of its benchmark (+1.4 points). This reflects the fact that the portfolio does better than the benchmark in two of the five pillars of ERAFP's SRI Charter: the portfolio of listed companies carries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

For information purposes, the ESG score from 2017 to 2022 calculated by the previous non-financial rating agency (Moody's ESG Solutions) is provided. As of 2023, a comparison of the scores with those obtained in previous years is not relevant given the change in methodology.

In addition to measuring the effectiveness of the best in class approach applied to the portfolio of listed companies, ERAFP assesses its effect on the investment universe. The selectivity rate of the SRI filter – i.e. the percentage of rated 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 screening. This high rate reflects both the stringency and the effectiveness of ERAFP's screening methodology.

ESG rating of the listed company portfolio compared with the benchmark since 2017[8]

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



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

LISTED EQUITIES PORTFOLIO

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

This is largely due to the ESG rating obtained by the Eurozone large- and mid-cap equity and European equity portfolios, which represent approximately 70% of ERAFP's aggregate equity portfolio, as well as the North American large-cap equity portfolios, which represent approximately 17% of ERAFP's aggregate equity portfolio. These portfolios offer a better rating than their benchmark index.

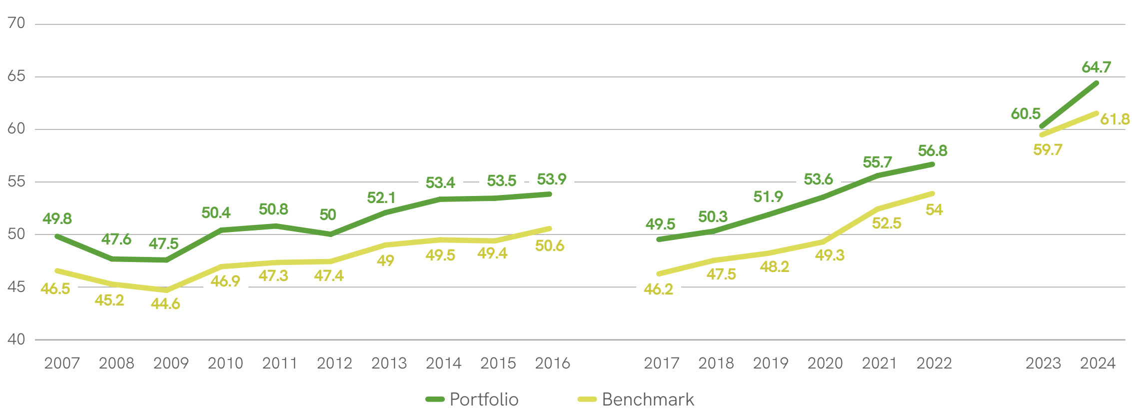
The North American mid-cap equity portfolio and the Japanese equity portfolios obtained an ESG rating below their benchmark index.

Looking more specifically at the evolution of the ESG score of the eurozone equity portfolio[9], one can see that, far from being a cyclical phenomenon, its score has been, since the ERAFP SRI Charter came into force, both constantly improving and systematically higher than that of its benchmark index.

The decline in the score observed between 2016 and 2017 as well as the upward tick between 2022 and 2023 are due to methodological changes.

Change in the average ESG rating of the eurozone equity portfolio compared with the benchmark

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



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

The underperformance of the North American mid-cap equity portfolio was tied to an absence of data for many companies in the portfolio, with overweights in these companies compared to a benchmark with greater coverage by the rating agency.

The underperformance of the Japanese equity portfolio mainly stemmed from the fact that one of the two mandates invests in smaller companies, for which less information is available for assessment purposes, penalising the issuers, as well as a poorer performance overall, particularly regarding the 'Democratic labour relations' pillar. In this context, the management process relies heavily on dialogue with the portfolio companies aimed at increasing their transparency. ERAFP ensures that its expectations are duly taken into consideration via asset management committee meetings held semi-annually with managers.

Given the specificities of these universes, the mandates follow a dynamic best in class approach consisting of engaging with issuers to improve their ESG practices rather than applying quantitative filters to the universe.

CORPORATE BOND PORTFOLIO

In 2024, ERAFP's portfolio continued to outperform its benchmark index by 1.3 points. The ESG 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 improvement 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.

Sovereign bond portfolio

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.

ERAFP's sovereign bond portfolio continued to outperform its benchmark in 2024 by 0.4 points. This outperformance was observed in four of the five pillars, particularly those relating to the "Environment" (+1 point) and "Rule of law and human rights" (+0.6 points) indicators. 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 rating decreased slightly (-0.7 points) between 2023 and 2024, while that of the index remained constant. This is explained by the change of certain indicators taken into account as well as their weighting in the calculation of the ESG rating.

Multi-asset portfolio

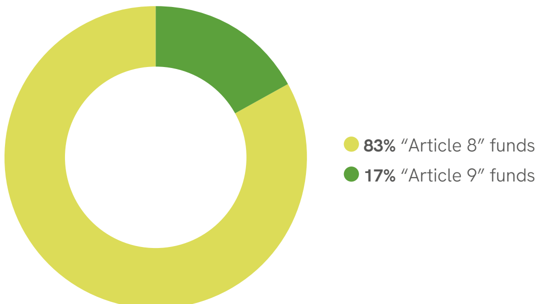
ERAFP has developed specific provisions for applying its SRI guidelines to the management mandate for multi-asset funds. It was decided that the SRI eligibility of funds available for selection by asset managers would be determined based on:

- an analysis of the management process put in place: the only funds eligible are those that apply a best in class SRI approach or that follow a thematic approach based on environmental criteria (preventing climate change, protecting water resources, etc.) or social criteria (healthcare, combating poverty, etc.);
- or an analysis of the fund's 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[10].

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

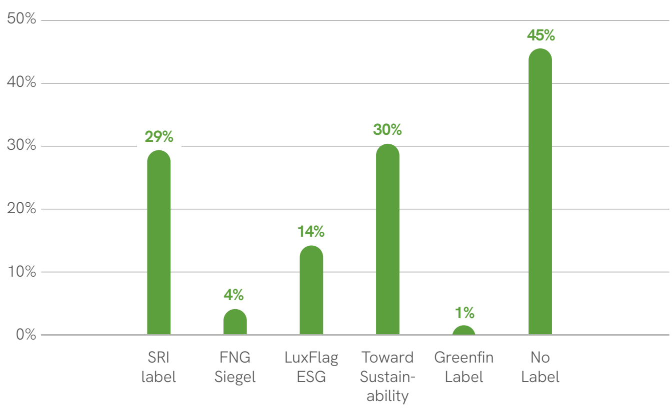
Breakdown of funds in the multi-asset portfolio by SFDR classification (%)

Source — ERAFP, 31 December 2024



Breakdown of funds in the multi-asset portfolio by type of ESG label[11] (%)

Source — ERAFP, 31 December 2024



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

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

In addition to the SFDR framework, which is based on the classification of funds by the fund managers themselves, the breakdown of funds by type of ESG label shows how external entities view the funds in question. At 31 December 2024, 55% of the funds in the multi-asset portfolio had been awarded one or more ESG labels. 29% had obtained the "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 various labels and are therefore counted several times.

As of 31 December 2024, all the funds in the multi-asset portfolio had an SRI dimension

UNLISTED ASSET PORTFOLIOS

Real estate 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. 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 real-estate 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 assets:

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

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

In 2024, the consolidated ESG rating for ERAFP's real estate portfolio rose compared with the previous year from 60.0 to 63.5. The change observed starting in 2022 is linked to the application of a new methodology following a change of asset manager for one of the portfolio mandates, which resulted in a drop in the ESG rating. As such, the results obtained are not comparable with those obtained prior to 2022 for these same assets. In addition, another asset manager's rating grid was updated in 2023, which also resulted in a sharp decline in the result for this mandate.

Change in the ESG rating of the real estate portfolio

Source — Asset managers, 31 December 2024

Private equity and infrastructure portfolio

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

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

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

PRIVATE EQUITY PORTFOLIO

During the pre-investment period, an asset manager analysis is carried out. This is used to assess their practices based on their commitments, organisational methods and ESG processes. This assessment makes it possible to assign a rating and categorise the asset manager into one of two levels. This rating is reviewed annually.

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

In addition, the performance of the underlying companies of the funds invested in by the asset managers is analysed annually.

In 2022, the delegated manager redesigned the ESG questionnaire in order to improve the assessment of companies, the coverage rate of indicators and the quality of responses. The questionnaire is now divided into five themes: governance, corporate social responsibility (CSR), environment, ESG certification, social considerations and suppliers.

As of 31 December 2023, it should be noted that one of the companies was found guilty of violating the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The company was convicted of anti-competitive practices in its financial data distribution market. Following this ruling, it took corrective measures internally, including the revision of its marketing agreements and in-house training on competition law for all its employees. 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 profit-sharing plan exceeding regulatory requirements and 49% have adopted a responsible purchasing charter.

Thanks to this new questionnaire, the coverage rate has increased both for managers and underlying assets. Of the asset managers, 88% answered the questionnaire (compared with 80% at end-2022). As for underlying companies, the coverage rate was 62.5% (versus 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 managers are then assessed during the pre-investment phase on the basis of a rating grid. The analysis covers their ESG policy, their management of significant ESG risks, their contribution to the management of the ESG risks and opportunities of the underlying assets and the transparency of their ESG reporting. All the managers selected by ERAFP's delegated asset manager have a responsible investment policy. As of 31 December, 2023, of the 16 managers, all were signatories of the Principles for Responsible Investment (PRI) and had established a responsible investment policy, and 15 also had a climate policy. Of these, nine received five stars in the "Infrastructure" category of the latest PRI report. All of them conduct an ESG assessment in the pre-investment and holding phases and engage with companies on ESG issues. Finally, 13 out of 16 stated that they take biodiversity into account (compared with 11 out of 18 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.

As a result of revising the reporting framework, the delegated asset manager implemented 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 certain indicators specific to ERAFP have been added on social matters. These indicators are grouped into different categories relating to changes in employment, carbon intensity, consumption and the 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 ratings:

- a static rating to compare the performance of the assets with each other,
- a dynamic rating to compare the performance of the asset from one year to the next.

ESG rating of the underlying assets in the infrastructure portfolio

Source — Asset manager, 31 December 2023

Reference year	Number of assets	Average coverage of indicators by asset	Average static score: Assets at 31/12/2023	Average dynamic rating: Assets at 31/12/2022 and 31/12/2023
2022	186	63%	34.7	N/A
2023	169	59%	47.1	66.8 (only 105 assets)

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

Fund managers were therefore assessed both on their ESG performance and on their management of the ESG performance of their underlying assets.

Membership and participation in **collaborative initiatives**

ADHERENCE TO CHARTERS AND INITIATIVES

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

Initiative/Charter	Theme(s)	Objectives	Entry date
PRI Principles for Responsible Investment	ESG	UN initiative to encourage investors to implement the following principles: – incorporating ESG issues into their investment analysis and decision-making processes; – being active investors and incorporating ESG issues into their ownership policies and practices; – seeking appropriate disclosure on ESG issues by the entities in which they invest; – promoting acceptance and implementation of the principles within the investment industry; – working together to apply the principles more effectively; – reporting on their activities and progress towards implementing the principles.	2006
IIGCC The Institutional Investors Group on Climate Change	Climate	A network of European investors with the common aim of taking climate action.	2014
ShareAction» Investor Decarbonisation Initiative (IDI)	Climate	Initiative led by the NGO ShareAction in the area of climate change to help investors: – collaborate; – learn by sharing research; – advocate.	2015
FIR Forum pour l'Investissement Responsable	ESG	The Sustainable Investment Forum (french SIF) is a multi-stakeholder association aiming to promote sustainable finance that benefits the real economy, contributes to sustainable development goals and promotes the integrity of financial markets.	2016

Initiative/Charter	Theme(s)	Objectives	Entry date
Climate Action 100+	Climate	An investor initiative to ensure that the world's largest greenhouse-gas-emitting companies take the necessary measures to tackle climate change. The work of the initiative is coordinated by five investor networks: the Asia Investor Group on Climate Change (AIGCC), Ceres, the Investor Group on Climate Change (IGCC), the Institutional Investor Group on Climate Change (IIGCC) and the Principles for Responsible Investment (PRI). Climate Action 100+ was first launched as a five-year initiative (2017-2022), but in 2022 it announced that it would continue until 2030. In 2023, it announced its strategy for phase two, from 2023 to 2030.	2017
Charter of French public investors to promote the Sustainable Development Goals (SDGs)	SDGs/ESG	Charter whose signatories agree to: – integrate the SDGs into their investment strategy; – ensure that internal operations comply with the SDGs; – assess the impact of their activities on the SDGs and report on the implementation of the principles; – disseminate SDG best practices among their stakeholders.	2019
Tobacco-Free Finance Pledge	SDGs	Commitment of financial institutions to: – recognise the specific nature of tobacco, which cannot be subject to effective engagement actions insofar as there is no safe level of tobacco consumption; – implement and promote tobacco-free finance policies.	2019[12]

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

Initiative/Charter	Theme(s)	Objectives	Entry date
CDP DRIVING SUSTAINABLE ECONOMIES	Environment/ Climate	Organisation which each year asks public and private issuers, on behalf of investors, to measure and act on their risks and opportunities related to climate change, water security and deforestation and to report on these issues.	2020
THE NET-ZERO ASSET OWNER ALLIANCE	Climate	An international group of investors committed to achieving carbon neutrality in their investment portfolios by 2050.	2020
Finance for Biodiversity Pledge	Biodiversity	Statement by investors and financial institutions with the following objectives: – recognising that the Earth's biosphere is the foundation of human resilience and progress and that it is under increasing stress; – calling for, and committing to take, ambitious action on biodiversity.	2021
Net Zero Engagement Initiative (NZEI)	Climate	The NZEI was set up to develop and extend the scope of investor engagement beyond the Climate Action 100+ target company list, operating on the basis of the same model and including more companies which consume fossil fuels and hence contribute to the demand for these products.	2023
Mental health and wellness initiative for end-users of technology	Social	A coalition of investors asking companies to define policies and implement measures to mitigate the potentially negative impact of technology on the mental health and well-being of end-users.	2023
Nature Action 100	Biodiversity	Collaborative investor-led initiative focused on supporting greater ambition and action by companies in key sectors deemed systemically important in reversing nature and biodiversity loss. The initiative's Secretariat and Corporate Engagement Working Group is co-led by Ceres and the Institutional Investors Group on Climate Change (IIGCC), and the initiative's Technical Advisory Group is co-led by the Finance for Biodiversity Foundation and Planet Tracker.	2024
FAIRR A COLLER INITIATIVE	Biodiversity	Created by the Jeremy Coller Foundation in 2015, FAIRR is an investor network that raises awareness of the material risks and opportunities in intensive animal agriculture and the global food sector to promote best practices and minimise risks. The initiative focuses its efforts on providing high-quality research, facilitating collaborative engagements and coordinating policy action with regulators.	2024

Participation in specific work and actions

In connection with these initiatives, in 2024 ERAFP participated in the following work and actions:

- IIGCC/Climate Action 100+/NZEI: In partnership with the IIGCC (Institutional Investors Group on Climate Change), Climate Action 100+ and NZEI, in which ERAFP is an investor, ERAFP continued its role by leading engagement for three companies in the utilities sector.
- CDP (Carbon Disclosure Project): ERAFP supported the "Non-disclosure" campaign targeting nearly 2,000 international companies that do not disclose their carbon emissions or their impact on deforestation and water, as well as the Science Based Targets campaign, which aims to accelerate companies' adoption of 1.5°C-aligned global warming pathways. In 2024, this campaign focused on more than 2,000 international companies targeted due to their impact on the climate.

Continuing its efforts to integrate biodiversity into its SRI activities, in 2024 ERAFP joined two collaborative engagement initiatives

- FAIRR and Nature Action 100: In 2024, continuing its efforts to integrate biodiversity into its SRI activities, ERAFP joined two collaborative engagement initiatives, each of which publishes research and/or company comparisons on certain biodiversity-related issues. In addition to collaborating on engagements, these memberships enable ERAFP to develop its expertise in these areas.
- Sustainable Investment Forum (French SIF): In 2024, alongside the Fonds de Réserve pour les Retraites (FRR) and under the aegis of French SIF, ERAFP took the initiative to establish a working group dedicated to developing a method for measuring the effectiveness of engagement. The pilot group, comprised of experts representing institutional investors, asset management companies and academics, aims to create concrete, standardised tools that can be used by asset management companies, in RFP's and, more broadly, in the selection of managers and funds. This initiative aims to address growing concerns regarding lack of standardisation, the disparity of definitions and targets, and the difficulty of demonstrating the real impact of engagement activities and initiatives that are developing throughout the SRI industry.

A SUMMARY OF ERAFP'S SRI STRATEGY

	PRE-INVESTMENT	INVESTMENT	POST-INVESTMENT
Investment process	SRI requirements set for each mandate Policy engagement "Non-targeted" collaborative engagement	Rules for selecting investments/securities Targeted thematic investment	Half-yearly dialogue with management companies Control of investment compliance Targeted shareholder engagement Voting at general meetings
Examples	Tendering procedure Institutional Investors Group on Climate Change (IIGCC) Policy Program Climate Action 100+	SRI framework: - SRI Charter - SRI benchmark criteria - Best in class rules - Decarbonisation Green bonds Thematic funds	Management committee Ex-post control by the SRI rating agency Dialogue with European electricity producers on their climate strategy via Climate Action 100+ Dedicated voting policy; supporting shareholder resolutions, etc.

Information to affiliates on criteria related to the ESG objectives of the investment policy

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

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

- active contributors, via its website offering a detailed "Responsible Investment" section which presents the Scheme's SRI policy and ERAFP's measures to fight climate change;
- public sector employers, by presenting the Scheme's SRI policy and energy transition initiatives at the Public Employer Meetings arranged by ERAFP in the regions;
- all its stakeholders through its public report and sustainability report, its website and its presence on social media (LinkedIn).

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

2

ESG governance and dedicated resources

The board of **directors**

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

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

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

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

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

THE INVESTMENT POLICY MONITORING COMMITTEE (CSPP)

The CSPP is responsible for preparing the board of directors' decisions on the general guidelines of the SRI policy, monitoring their implementation, assessing their effects on the Scheme, ensuring compliance with the principles of the SRI Charter and preparing any updates thereto. The following subjects are usually examined by the CSPP:

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

SRI TRAINING FOR SCHEME DIRECTORS

In March 2024, a one-day seminar was organised on biodiversity issues

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

In 2023 and 2024, these training courses focused on the theme of biodiversity. For several years now, scientific reports, and particularly those published by the IPBES[13], have warned about the accelerated decline of biodiversity and its serious consequences on Earth's living conditions. The economic impacts of this decline are also increasingly well documented, and the incentives to take urgent action to stop it are growing.

In March 2024, a one-day seminar was organised on biodiversity issues. The day's activities included an ecologist's talk, "Biodiversity Fresk" workshops and a presentation on biodiversity issues for corporations and institutional investors.

In March 2025, and in order to prepare for the update of ERAFP's climate policy for the 2025-2030 period as part of the Net-Zero Asset Owner Alliance (AOA), training was offered to directors on climate issues. Consulting firm I Care and data provider Iceberg Datalab presented the national and international contexts of this update as well as the main indicators used for portfolio climate analyses and the associated methodologies. ERAFP's SRI team presented the AOA framework and ERAFP's current climate policy.

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

ERAFP's **management**

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

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

ERAFP's management team prepares policy proposals, which the Board of Directors then considers, one example is the climate policy

Internal **human resources**

THE SRI TEAM

In 2023, ERAFP's SRI team was expanded by creating an additional position. In 2024, the SRI team had 3.5 employees (i.e. 6.8% of the total workforce).

Among other activities, ERAFP's SRI team monitors the implementation of ERAFP's SRI policy by the non-financial analysis teams of the delegated management companies. The implementation of ERAFP's SRI framework is monitored through:

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

SRI team monitors ERAFP's SRI policy implementation

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

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

THE INTERNAL CLIMATE AND BIODIVERSITY COMMITTEE

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

This committee met twice in 2024 and twice in early 2025 to monitor the implementation of the climate policy and its update as well as the development of an initial biodiversity policy.

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

From the outset, ESG issues were fully integrated into ERAFP's internal operations. Whether through training, providing the latest information or consultations, ERAFP has always been keen to involve and empower its employees in these areas. The challenges posed by the ecological transition are another regular focus of communication initiatives such as the Climate Fresk and Biodiversity Fresk collaborative workshops held.

ERAFP also holds regular sessions to inform and enlighten all its employees on topics relating to its activities and SRI in general. This provides an opportunity to review and discuss current issues or projects being implemented internally, while broadening employees' perspectives thanks to contributions from external specialists. The last session linked to SRI, held in March 2024, focused on ERAFP's fossil fuel policy, adopted in September 2023, as well as a more general presentation of the context on energy scenarios and financial risks related to stranded assets.

Internal **financial resources**

In 2024, ERAFP allocated €653k to SRI, i.e. 2.0% of its total budget.

The SRI budget covers internal human resources (3.5 FTEs), membership of the various initiatives, the purchase of ESG and environmental data, and the analysis of resolutions to be put to the vote at companies' general meetings.

Integrating **sustainability risks** into remuneration policies

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

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

External **technical resources**

EXTRA-FINANCIAL RATING AGENCY

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

Following a public tender, Morningstar Sustainalytics was chosen as the new non-financial rating agency in 2023, replacing Moody's ESG Solutions.

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

The non-financial rating agency is tasked with analysing the asset portfolio and providing monthly and annual reports

The Morningstar Sustainalytics teams determine the relevant category(ies) to establish the final score for the indicator. They are made up of four pillars:

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

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

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

The resources that these companies allocate for the purpose of incorporating ESG and climate criteria in their practices is a decisive factor in ERAFP's selection process

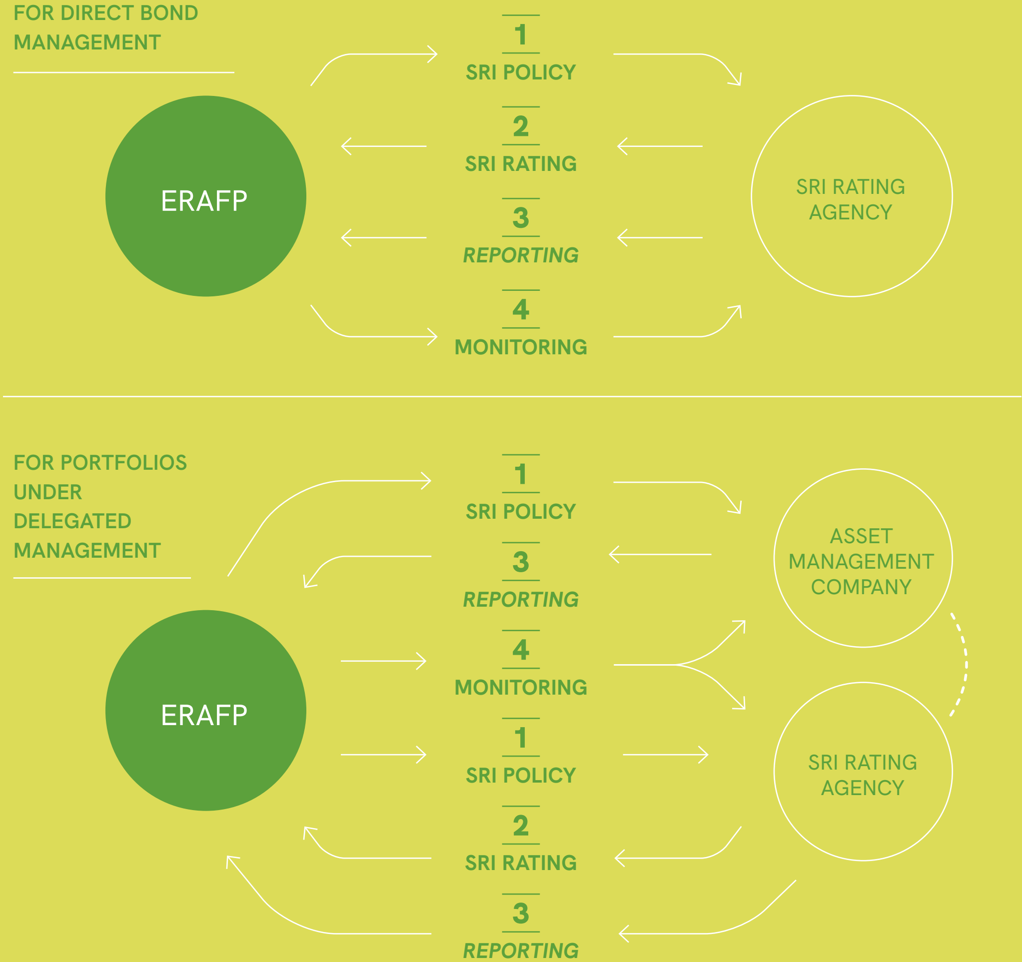
ASSET MANAGEMENT COMPANIES

83% of ERAFP's assets are managed externally, with management delegated across 36 mandates or dedicated funds. The resources that these management companies dedicate to taking into account ESG and climate criteria constitute a key element in their selection process.

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

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

ROLES OF THE VARIOUS ENTITIES AND CONTROL PROCEDURES



1 SRI POLICY

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

2 SRI RATING

- Pre-investment SRI data for the manager
- - - - Alerts

3 REPORTING

- Half-yearly reporting
- Regular updates

4 MONITORING

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

CLIMATE AND BIODIVERSITY AGENCIES

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

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

Climate and biodiversity indicators provided by the agencies

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

PROXY ADVISORY FIRMS

In order to ensure that the positions expressed by its delegated asset managers are correctly interpreted and consistent with its voting policy, ERAFP supervises voting for a sample of around 30 major French companies and 10 major international companies. In 2024, ERAFP used the services of a proxy advisory firm, Proxinvest, which assists it in analysing the resolutions put to shareholders at general meetings by companies in its portfolios under delegated management.

In 2024, ERAFP used the services of a proxy advisory firm, Proxinvest

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3

Stewardship strategy with issuers and asset managers

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

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

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

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

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

Convinced that engagement is a significant driver of its SRI policy and faced with the lack of standardisation of these practices, making it difficult to assess the actions of managers and even more difficult to assess the results of these actions, in 2024, alongside the Fonds de Réserve pour les Retraites (FRR) and under the aegis of French SIF, ERAFP took the initiative to establish a working group dedicated to developing a method for measuring the effectiveness of engagement. The tasks of this group are detailed in section 1.4 of this report – "Membership and participation in collaborative initiatives". This initiative will inform ERAFP's reflections on establishing expectations, and on the assessment, monitoring and reporting of these activities in the future.

In 2024, alongside the Fonds de Réserve pour les Retraites (FRR) and under the aegis of French SIF, ERAFP took the initiative to establish a working group dedicated to developing a method for measuring the effectiveness of engagement

ERAFP practices shareholder or bond engagement with issuers in its portfolio to influence their ESG practices through:

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

ERAFP's Engagement guidelines and voting policy

Engagement conducted by ERAFP

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

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

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

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

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

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

1

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

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

2

Promoting biodiversity integration policies and strategies within portfolio companies

- Nature Action 100
- FAIRR
- Finance for biodiversity

FOCUS ON COLLABORATIVE INITIATIVES ADDRESSING CLIMATE-RELATED ISSUES

CLIMATE ACTION 100+

Launched at the end of 2017, the Climate Action 100+ initiative is considered to be one of the most significant investor initiatives for tackling climate change. It aims to work with 169 companies identified as being not only the world's largest greenhouse gas emitters, but also as having the greatest capacity to contribute to the energy transition through their emissions reduction strategy.

Led jointly by the PRI and the Global Investor Coalition on Climate Change (an association of four regional investor groups, one of which is IIGCC, the Institutional Investors Group on Climate Change), the initiative currently brings together over 600 investors. The initiative was first launched as a five-year initiative (2017-2022). Then in 2022, the announcement was made that it would continue until 2030. In 2023, it announced its strategy for phase two, from 2023 to 2030.

Of the companies targeted by the initiative, 130 have now set a target of achieving carbon neutrality by 2050, whereas only five had done so in 2018, when the initiative was launched.

INSTITUTIONAL INVESTORS GROUP ON CLIMATE CHANGE (IIGCC)

IIGCC is an international organisation that brings together 400 members (asset owners and financial managers), representing $60 trillion in assets under management, to collaborate on incorporating climate change-related risks and opportunities in their investment processes. IIGCC's main missions are to provide the knowledge and tools needed to assess the effects of climate change on assets, to encourage investors to manage the effects of climate change on their investments by incorporating climate risks in their analyses, and to push for public policies and solutions for markets to ensure an effective transition towards a secure climate system compatible with long-term investment objectives.

IIGCC – NET ZERO ENGAGEMENT INITIATIVE (NZEI)

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

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

The main request made by investors through the NZEI is for a plan to be introduced for the transition to a carbon-neutral economy. More specifically, the letters sent describe investors' expectations regarding the Net-Zero transition plan. The main recommendations of the transition plan set out in the letter are: 1) a full net-zero commitment; 2) aligned GHG targets; 3) performance monitoring in terms of emissions; and 4) a credible decarbonisation strategy.

INVESTOR DECARBONISATION INITIATIVE (IDI)

IDI is an initiative launched in 2015 and led by ShareAction. It encourages listed companies to set decarbonisation targets based on the Science-Based Targets initiative. The measures proposed to companies to reduce their emissions include moving towards 100% renewable electricity procurement, increasing energy efficiency and expanding their fleet of electric vehicles. IDI previously focused on the whole of the global economy, but now concentrates its efforts on carbon-intensive sectors, in particular chemicals and real estate.

NET-ZERO ASSET OWNER ALLIANCE (AOA)

The Net Zero Asset Owner Alliance (AOA), which ERAFP joined at the beginning of 2020, sees shareholder dialogue with companies as a driver for achieving carbon neutrality in investment portfolios by 2050, thereby contributing to limiting global warming to 1.5°C by 2100, in accordance with the Paris Agreement.

As a member of this initiative, ERAFP has published a climate policy including an engagement target to build shareholder dialogue with some 30 of the companies with the highest greenhouse gas emissions in its portfolio, in order to promote an energy transition in accordance with the Paris Agreement targets. ERAFP engages with certain companies directly, and its asset managers engage with the remaining companies on its behalf.

In connection with these initiatives, in 2024 ERAFP participated in the following work and actions:

- Climate Action 100+: As part of the initiative, ERAFP is actively involved in shareholder engagement in the utilities, energy and automotive sectors. Within these sectors, it leads the engagement alongside two companies from the utilities sector and acts as a 'support' investor for four others. The utilities and automotive sectors, which are key to the energy transition, and particularly the companies targeted by ERAFP's engagement initiatives, have started to take significant steps (with the aim of reducing their emissions, shifting from fossil fuels/combustion vehicles towards renewable energies/electric vehicles, etc.) but must still make major efforts to achieve carbon neutrality by 2050. As part of its participation in an engagement group, ERAFP co-filed a shareholder resolution with an energy-sector company in 2024. However, it was not included on the agenda of the General Meeting and was therefore not voted on.
- Net Zero Engagement Initiative (NZEI): ERAFP joined the NZEI in 2023 as an investor co-leading engagement with a French company in the utilities sector. This engagement continued in 2024.
- Nature Action 100: in 2024, ERAFP joined the engagement group of a company in the retail sector and began working on research, analysis and cooperation between member investors. An initial meeting with the company was held in the first quarter of 2025.

ENGAGEMENT CONDUCTED BY ASSET MANAGEMENT COMPANIES ON ERAFP'S BEHALF

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

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

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

In 2024, the number of engagement actions by ERAFP's asset managers increased significantly (+40%)[14] compared with the previous year. It should be noted that engagement actions can vary considerably in terms of practices used and time allocated (letters, occasional or recurring dialogue, submission of shareholder resolutions, etc.) and that several equity mandates were renewed in 2024, which may lead to a difference in the recognition of shares due to the lack of market standards in this area.

14 The figures in the table "Engagement actions taken on the listed company portfolio" were supplied by asset management companies operating on behalf of ERAFP.

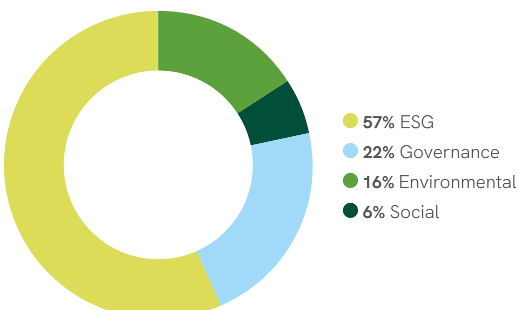
Engagement actions taken on the listed company portfolio[15]

Direct engagement	1,102
Engagement via a collaborative initiative	85
Of which “lead” role	25
Number of companies that made a formal commitment to change following the engagement procedure	274

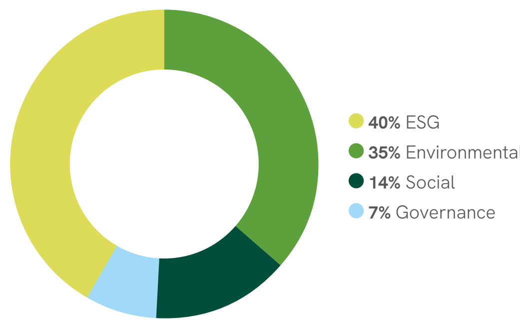
Engagement actions by theme

Sources – ERAFP, managers

DIRECT ENGAGEMENT



COLLABORATIVE ENGAGEMENT



In keeping with the information collected in 2022, ERAFP is disclosing once again the percentage of assets in these portfolios covered by these engagement actions. Of the 1,266 issuers in ERAFP’s listed company portfolio, 603 were covered by at least one engagement action, i.e. 48%. This engagement covers 80% of total AUM.

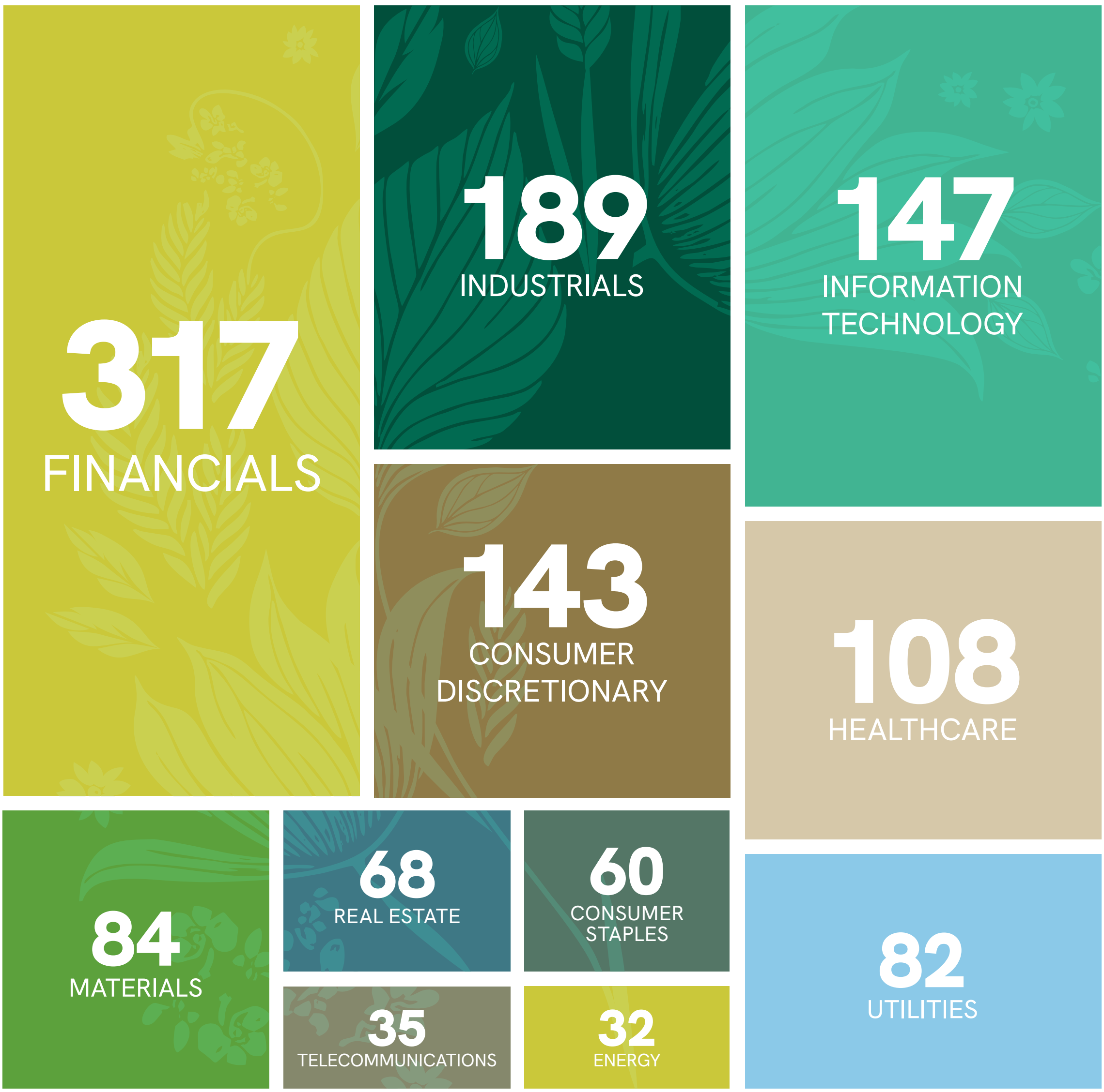
15 Equity, corporate bond and convertible bond portfolios.

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

Engagement actions by region and sector

Source — ERAFP

ENGAGEMENT ACTIONS BY SECTOR



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

ENGAGEMENT ACTIONS BY REGION

122
UNITED STATES

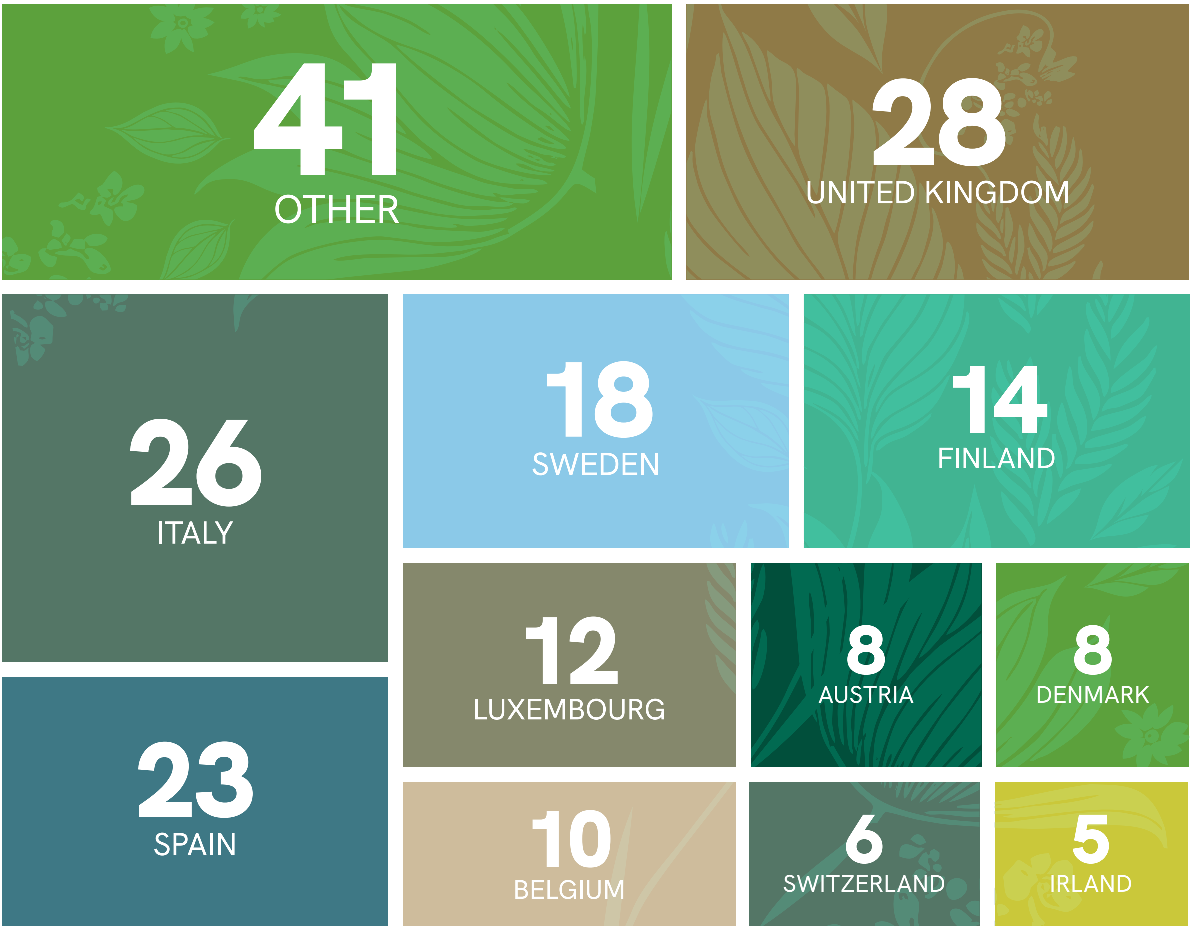
108
FRANCE

53
GERMANY

73
JAPAN

48
NETHERLANDS

Alongside these activities, in accordance with its commitments as a member of the AOA, ERAFP has undertaken to engage in shareholder dialogue with some 30 companies amongst the highest greenhouse gas emitters of its portfolio. This commitment is either undertaken directly by ERAFP, notably as part of the Climate Action 100+ initiative, or delegated to its asset management companies, allocating approximately one or two companies to each manager.



ERAFP asked its managers to carry out an initial assessment using the analysis grid developed by the Climate Action 100+ initiative ("Climate Action 100+ Net-Zero Company Benchmark"), which covers investors' key expectations of companies: reducing greenhouse gas emissions, governance and reporting. This analysis is updated annually and facilitates the uniform quantitative monitoring of progress made by the companies. The results of this analysis are presented in Part 5 of the report ("Strategy for alignment with the Paris Agreement")[16].

16 See page 82.

A **demanding voting policy consistent** with public service values

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

With regard to the 2024 update to the voting policy at general meetings, the board of directors opted to continue to focus on tackling climate change

In 2024, this sample was composed of 30 major French companies and 10 major international companies, representing approximately 30% of ERAFP's equity portfolio in terms of market capitalisation.

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

- their policy on the appropriation of earnings is assessed in light of capital expenditure that would be 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 in sectors with a high climate impact, 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.

REVIEW OF THE 2024 GENERAL MEETING SEASON

The 2024 general meeting season took place against the backdrop of a gradual economic recovery, despite the persistence of geopolitical uncertainties and inflationary pressures. Economic activity showed signs of stabilising, with moderate variations in turnover within the CAC 40, reflecting companies' increased caution amidst a still-volatile environment. Shareholder payout rates remained high, with an average proposed dividend of €3.5 in 2024, compared with €3.2 in 2023[17], underscoring a desire to maintain an attractive return on investment. However, the distribution of added value remains a sensitive subject for ERAFP, which is committed to ensuring that earnings are shared fairly between managers, employees and shareholders. ERAFP determined that only four companies presented equity ratios at general meetings in 2024, compared with five in 2023 and six in 2022.

In contrast to 2023, where the average total compensation of the executive chairmen of CAC 40 companies fell by 15% compared to 2021, 2024 marked a recovery, with an increase of 8% compared to 2023. Average total pay stood at €7.2 million, up 35% compared with 2019 (pre-Covid). This upward trend can also be seen in the sub-sample of large French companies, where executive pay continues to spark debate on its alignment with performance and the expectations of stakeholders.

Non-financial themes continued to play a central role at the 2024 general meetings. Carbon neutrality remains a priority, with 90% of CAC 40 companies presenting their updated "net-zero" goals. Six French companies presented climate resolutions ("Say on Climate"), versus four in 2023. In addition, 85% of CAC 40 companies mentioned their corporate purpose and linked it to their ESG criteria, thereby strengthening their commitment to social responsibility.

The number of climate resolutions proposed by management decreased slightly in 2024 at the European level, although France remained in the lead with 10 climate resolutions and two non-voting items, compared with nine resolutions and one non-voting item in 2023. This stability was accompanied by renewed support from stakeholders, in particular the AFEP-MEDEF and the French Financial Markets Authority, who confirmed the importance of integrating climate strategies into corporate governance.

Finally, although there were fewer votes on climate resolutions, shareholders stepped up their engagement on climate-related issues. In 2024, four shareholder proposals and three non-voting items were put on the agenda of the French general meetings, compared with two proposals and two non-voting items in 2023. This dynamic reflects increased awareness of climate issues and the growing desire of shareholders to influence the strategic guidelines of companies.

17 Proxinvest data for 2024.

ERAFP VOTING SUMMARY

For its French sample, ERAFP opposed a slightly lower proportion of AGM resolutions during the 2024 season. Through its delegated asset managers, ERAFP voted against 27.7% of resolutions put forward by the management of French companies (compared with 31% in 2023). In contrast, at international general meetings, ERAFP's opposition decreased slightly to 33% (from 34% in 2023).

ERAFP's main opposition at general meetings in 2024 related to executive pay and the way in which companies integrate climate issues.

ERAFP's main opposition at general meetings in 2024 related to executive pay and the way in which companies integrate climate issues

Executive pay

In 2024, across the 30 French companies in its sample, ERAFP voted in favour of 80 resolutions on executive pay ("Say on Pay") out of a total of 193. The number of votes in favour doubled compared to 2023. This is explained in particular by the increase in the number of resolutions concerning pay proposed to the general meeting. This increase allows for better granularity in the votes and analysis of resolutions.

In this respect, ERAFP's opposition to executive pay in its French company sample was stable in 2024 compared with 2023 (with 113 oppositions in 2024 compared and 111 in 2023). However, the opposition rate fell sharply this year, from 73.5% to 58.4%, for the reasons mentioned above. Its opposition was mainly on the grounds of remuneration being above the thresholds set by ERAFP in its voting policy[18]. ERAFP also noted a lack of transparency in the definition of performance as it relates to pay, and considered the weight of qualitative performance criteria to be excessive (absence of ESG criteria for the variable component, structure of variable pay, lack of transparency with regard to performance, inadequate supplementary retirement schemes).

18 The socially acceptable maximum amount of an executive's total annual remuneration (salary, benefits, options, bonus shares and top-up pension plan contributions) corresponds to 100 times the minimum wage in force in the country in which the company's registered office is located, which in France is the SMIC, and 50 times the median remuneration at the company.

With regard to the international companies in the sample, ERAFP's opposition was more pronounced (5.6% of votes in favour versus 10.5% in 2023). This was mainly due to the low granularity of the resolutions submitted (unlike in France, all resolutions relating to remuneration are grouped into a single resolution) as well as pay levels. The factors that led ERAFP to mainly oppose the executive pay at international companies remain unchanged. This was mainly on the grounds that pay levels were out of line with the thresholds set by ERAFP. Average executive pay at international companies is higher than at French companies, but the gap has been reduced considerably (+€0.3 million). Average executive pay at French companies increased by 13% while it contracted at foreign companies (-18%), which is explained by the change in composition of the sample studied.

As regards governance issues, at the 30 French general meetings monitored in depth by ERAFP, its opposition to resolutions on the appointment or reappointment of directors rose slightly to 28% in 2024 (versus 24% in 2023). The main reasons for ERAFP's opposition, which is in line with its guidelines, are multiple directorships and low percentages of independent board members and women on boards. ERAFP's opposition to resolutions relating to renewals (68% approval) was more pronounced than those relating to appointments (80% approval).

In the international sample, opposition fell sharply. In 2024, ERAFP voted more frequently in favour of proposed appointments of directors (opposing 9% versus 21.5% in 2023).

Consideration of climate-related issues

As already mentioned, 2024 was marked by a slight decrease in "Say on Climate" resolutions in France and Europe. In France, ERAFP supported a climate resolution tabled by a coalition of minority shareholders.

In 2025, ERAFP will support climate resolutions promoting transparency and accountability, which it will analyse on a case-by-case basis using a set analysis grid. It will support proposals that are consistent with its climate policy and SRI framework, with a particular focus on the ambitiousness, relevance, precision and practical implementation of the commitments assessed.

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

FRENCH SAMPLE

FIGURES FOR ERAFP SAMPLE	2024	2023	2022	2021	2020	2019
Women board members	45.5	45.9	46.5	46.0	47.0	45.0
Independent board members	68.7	63.0	55.7	56.0	59.0	58.0
Average remuneration of chief executive (€m)	7.1	6.3	6.2	4.0	5.0	5.4
ERAFP VOTES	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Resolutions monitored in depth by ERAFP	781	681	943	959	1,030	915
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	73.2%	68.8%	62.6%	66.3%	0.0%	61.6%
ERAFP votes in favour of dividend distribution	87.1%	93.1%	89.5%	74.4%	92.5%	87.5%
Average adoption rate of AGM resolutions on dividend distribution	*99.1%*	*99.0%*	*99.1%*	*96.4%*	*99.3%*	*99.3%*
ERAFP votes in favour of resolutions on executive pay	41.6%	26.5%	26.2%	25.1%	13.1%	7.6%
Average adoption rate of AGM resolutions on executive pay	*94.3%*	*93.6%*	*94.3%*	*91.0%*	*91.8%*	*87.1%*
ERAFP votes in favour of appointments or reappointments of directors	72.3%	77.2%	70.3%	74.2%	77.9%	80.6%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	*95.0%*	*96.0%*	*95.2%*	*94.0%*	*94.1%*	*94.0%*
SHAREHOLDER RESOLUTIONS	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Shareholder-initiated resolutions submitted	1	10	14	10	11	8
Shareholder-initiated resolutions adopted by the AGM	1	1	0	1	1	0
Shareholder-initiated resolutions supported by ERAFP	100%	100%	57.1%	90.0%	45.0%	88.0%

INTERNATIONAL SAMPLE

FIGURES FOR ERAFP SAMPLE	2024	2023	2022	2021	2020	2019
Women board members	31.8%	38.9%	37.5%	36.0%	34.0%	37.0%
Independent board members	55.6%	68.1%	56.5%	71.0%	63.0%	69.0%
Average remuneration of chief executive (€m)	7.4	9.1	7.4	5.1	7.0	6.8
ERAFP VOTES	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Resolutions monitored in depth by ERAFP	122	198	309	297	319	326
ERAFP votes in favour of resolutions (excluding shareholder-initiated resolutions)	67.2%	64.9%	68.1%	60.3%	60.1%	66.3%
ERAFP votes in favour of dividend distribution	85.7%	100.0%	82.6%	84.6%	93.8%	86.7%
Average adoption rate of AGM resolutions on dividend distribution	*99.8%*	*99.8%*	*83.1%*	*99.5%*	*98.3%*	*99.7%*
ERAFP votes in favour of resolutions on executive pay	5.6%	10.5%	2.9%	7.1%	3.4%	0.0%
Average adoption rate of AGM resolutions on executive pay	*92.7%*	*89.4%*	*85.8%*	*87.9%*	*91.8%*	*94.6%*
ERAFP votes in favour of appointments or reappointments of directors	91.1%	78.5%	76.5%	57.9%	65.8%	73.0%
Average adoption rate of AGM resolutions on appointments or reappointments of directors	*95.4%*	*82.8%*	*96.0%*	*95.6%*	*93.7%*	*94.4%*
SHAREHOLDER RESOLUTIONS	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Shareholder-initiated resolutions submitted	0	2	3	24	24	28
Shareholder-initiated resolutions supported by ERAFP	0.0%	50.0%	0.0%	79.0%	71.0%	75.0%

4

Investments aligned with the European taxonomy and investments in fossil fuels

Sustainable investments: **European Taxonomy**

LISTED COMPANY PORTFOLIOS

Methodology used by ERAFP

At the end of 2024, the taxonomy, via its delegated acts, applied to the six objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

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

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

As such, IDL collects:

- the share of eligible and aligned revenue (including nuclear and gas);
- the capex and opex eligible for and aligned with the taxonomy;
- the analysis of the DNSH and minimum social safeguards.

THE EUROPEAN TAXONOMY FOR SUSTAINABLE ACTIVITIES

Since 2018, the European Commission, through its sustainable finance action plan, has started work on integrating non-financial criteria in the economic and financial sphere. With this objective in mind, one of the plan's proposals was to develop a standard classification system across the European Union (EU), commonly known as the "Taxonomy", which would define the economic activities that are considered to be environmentally sustainable. In 2020, the EU published the "Taxonomy" regulation[19], supplemented in December 2021 by a first delegated act[20] to specify the content to be published by companies subject to reporting on their environmentally sustainable activities, as well as the method to adopt to comply with this reporting obligation.

For the period from 1 January 2024 to 31 December 2024, ERAFP is required to publish the percentage of its total assets exposed to Taxonomy-eligible economic activities aligned with the first two objectives of the Taxonomy, and the percentage exposed to economic activities contributing to the remaining four objectives.

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

19 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

20 Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

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

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

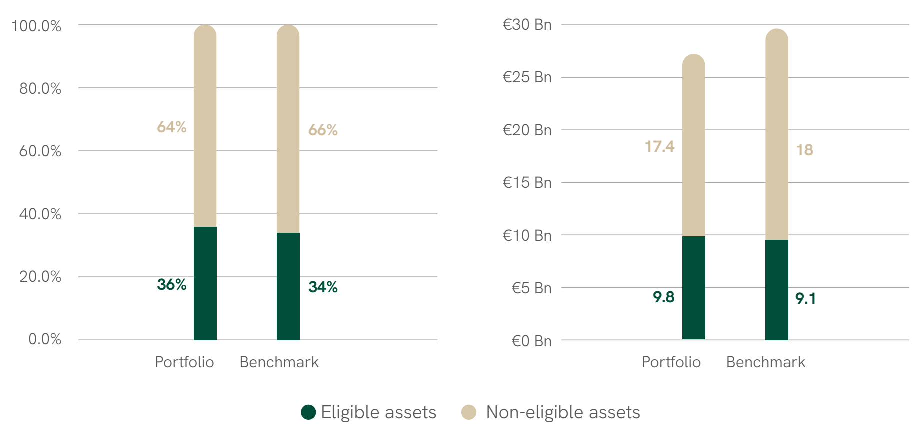
At 31 October 2024, ERAFP only had data on the eligibility and alignment of the assets in its listed company portfolio, based on the first objective of the Taxonomy, as shown in the table below.

Objectifs	Type of activity	Financial indicator	Assessed eligibility	Assessed alignment
1 Climate change mitigation	General	Revenue	Yes	Yes
	Transitional	Revenue	Yes	Yes
	Enabling	Revenue	Yes	Yes
2 Climate change adaptation	General	Investments	No	No
	Enabling	Revenue	No	No

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

Share of ERAFP's listed company portfolio assets eligible for the European taxonomy compared with the benchmark (% and €bn)

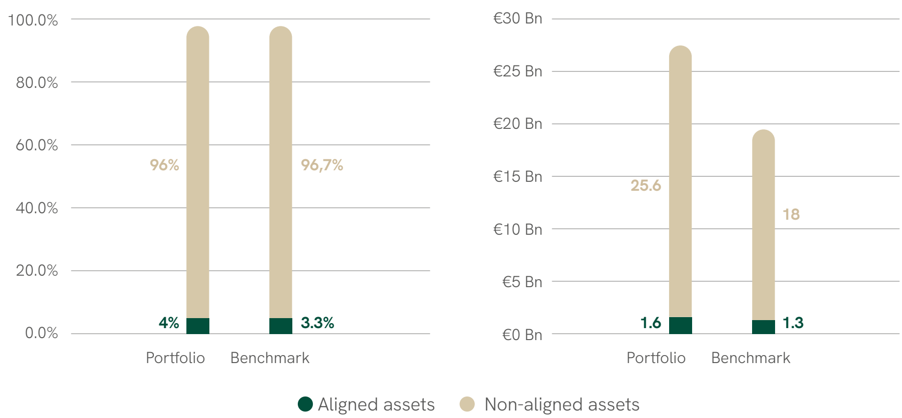
Source – Iceberg Datalab, 31 October 2024



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

Estimation of assets aligned with the European taxonomy compared with the benchmark index (% and €bn)

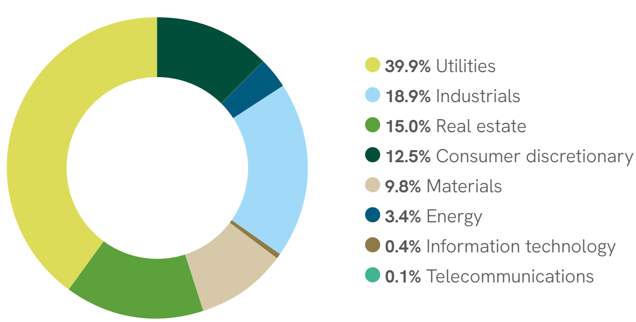
Source – Iceberg Datalab, 31 October 2024



In the listed company portfolio, the main sectors aligned with the Taxonomy are utilities, industry, real estate and consumer discretionary.

Sector breakdown of the listed company portfolio assets aligned with the Taxonomy (%)

Source – Iceberg Datalab, 31 October 2024



Areas for improvement and upcoming deadlines

Since 2024, it has been required to calculate alignment (a posteriori) with the three criteria above (the substantial contribution, the "Do No Significant Harm" principle and the minimum safeguards) for financial companies[23].

However, at 31 October 2024, many companies did not have quantitative and qualitative indicators in place to meet the requirements of this regulation, so the data is partially modelled. For information, ERAFP's asset alignment rate for its listed company portfolio would be 5.7% at that date, versus 4.7% for its benchmark index, based on Iceberg Datalab estimates.

UNLISTED ASSET PORTFOLIOS

The processes for selecting asset managers and multi-investor funds for ERAFP's private equity and infrastructure investments are set out in this report[24]. As regards monitoring indicators, ERAFP relies on the work carried out by its asset managers under fund-of-fund mandates. They promote non-financial best practices for the managers they invest in.

PRIVATE EQUITY

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

Of the companies invested in, 21% calculate their taxonomy eligibility, for revenue which is 4% taxonomy-eligible on average, and 1% calculate their alignment according to the technical criteria set out, for revenue which is 50% taxonomy-aligned on average. It should be noted that this is a conservative estimate and that the coverage of this indicator is expected to increase in the coming years.

INFRASTRUCTURE

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

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

REAL ESTATE

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

23 Recital 12) of Commission Delegated Regulation (EU) 2021/2178.
24 See "Consideration of ESG criteria in the decision-making process for the award of new management mandates", and "Consideration of ESG criteria in the multi-investor fund selection process" in this report.

Portfolio exposure to companies active in fossil fuels

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

PORTFOLIO EXPOSURE TO FOSSIL FUELS

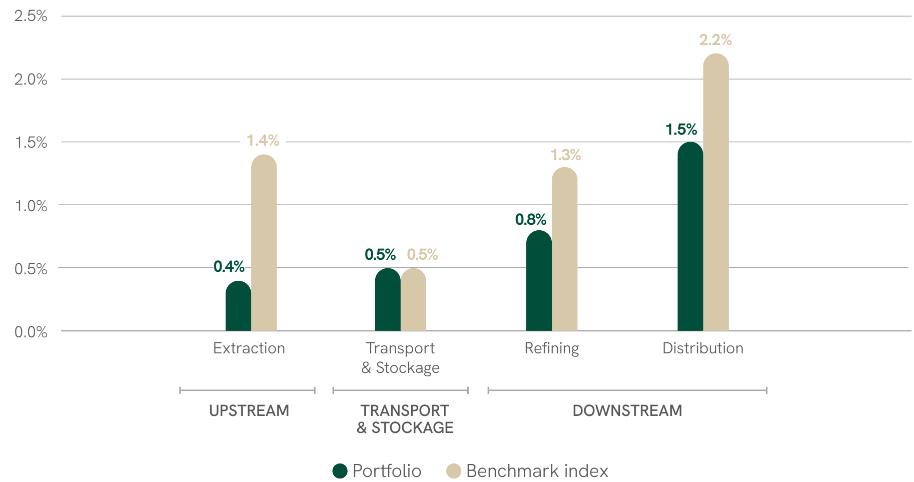
The exposure of ERAFP's listed company portfolio to fossil fuels can be measured using various indicators. Firstly, the revenue of portfolio companies can be broken down by business sector. Using the methodology and data developed by Iceberg Datalab, ERAFP can achieve a level of granularity that makes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

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

Firms in the listed company portfolio have little exposure to fossil fuel activities in the upstream section of the value chain, which represent 0.4% of their aggregate revenue. Transportation and storage represent 0.5% of revenue for the portfolio and the index. Taking the various fossil fuel-related activities in the downstream section into account, the exposure percentage stands at 2.3% of aggregate revenue, compared with 3.5% for the benchmark. Looking at each activity individually, the portfolio's exposure is again lower than that of the benchmark index. Overall, the companies in ERAFP's listed company portfolio generate 3.2% of their revenue in fossil fuel-related activities, versus 5.4% for the benchmark.

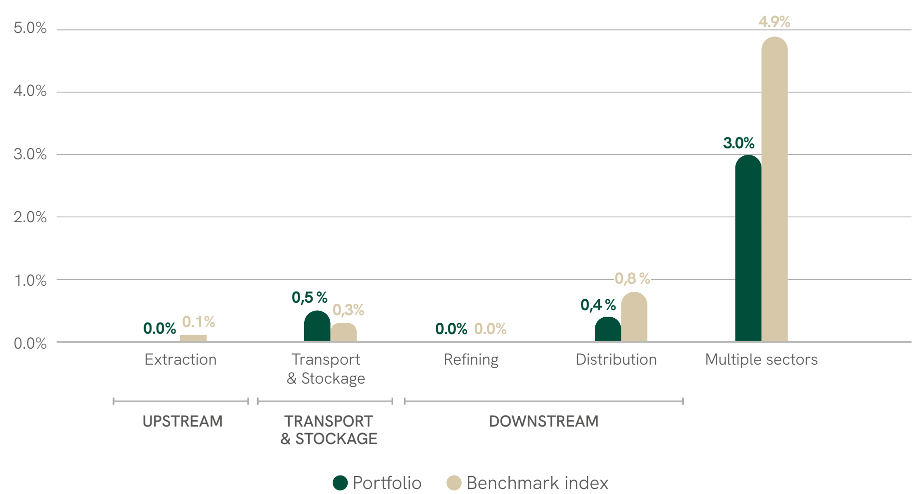
Share of revenue from companies in the listed company portfolio that is linked to fossil fuels compared with the benchmark, by activity type (%)

Source – Iceberg Datalab, 31 October 2024



Share of listed company portfolio assets in companies that derive most of their revenue from fossil fuels compared with the benchmark, by activity type (%)

Source – Iceberg Datalab, 31 October 2024



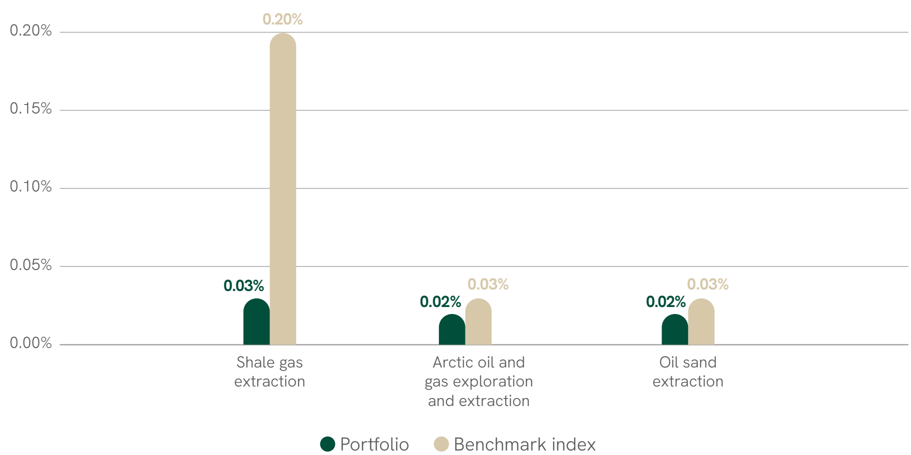
In addition to the indicator on the share of aggregate revenue from companies in the listed company portfolio generated from fossil fuels, ERAFP also discloses the share of the portfolio invested in companies heavily involved in fossil fuel operations compared with the benchmark.

It thus established that 3.9% of the assets in the listed company portfolio are invested in companies that generate more than 50% of their revenue from fossil fuels, compared with 6.1% for the benchmark. Most of the assets concerned relate to companies that are involved in multiple sub-sectors.

PORTFOLIO EXPOSURE TO UNCONVENTIONAL FOSSIL FUELS

Share of revenue from companies in the listed company portfolio that is linked to unconventional fossil fuels compared with the benchmark, by activity type (%)

Source — Morningstar Sustainalytics, 31 October 2024

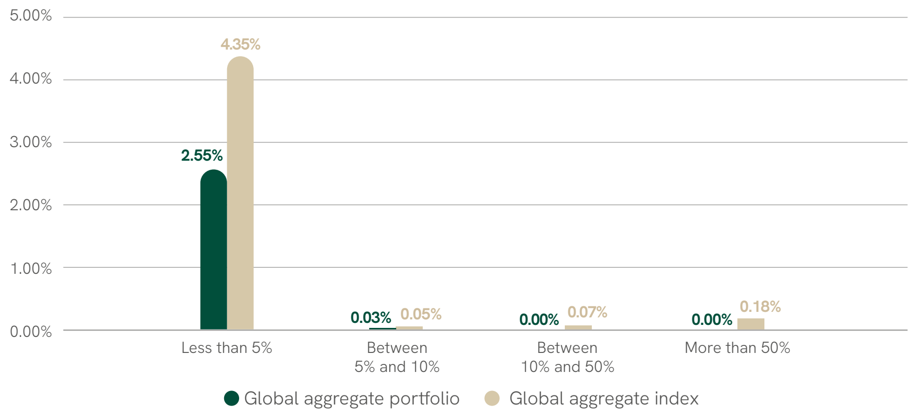


In addition to its fossil fuel exposure, ERAFP also reports its listed company portfolio's exposure to unconventional fossil fuels. For this purpose, it uses the methodology developed by Morningstar Sustainalytics, which provides exposure for three unconventional fossil fuels: shale gas extraction, Arctic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

Overall, 0.07% of the revenue generated by companies in ERAFP's listed company portfolio comes from unconventional fossil fuels, which compares favourably to the benchmark index (0.26%). ERAFP's exposure to each individual type of unconventional fossil fuel is also lower than that of the index.

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

Share of listed company portfolio assets in companies involved in unconventional fossil fuels compared with the benchmark (%)
Source — Morningstar Sustainalytics, 31 October 2024



In total, 2.58% of ERAFP's investments are in companies whose activities involve unconventional fossil fuels, compared with 4.65% for the benchmark. Note that for most of these companies, unconventional fossil fuels account for a small part of their activities.

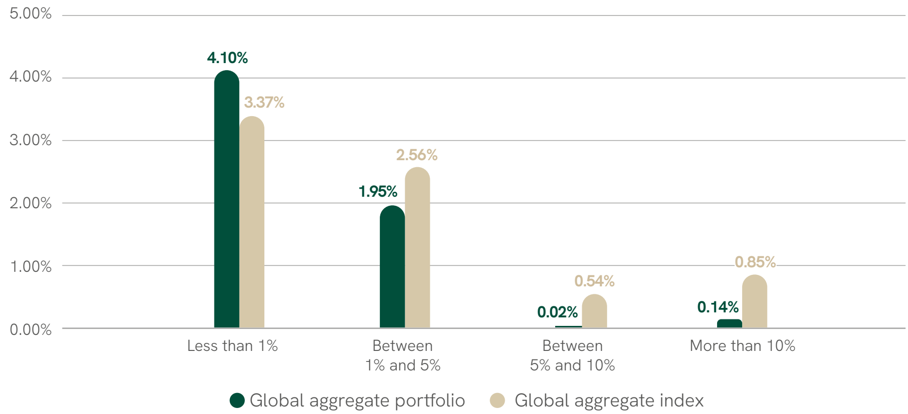
PORTFOLIO EXPOSURE TO THERMAL COAL

ERAFP has adopted a policy of excluding from its investments companies that generate more than 5% of their revenue from thermal coal-related activities and do not have a strategy aligned with the goals of the Paris Agreement (an exception is made for investments in green bonds, with the aim of supporting the issuing companies in their energy transition). This policy limits the exposure of ERAFP's listed company portfolio to coal-related activities. The residual exposure is shown in the table below.

ERAFP has adopted a policy of excluding from its investments companies that generate more than 5% of their revenue from thermal coal-related activities and do not have a strategy aligned with the goals of the Paris Agreement

Share of listed company portfolio assets in companies involved in thermal coal-related activities, compared with the benchmark (%)

Source — Morningstar Sustainalytics, 31 October 2024



As shown, ERAFP's listed company portfolio is less exposed than its benchmark to companies engaged in thermal coal-related activities (6.2% of assets under management for the portfolio versus 7.3% for the benchmark), and, most importantly, ERAFP has invested in companies that generate only a small fraction of their revenue in these businesses. Of the assets in ERAFP's listed company portfolio, 4.1% are in companies that generate 1% or less of their revenue from thermal coal-related activities.

Seven companies, representing 0.2% of ERAFP's portfolio assets, generate more than 5% of their revenue from the production of electricity using thermal coal.

In accordance with ERAFP's specific exclusion policy, six have a strategy in line with the Paris Agreement, and the investment in the other company is via a green bond.

It is also relevant to consider the source of this exposure, as well as the commitments made by the companies concerned. This can be done by analysing a breakdown of the revenue attributed[25] to ERAFP that is generated by thermal coal-related activities. This indicator is relevant because it integrates financial exposure as well as the proportion of revenue derived from thermal coal-related activities.

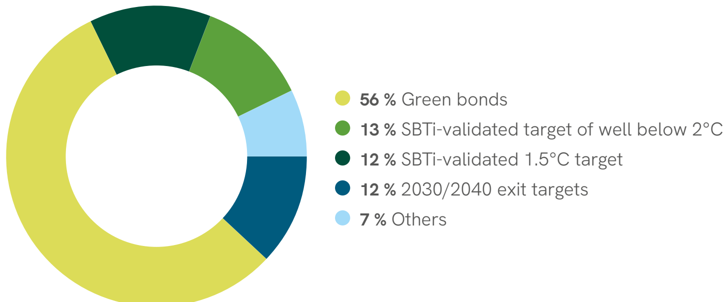
The source of 12% of the revenue attributed to ERAFP that is generated in coal-related activities is its exposure to companies via green bonds. Of the remaining 88% of this revenue, 56% comes from companies that have had a 1.5°C-aligned target validated by the SBTi and 13% from companies that have had a target aligned with a temperature scenario "well below 2°C" validated by the SBTi. Out of the revenue attributed to ERAFP, 12% comes from companies which have plans in place to exit coal, with specified dates and in line with international and scientific recommendations[26] on exiting thermal coal activities by 2030 in OECD countries and by 2040 worldwide. The remaining 7% of revenue attributed to ERAFP comes from two companies that do not yet have a coal exit date, but whose percentage of revenue from this energy source is between 1% and 2.5%.

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

26 IEA (2021), *Phasing Out Unabated Coal: Current Status and Three Case Studies*, IEA, Paris

Breakdown of revenue from thermal coal-related activities attributed to ERAFP (%)

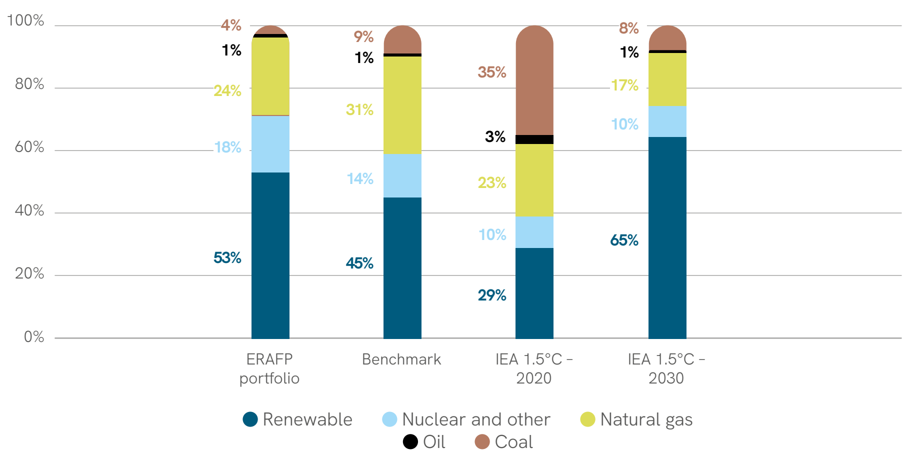
Sources — Morningstar Sustainalytics, SBTi, ERAFP, 31 October 2024



Focus on the electricity generation mix in the listed company portfolio

Energy generation mix of companies in ERAFP's listed company portfolio by energy source, in gigawatt hours (%)

Sources — Iceberg Datalab, International Energy Agency (IEA), 31 October 2024



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

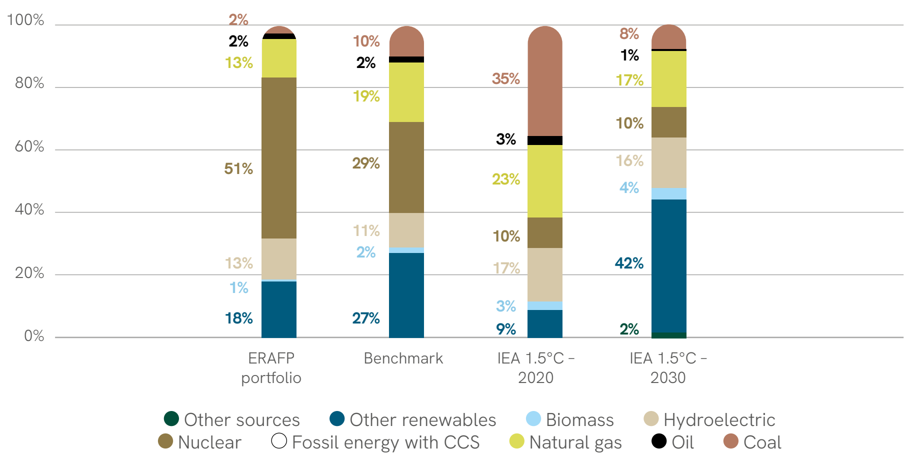
Compared with its benchmark, ERAFP's listed company portfolio shows a larger share of renewable energies (53% versus 45%) and, to a lesser extent, nuclear energy (18% versus 14%), as well as a significantly lower percentage of fossil fuels (29% versus 41%).

Compared to the energy mix planned for 2020 by the International Energy Agency (IEA) to achieve the objective of limiting the temperature increase to 1.5°C, ERAFP's portfolio of listed companies is well positioned. Moreover, despite a slightly lower share of energy from renewable sources, the portfolio is very close to the energy mix planned for 2030 in the IEA's global warming scenario.

Focus on the energy generation mix in the sovereign bond portfolio

Energy generation mix of countries in ERAFP's sovereign bond portfolio by energy source, in GWh (%)

Sources — Iceberg Datalab, International Energy Agency (IEA), 31 October 2024



An analysis of the energy generation mix in the countries in ERAFP's sovereign bond portfolio shows a higher share of nuclear energy than the benchmark (51% versus 29%), and a slightly lower share of renewable energies (33% versus 40%). The share of energy generated by countries in ERAFP's sovereign bond portfolio from fossil fuels is also well below the benchmark (17% versus 31%).

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

5

Strategy for alignment with the Paris Agreement

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

Targets adopted under the climate policy: methodologies and latest developments

For ERAFP, as for the other members of the Alliance, the net-zero target for 2050 is broken down into a number of interim targets, with milestones to be reached every five years. The first leg runs from the end of 2019 to the end of 2024. In October 2021, the board of directors formally adopted ERAFP's targets for this first period.

ERAFP set its targets in alignment with the 2025 Target Setting Protocol[27] developed jointly with the other members of the AOA. During this first period, the protocol in force when ERAFP drew up its policy requires members to achieve a reduction of 16% to 29% in their greenhouse gas (GHG) emissions relative to the end-2019 level.

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

The types of targets involved in the AOA's 2025 target setting protocol

Source — AOA 2025 Target Setting Protocol (inaugural version)

ENGAGEMENT TARGETS

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

SECTOR TARGETS

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

1.5°C
Net-Zero by 2050
Real World Impact

PORTFOLIO EMISSIONS TARGETS

- 16% to 29% CO_2 reduction by 2025 on listed equities and publicly traded corporate debt. Similar reduction targets and/or CRREM national pathways are recommended for real estate.
- Covers portfolio emissions scope 1 and 2, tracking of scope 3.
- Absolute or intensity-based reduction against 2019 base year recommended.

TRANSITION FINANCING TARGETS

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

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

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

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

ERAFP has therefore set several targets for these various pillars, which are summarised in the table page 73. The implementation and degree of achievement of these targets is published each year in both ERAFP's public report and sustainability report.

Recap of ERAFP's climate policy targets

Type of target	Scope covered	Reference in the report	Target
Reduction in greenhouse gas emissions	Equities/Bonds[28]	AOA listed company portfolio	25% reduction in carbon intensity between 2019 and 2024 (scopes 1 and 2).
	Real estate	AOA real estate portfolio	Alignment with the CRREM 1.5°C scenario for 2025 (scopes 1 and 2 and part of scope 3 emissions).
	Real estate	AOA real estate portfolio	15% reduction in surface intensity between 2019 and 2024.
Engagement	Equities/Bonds/ Convertibles	Listed company portfolio	Build shareholder dialogue with 30 companies amongst the highest greenhouse gas emitters of its portfolio, in order to promote the energy transition in accordance with the targets of the Paris Agreement.
Transition financing	Global portfolio	—	Increase the amounts invested in assets that contribute to the energy transition and decarbonisation of the economy.
Temperature alignment	Equities/Credit/ Convertibles	Listed company portfolio	Achieve a situation where companies representing 50% of the carbon footprint have set targets aligned with a temperature rise of 1.5°C or lower validated by the SBTi.

THE SCOPES FOR MEASURING GREENHOUSE GAS EMISSIONS

– "Scope 1" (direct emissions) includes emissions physically produced by an activity such as the combustion of fossil fuels (gas, oil or coal).

– "Scope 2" (indirect emissions) covers emissions relating to the consumption of electricity, heat or steam required for the company's activities.

– "Scope 3" (indirect emissions) refers to emissions produced upstream or downstream of production. "Upstream scope 3" refers to emissions relating to the supply chain (for example, the extraction and transport of materials purchased by the company for its production activities), and "downstream scope 3" refers to emissions relating in particular to a product's transport, use and end of life.

28 i.e. corporate bonds.

PORTFOLIO EMISSIONS TARGETS

SCOPE	TARGET	STARTING POINT	% OF ASSETS COVERED BY ENGAGEMENT AT END-2019	Deadline
AOA listed company portfolios	25% reduction in carbon intensity[29]	30/11/2019	92% of listed company assets 52% of total assets	31/10/2024
AOA real estate portfolio	Portfolio alignment with a 1.5°C target scenario 15% reduction in surface intensity	31/12/2019	47% of real estate assets 4% of total assets	31/12/2023
Total			56% of total assets	

AOA listed company portfolio

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

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

ERAFP has chosen to use carbon intensity per €1 million of revenue as its indicator rather than per €1 million invested, since using revenue enables it to assess a company's operational efficiency as well as the exposure of the portfolio to the most carbon intensive companies. The carbon intensity of portfolio companies per €1 million invested is, however, presented for information purposes.

In terms of emission scopes, the target covers scopes 1 and 2. The inclusion of scope 3 emissions, which are essential for analysing the performance of individual issuers, currently remains delicate at the portfolio level due to reasons relating to methodology. The percentage of companies that report scope 3 emissions is low, the standards for calculating these emissions are currently inadequate and estimates calculated by specialised agencies can vary widely. Moreover, when emissions are consolidated at the portfolio level, double or even triple counting remains an issue (the same emissions may be included in scope 3 by one issuer and scope 2 by another). Scope 3 emissions are nevertheless presented in the section "Consideration of ESG risks in the risk management system" (pages 116 to 121).

AOA real estate portfolio

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

The indicator used for this purpose is the portfolio's carbon intensity in $kgCO_2/m^2$, also referred to as "surface intensity". It should be noted that the scope used to calculate the indicator includes some scope 3 emissions (relating to the energy consumption of tenants[30]), as well as scopes 1 and 2.

29 Carbon intensity per €1 million of revenue, scopes 1 and 2.
30 Data is estimated if not known.

The scope initially used did not include residential real estate assets since there was insufficient climate data to assess them. However, a commitment was made to incorporate this data as soon as possible. As the availability of climate data for these assets improved, ERAFP was able to extend the scope in 2022. As of 31 December 2023, 86% of assets in the real estate portfolio were covered by the alignment target, compared with 47% as of 31 December 2019.

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

ENGAGEMENT TARGET

The engagement target involves building shareholder dialogue with 30 companies amongst the highest greenhouse gas emitters of its portfolio, in order to promote the energy transition in accordance with the targets of the Paris Agreement.

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

- contribution to the portfolio's carbon footprint;
- whether or not the company has set an emissions reduction or carbon neutrality target, in particular through the Science Based Targets initiative, and the ambitiousness of the target set[31];
- belonging to certain key sectors for the transition to a less carbon-intensive economy (energy, utilities and materials);
- geographical proximity (with a focus on French or European companies, over which ERAFP can exert a greater influence).

In order to assess the progress made by the companies targeted by this objective and to steer the engagement actions carried out with them, ERAFP relies on the "Net-Zero Company Benchmark" methodology developed by the Climate Action 100+ initiative. Launched in March 2021, it involves analysing the positioning of 169 companies in relation to the main challenges of the climate transition. If a company covered by ERAFP's engagement action is not included in the scope of the assessment carried out by Climate Action 100+, it is the managers' responsibility to carry out the assessment themselves, based on the grid used by the initiative.

In order to assess the progress made by the companies, ERAFP relies on the "Net-Zero Company Benchmark" methodology developed by the Climate Action 100+ initiative

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

TARGET FOR FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

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

TEMPERATURE ALIGNMENT TARGET

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

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

The share of the carbon footprint relating to companies that have set a target aligned with an SBTi-validated warming scenario of 1.5°C or lower gives a useful indication of a portfolio's future emissions trajectory[32].

ERAFP's aim is to achieve a situation where companies representing 50% of the carbon footprint[33] of its listed company portfolio[34] (equities, credit and convertible bonds) have set targets consistent with global warming of 1.5°C or lower that have been validated by the SBTi.

Companies' emission reduction or carbon neutrality targets facilitate a better assessment of the portfolio's alignment with Paris Agreement-aligned climate trajectories

32 As from 2022, the SBTi only validates targets that are 1.5°C-aligned or more ambitious.
33 Scopes 1 and 2.
34 I.e. 64% of ERAFP's total assets.

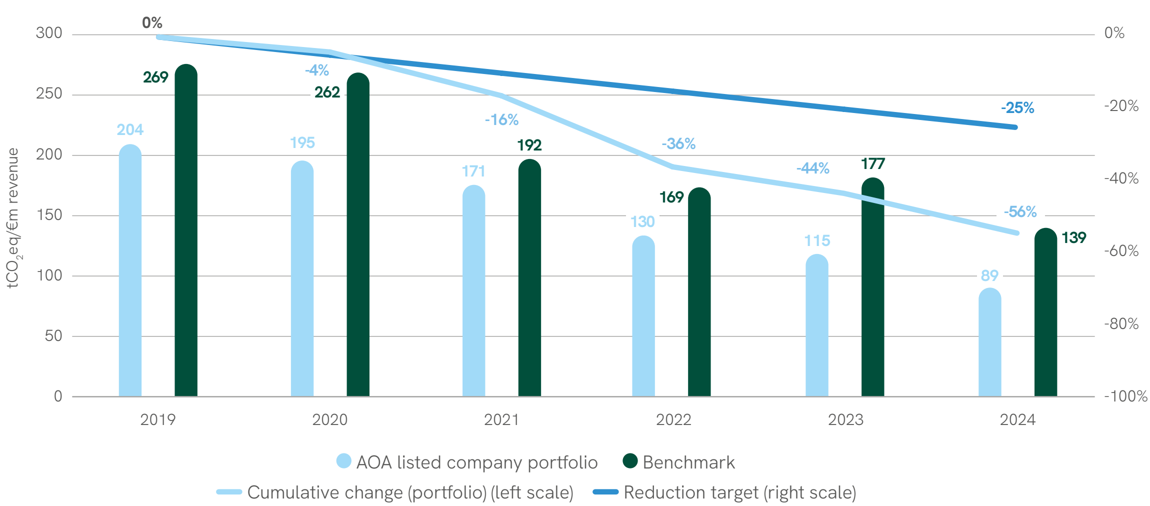
Target monitoring indicators: 2024 results and review of the 2019-2024 period

PORTFOLIO EMISSIONS TARGETS

AOA listed company portfolio

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

Source – Iceberg Datalab, 31 October 2024



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 versus -35% in 2023).

ERAFP achieved its objective -25% off the carbon intensity of the portfolio of AOA listed companies that it was fixed

At the end of 2024, the cumulative change in carbon intensity of the portfolio of AOA listed companies since the beginning of the period (2019-2024) was -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 a lower weighting for the energy and materials sectors than in 2019.

Carbon intensity of the AOA listed company portfolio compared with the benchmark (scopes 1 and 2, per €1 million invested, as a weighted average)

Source - Iceberg Datalab, 31 October 2024

Looking at another carbon intensity metric, i.e. carbon intensity in millions of euros invested (tCO_2eq/€m invested), again for ERAFP's AOA listed company portfolio, one can see that it fell between 2023 and 2024 by 60%.

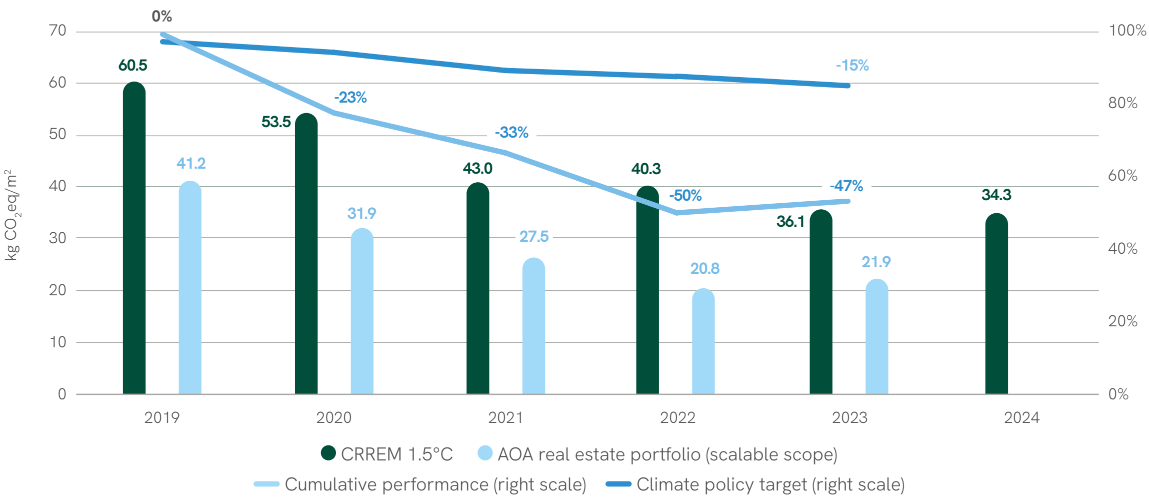
This decrease can be explained both by an overall decrease in the emissions of the companies in the portfolio, similar to that of the carbon intensity per €1 million of revenue, as well as by an improvement in the reliability of enterprise value data for several carbon-intensive issuers, with higher values. This mechanically reduces the carbon intensity of the portfolio, as well as that of the benchmark index, whose carbon footprint fell 45% between 2023 and 2024.

Ce n'est pas tout à fait la même phrase que dans la version en français du RD "L'écart entre le portefeuille et l'indice est de 44%". Over the full period considered, the portfolio's carbon intensity per €1 million invested fell 68.5%.

AOA real estate portfolio

Surface intensity of the AOA real estate portfolio[35] relative to that of the CRREM 1.5°C pathway (kg CO2eq/m2)[36]

Sources — Carbone 4 (2019-2021), CBRE (2022-2023), CRREM, ERAFP, 31 December 2023



In 2023[37], the surface intensity of ERAFP's AOA real estate portfolio[38] increased compared with 2022, from 20.8 kg CO2eq/m2 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 supplier in 2023, which led to an increase in emissions.

The surface intensity of ERAFP's portfolio is significantly lower than the 2023 transition point in the CRREM 1.5°C scenario (36.1 kgCO2eq/m^2).

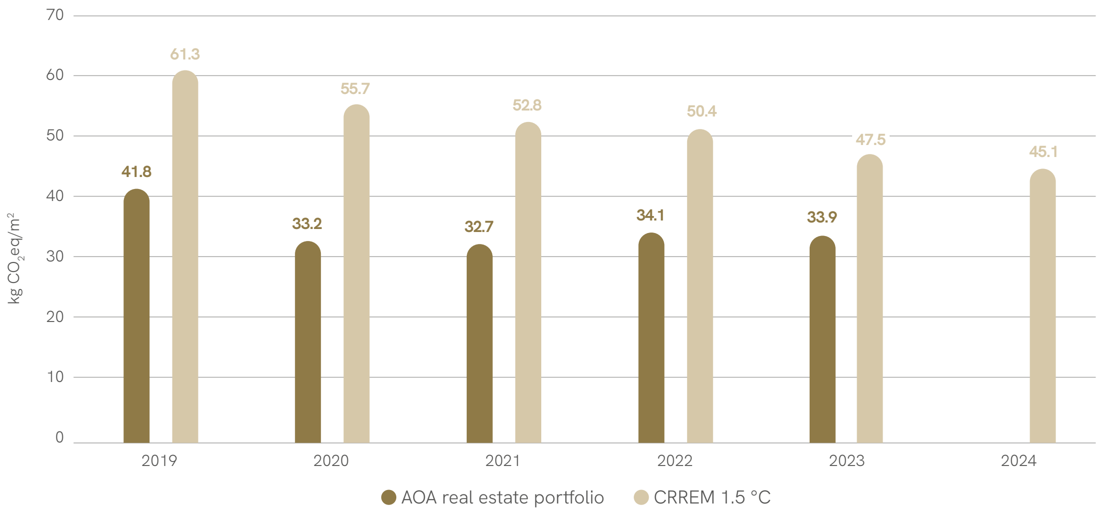
At the end of 2023, the cumulative change in surface intensity since the beginning of the period (2019-2023) was -47%. This performance enabled ERAFP to achieve its target of -15% over the period, as well as its target of aligning the portfolio's surface intensity with the 2025 transition point in the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

ERAFP achieved its objective of -15% of intensity area over the period, as well as its objective alignment with the 2025 crossing point of the CRREM scenario

35 Excluding investments in funds or assets over which the manager has no operational control.
36 The portfolio's projected surface intensity was estimated by the various real estate managers for the period to 2025, taking into account any works and other improvements to be made on the buildings.
37 Most recent known data.
38 A more in-depth analysis of the indicator is presented on p. 121.

Surface intensity of the AOA real estate portfolio[39] (excluding residential assets and new assets) relative to that of the CRREM 1.5°C pathway (kg CO_2eq/m²)[40]

Sources — Carbone 4 (2019-2021), CBRE (2022-2023), CRREM, ERAFP, 31 December 2023



On a constant portfolio basis since the beginning of the period (excluding residential assets and assets delivered or purchased over the period), the surface intensity of ERAFP's AOA portfolio remained flat, falling from 34.1 to 33.9 kg CO_2/m². Alignment with the transition point to the 1.5°C scenario in 2023 was achieved nonetheless.

However, the indicator's performance was less pronounced than when residential assets are included. This shows that the broadening of the scope contributed significantly to the sharp decrease in surface intensity between 2020 and 2023. ERAFP's residential assets are mainly located in France, which has one of the lowest-carbon energy mixes. In addition, most of the buildings are of recent construction.

39 Excluding investments in funds or assets over which the manager has no operational control.
40 The portfolio's projected surface intensity was estimated by the various real estate managers for the period to 2025, taking into account any works and other improvements to be made on the buildings.

ENGAGEMENT TARGET

Companies covered by ERAFP's engagement target by business sector at end-2024

Source — ERAFP, 31 October 2024

Business sector	Number of companies covered by the target	Percentage of assets	Percentage of the carbon footprint (tCO_2eq/€m invested, scopes 1 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[41]**	**7.8%**	**48.8%**

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

In total, at 30 October 2024, 7.8% of ERAFP's assets and 48.8% of the portfolio's carbon footprint were covered by this engagement target.

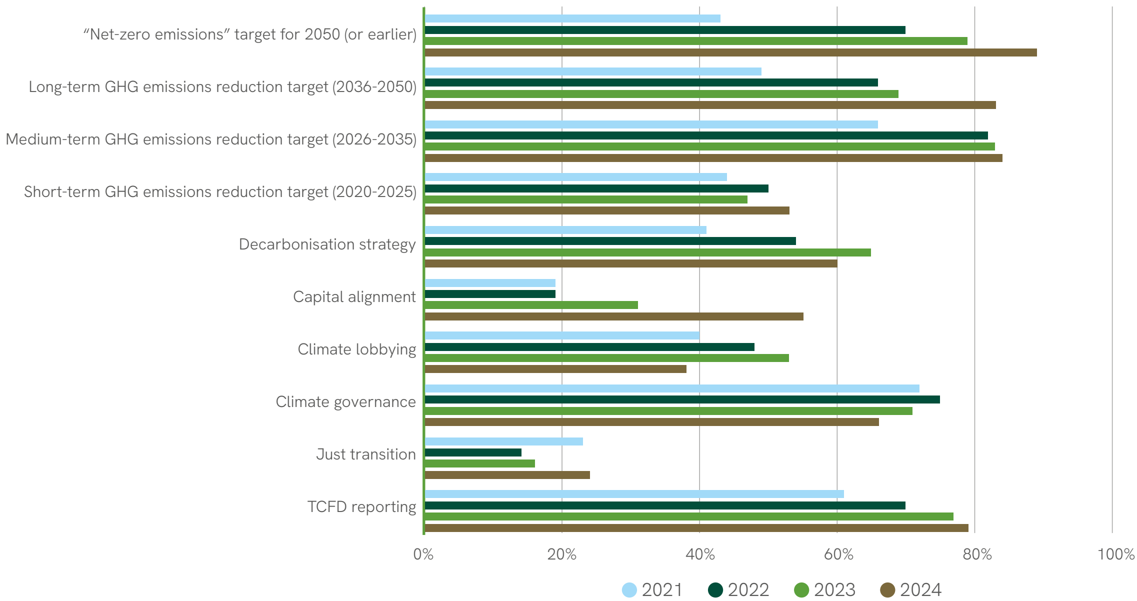
Over the period, ERAFP engaged with 30 of the portfolio issuers with the highest emissions, thereby achieving the engagement target it set for itself.

Over the period, ERAFP engaged with 30 of the portfolio issuers with the highest emissions, thereby achieving the engagement target it set for itself

41 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 in existing mandates.

Engagement indicator achievement rate for the 30 companies monitored (%)

Source — ERAFP, Climate Action 100+ and managers, 31 December 2024



Between 2023 and 2024, the companies monitored by ERAFP improved on seven of the 10 engagement indicators, but declined on the "decarbonisation strategy", "climate lobbying" and "climate governance" indicators.

Looking more closely, with regard to the medium- and long-term greenhouse gas emission reduction targets (2026-2050), most of the companies analysed have implemented policies with precise targets linked to emissions scopes, covering at least 95% of scopes 1 and 2 over these two periods (2026-2035 and 2036-2050) as well as the relevant scope 3 emissions. There has been major progress on long-term targets (+14 percentage points in 2024 compared to 2023), which are now on par with medium-term targets in terms of achievement rate (83% and 84%, respectively). Following on from its very strong growth between 2021 and 2022, the "net-zero emissions" target by 2050 at the latest for the companies analysed continued to improve (+9 points in 2023 and +10 points in 2024), thanks to their greater commitment to the criteria covering at least 95% of their scope 1 and 2 emissions, and the criteria most relevant to their business sectors in scope 3.

There was also a notable improvement in the "capital alignment" indicator (+24 percentage points compared to 2023). As a reminder, the capital alignment is assessed according to two criteria:

- the company explicitly commits to aligning its capital expenditure plans with its long-term goal of reducing GHG emissions or eliminating planned spending on carbon-intensive assets or products;
- the company explicitly commits to aligning its capital expenditure plans with the Paris Agreement target of limiting global warming to 1.5°C and eliminating investments in carbon-intensive assets or products.

The decrease in the achievement rate of the "climate governance" indicator (66% at end-2024 versus 71% at end-2023) is a result of the reassessment of information provided on the criteria entitled "the company discloses evidence of oversight of the management of climate-change risks among others by the board of directors or a board committee" as well as a more demanding rating.

We also noted a decline in the "climate lobbying" indicator (-15 points compared to 2023). This decrease was attributable to a change in the Climate Action 100+ assessment grid for this indicator, which also led to a more demanding rating. This theme will be given considerable weight in ERAFP's engagement with companies.

Lastly, in line with the results observed in 2023, the achievement rate of the "just transition" indicator remains low (24%) but increased significantly year-on-year (+8 percentage points). According to the overall results published by Climate Action 100+, this indicator is the one least aligned with. Despite the low achievement rate, this criterion is used by ERAFP to measure the alignment of companies with climate issues in accordance with its engagement policy, in keeping with the conviction that an ecological transition will only be successful and accepted by taking into account all the stakeholders affected.

TARGET FOR FINANCING THE TRANSITION TO A LOW-CARBON ECONOMY

In 2024, ERAFP invested €527 million[42] in assets contributing to the transition to a low-carbon economy. These investments break down as follows: €478 million in corporate bonds, €60 million[43] 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 amounted to €21 billion at end-2024 (i.e. 44% of assets), compared with €16 billion at end-2023, i.e. an increase of 31% year-on-year. This was due to the following factors:

- the higher number of companies that have 1.5°C-aligned global warming targets – or more ambitious ones – validated by the SBTi, and the increase in share valuations over the year;
- a strong increase in investments in green bonds;
- additions made within the "Paris-Aligned Benchmark" mandate;
- new inflows into investments;
- new investments that contribute to the energy transition in the infrastructure segment.

42 Net amount.
43 Amount committed.

Investments in energy transition or that contribute to the decarbonisation of the economy

Source — ERAFP, 31 December 2024

Asset class		2023 Amount invested (market value in €m)[44]	2024 Amount invested (market value in €m)[45]	% Share	2023-2024 change
Equities	Equity funds - climate theme	620	616	3%	-1%
	"Climate transition benchmark" mandate	2,727	2,815	13%	3%
	"Paris-Aligned Benchmark" mandate	219	229	1%	5%
Bonds	Green bonds	1,043	1,658	8%	59%
	Bond funds – thematic	87	70	0%	-19%
Equity, bond and convertible bond mandates	Issuers with a 1.5°C SBTi target	7,366[46]	11,938[47]	57%	62%
Real estate	Forestry	28	29	0%	4%
	1.5°C-aligned real estate assets	3,289[47]	2,962[48]	14%	-10%
Infrastructure	Energy transition	570[48]	630[49]	3%	11%
Private equity	Energy transition	100[49]	100[49]	0%	0%
Total		**16,049**	**21,048**	**100%**	**31%**

At 31 December 2021, the total amount invested by ERAFP in assets contributing to the transition to a low-carbon economy amounted to €11.4 billion. At end-2024, it was €21 billion, representing an 85% increase. ERAFP thus achieved the financing target it set for itself.

ERAFP has achieved its objective of providing financial support for the transition to a low-carbon economy

44 On 31 December 2023.
45 On 31 December 2024.
46 All mandates, except the "Climate Transition Benchmark" mandate, "Paris-Aligned Benchmark" mandate and green bonds.
47 Real estate assets aligned with the CRREM 1.5°C pathway. Data at 31 December 2023.
48 Amount committed.

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

Created by a European Union regulation[49], the European climate indices known as "PAB" and "CTB" contribute to ERAFP's achievement of its target of reducing greenhouse gas emissions for the "AOA listed companies" portfolio. Both indices provide for a decarbonisation trajectory with annual emission reductions of 7%, in line with the IPCC's 1.5°C scenario. They also include a requirement to reduce carbon intensity relative to the investment universe, by 50% for "PAB" indices and by 30% for "CTB" indices.

At end-2024, the "PAB" and "CTB" mandates granted by ERAFP reached a market value of €229 million and €2.8 billion respectively.

Green bonds

ERAFP makes investments, through its portfolio in public and private corporate bonds, and in "green" bonds, the purpose of which is to finance projects that have a positive impact on the environment, such as renewable energies, energy efficiency or sustainable resource management and whose issuers produce detailed reports on the use of proceeds. The portfolio contained 235 green bonds at end-2024, an increase of 22% compared to end-2023 (193). These green bonds held in the portfolio, the number of which has been steadily increasing for several years, represented a market value of €1.66 billion at end-2024, i.e. 7.8% of the assets under management via ERAFP's credit mandates (public and private corporate bonds).

Forestry

ERAFP's forestry assets have a market value of €29 million and comprise 12,600 hectares of Finnish forest, the manager of which is Forest Stewardship Council (FSC)[50] certified. The carbon footprint produced by these forests is calculated each year by an independent Finnish company (Simosol[51]), taking into account the life cycle of the trees. Simosol calculates the carbon sequestered as the trees grow, net of harvested wood and emissions generated by the forest's exploitation, then adds the carbon stored in the products that the wood is used to make. In 2024, the forests sequestered 35,566 tonnes of CO_2, or 2.8 tonnes of CO_2 per hectare per year.

Private equity and infrastructure

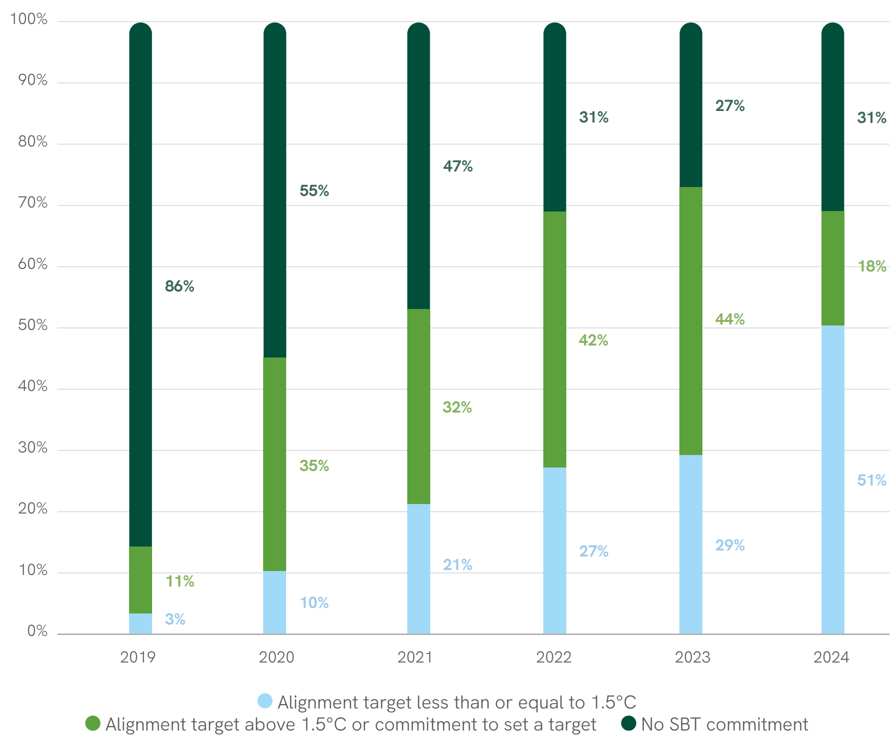
In 2024, ERAFP's private equity and infrastructure investments contributed €730 million towards its targets of financing a low-carbon economy[52]. Of these assets, slightly more than half went to financing renewable energies (primarily solar and wind) and around a quarter to electric mobility, a sector which is essential to reducing oil consumption. Other sectors invested in to a lesser extent included energy efficiency, heating networks and waste treatment.

49 Regulation 2016/1011/EU of the European Parliament and of the Council of 8 June 2016.
50 The FSC is an NGO created in 1993 following the Rio Earth Summit, which aims to promote the responsible management of forests.
51 Recently acquired by AFRY.
52 Amount committed.

TEMPERATURE ALIGNMENT TARGET

Percentage of the listed company portfolio covered by Science-based targets, by type of approach (%, scopes 1 and 2)

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



ERAFP has set the target for 2025 of achieving a situation where companies representing 50% of its carbon footprint have set SBTi-validated targets aligned with a temperature rise of 1.5°C or lower. On 31 October 2024, 51% of the listed company portfolio's carbon footprint were related to companies that had set 1.5°C-aligned targets – or more ambitious ones – that had been validated by the SBTi, versus 29% at end-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.

At the same time, the share of the portfolio's carbon footprint relating to companies with SBTi-validated targets of more than 1.5°C or companies that have undertaken to set a target went from 44% in 2023 to 18% in 2024.

Climate-related **exclusion policy**

In September 2023, as part of its SRI approach, ERAFP's board of directors adopted a policy relating to the three main fossil fuels (thermal coal, unconventional fossil fuels[53] and conventional fossil fuels[54]). As part of the SRI framework, this policy is designed to further boost ERAFP's contribution to financing an economy that is compatible with a scenario in which global warming is limited to 1.5°C, and even to divest from companies in this sector that do not align their strategy to this scenario.

Founded on a review of the main scientific and institutional scenarios[55], ERAFP's policy considers the necessary steady ramp-up of measures to be taken for each source of energy. ERAFP applies scientific recommendations aimed at rapidly exiting coal and gradually and very significantly reducing the share of fossil fuels in the energy mix, with unconventional fossil fuels being chief among these fuels.

SCIENTIFIC RECOMMENDATIONS ON FOSSIL FUELS

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

In September 2023, as part of its SRI approach, ERAFP's board of directors adopted a policy relating to fossil fuels

53 Shale oil and gas, oil sands and shales, fossil fuels extracted from sensitive areas such as the Arctic or ultra-deep drilling.
54 Crude oil and natural gas.
55 See, in particular, the IEA's "Net Zero by 2050" report published in May 2021 and the IPCC's "Special Report on Global Warming of 1.5°C", published in 2018, as well as the "Mitigation" section of the IPPC's "Sixth Assessment Report", published in 2021.

The measures adopted are aimed in particular at[56]:

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

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

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

ERAFP's fossil fuel policy

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

Changes in the investment strategy in line with the objective of alignment with the Paris Agreement

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

- Stating, as part of the purpose of mandates awarded for the management of assets covered by the greenhouse gas emission reduction target, that the asset manager must contribute to achieving this target;
- Amending the SRI guidelines for the asset classes in question, to provide details on contributing to reducing greenhouse gas emissions in the Environment section and include a paragraph similar to that in the mandate's purpose regarding contributing to this target.

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

6

Consideration of biodiversity issues

Key figures[58]

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

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

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

10-15%
Global wood supply from illegal logging

>100%
Growth of urban areas since 1992

1,000%
Increase in plastic pollution since 1980

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

Biodiversity loss: a new challenge for investors

For several years, scientific reports, notably those of the IPBES[59], have been warning us about the accelerating pace of biodiversity loss, with the aim of raising awareness of this issue, particularly among companies, so that corrective action can be taken. The impacts, or pressures, on biodiversity can be broken down into five categories (by order of importance): changes in land and sea use, overexploitation of resources, climate change, pollution and invasive alien species. Managing companies' contributions to these developments and controlling the associated risks to their viability is a crucial challenge for the future.

As an investor that contributes to corporate financing, ERAFP was keen to strengthen its engagement on this front. In 2021, it signed the Finance for Biodiversity Pledge, a statement by investors and financial institutions committed to four objectives:

- collaborating and sharing their knowledge of biodiversity matters;
- engaging with companies;
- measuring the biodiversity impact of their financing and investments;
- setting targets and reporting publicly on progress made.

In 2022, a year marked by the Kunming-Montréal COP 15, ERAFP and other investors signed a financial sector declaration on biodiversity. By doing so, ERAFP committed to helping to protect and restore biodiversity and ecosystems through its financing activities and investments.

The conclusion of this fifteenth meeting of the Conference of the Parties led to the adoption of the Kunming-Montréal Global Biodiversity Framework on 19 December 2022. This framework constitutes a strategic plan for 2030 on biodiversity issues, replacing the Aichi Biodiversity Targets.[60]

The framework consists of four global objectives for 2050, focusing on ecosystem and species health, sustainable use of biodiversity, equitable benefit-sharing, and implementation and financing. These four objectives are broken down into 23 targets to be achieved by 2030 to "live in harmony with nature" by 2050. The main targets include the preservation of 30% of land and seas, the reduction of incentives (including subsidies) that are harmful to biodiversity, and the reduction of pollution (pesticides, fertilizers, etc.).

At the same time, given the complexity of biodiversity issues, training for employees and directors constitutes a key lever to improve in-house expertise in the various areas involved.

59 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.
60 Set of 20 targets set by the Convention on Biological Diversity (CBD) in 2010, aimed at protecting global biodiversity by 2020.

As such, during the second half of 2022, ERAFP's SRI team attended three half-day training sessions organised by CDC Biodiversité.

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

- The organisation of fun and collaborative workshops offered by the "Biodiversity Fresk" for all ERAFP employees;
- Half-day training courses offered by Iceberg Datalab and I Care:
  - A training course dedicated to ERAFP directors on biodiversity-related issues, as well as an introduction to methodologies for measuring the biodiversity footprint;
  - A training course dedicated to ERAFP's financial management teams on the concepts, regulations and key figures, as well as the main impacts and levers for reducing the biodiversity footprint by sector. In terms of governance, training on biodiversity issues was organised in June 2023 with the consulting firm I Care and the data provider Iceberg Datalab. This training process continued in 2024 with the organisation of a one-day seminar dedicated to biodiversity issues, including an ecologist's talk, "Biodiversity Fresk" workshops and presentations on biodiversity issues for corporations and institutional investors.

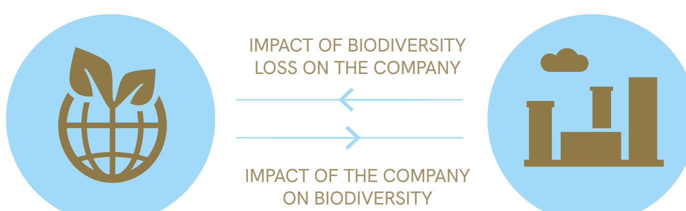
As an investor that contributes to corporate financing, ERAFP was keen to strengthen its engagement on biodiversity

The principle of **double materiality**

Biodiversity loss, like climate change, presents financial risks for companies and investors. According to the *Banque de France*, 42% of the value of the securities portfolio held by French financial institutions was issued by companies that depend heavily or very heavily on at least one ecosystem service[61]. According to the Finance for Biodiversity Foundation, the most dependent sectors are construction, agriculture and food products[62] through the extraction of resources (forests, oceans, etc.) and the use of ecosystem services (soil, water, pollination, etc.).

While business activities may have dependencies on biodiversity, they can also exert pressure on biodiversity. The Natural Capital Investment Alliance presents the most priority sectors according to their impact on biodiversity, including distribution, mining, oil and gas (exploration, production, storage and transport) and agriculture. According to the Banque de France, the average impact of €1 million in securities held by French financial institutions is equivalent to land take of 13 hectares of natural land each year[63].

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



61 Banque de France, "Biodiversity Loss and Financial Stability", Eco Notepad, 5 January 2022.
62 Finance for biodiversity, "Top 10 biodiversity-impact ranking of company industries".
63 Banque de France, "A 'Silent Spring' for the Financial System? Exploring Biodiversity-Related Financial Risks in France", August 2021.

ERAFP's **integration of biodiversity** to date

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

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

Since its establishment in 2006, ERAFP's SRI framework has factored in the importance of tackling biodiversity loss

REAL ESTATE SRI GUIDELINES AND BIODIVERSITY ISSUES

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

The sub-criterion is used to assess the efforts made to prevent threats to biodiversity. During development and renovation work:

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

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

Measuring exposure to **the biodiversity issue**

The definition of a strategy and objectives remains very complex due to the persistent difficulties associated with the definition and availability of reliable quantitative indicators.

In view of this, ERAFP seeks to supplement the data and analyses received from its delegated management companies, and in 2022 launched a public tender to award a contract for the provision of biodiversity data as from 2023 to enhance the analysis of its listed company portfolio. The contract was awarded to Iceberg Datalab.

MEASURING THE PORTFOLIO'S BIODIVERSITY FOOTPRINT

The footprint indicator

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

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

The CBF uses the Mean Species Abundance (MSA) metric to quantify the impact on biodiversity. Mean species abundance is a biodiversity metric that expresses the mean relative abundance of native species in an ecosystem compared to their abundance in an ecosystem undisturbed by human activities and pressures. As such, it measures the state of preservation of an ecosystem compared to its original state.

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

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

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

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

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

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

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

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

Biodiversity footprint results

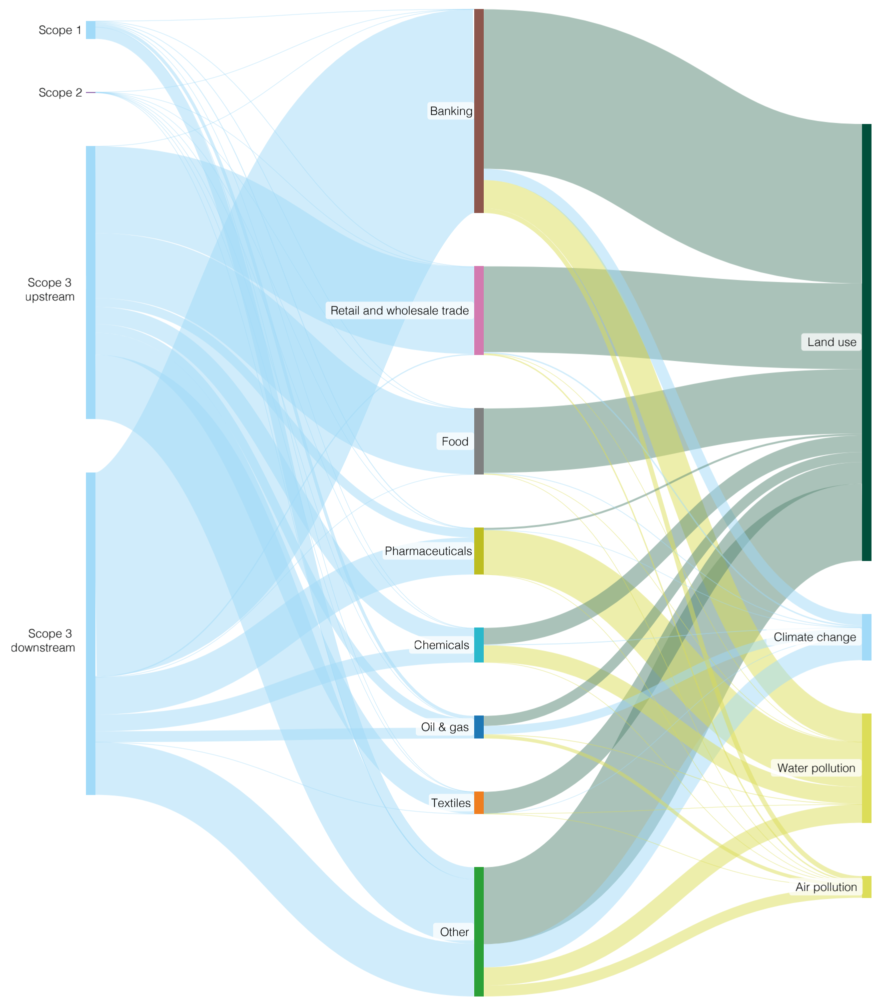
On 31 October 2024, ERAFP's biodiversity footprint was estimated at -0.0837 km^2. MSA per 1€m invested. This result should be compared with the biodiversity footprint of the benchmark index, estimated at -0.0843km^2.MSA per €1 million invested. This indicator is not relative to the amount invested, but 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 companies in the portfolio.

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

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

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



The majority of the portfolio's impacts are from land use. The sectors contributing the most to these impacts are banking, retail and wholesale trade and food. The majority of the impacts are 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).

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

MEASURING DEPENDENCY

The dependency indicator

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

ECOSYSTEM SERVICES

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

For each production process, the ENCORE database identifies and assesses potential impacts on biodiversity and potential dependencies (with 25 services).

The database consists of scientific data from specialised publications, interviews with industry experts and other physical data. It lists 11 major economic sectors, including consumer discretionary, consumer staples, energy, finance, healthcare, industry, technology, materials, real estate, telecommunication services and utilities. Each sector is broken down into sub-industries (paper products, personal care products, rail transport, etc.) and each sub-industry is associated with one or more production processes to which the assets are attached in order to determine their dependencies, which can be "strong" or "very strong". The dependency rating of a production process is calculated according to the loss of functionality if the ecosystem service were to be disrupted, and the financial loss it would suffer, where applicable.

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

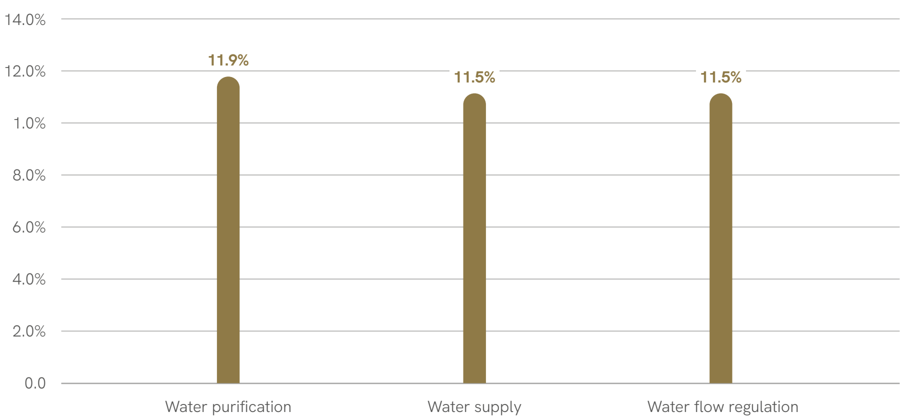
An asset's dependency on its ecosystem is assessed from zero to five. For the analysis of ERAFP's portfolio of listed companies, a score of four will be considered as a significant dependency, and a score of five will be considered a very strong dependency.

25.5% of ERAFP listed assets are significantly dependent on at least one ecosystem service, i.e. around €7.3 billion in assets

Dependency results

Major dependencies of listed asset portfolio on ecosystem services

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. Of ERAFP's listed assets, 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 ERAFP's 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.

DEVELOPMENT OF A BIODIVERSITY POLICY

In 2024, ERAFP endeavoured to define guidelines for a policy on biodiversity-related issues in line with the objectives of the Kunming-Montréal Global Biodiversity Framework. In 2025, ERAFP plans to finalise its policy and make it public. At the same time, ERAFP will continue to refine the biodiversity analysis on its assets.

7

Consideration of ESG risks in the risk management process

This part of the report provides information in compliance with the recommendations of the G20 Task Force on Climate-related Financial Disclosures (TCFD) and the decree implementing Article 29 of the Energy and Climate Law of 8 November 2019[64]. The purpose of these two frameworks is to put companies' ESG risk management systems on a more formal footing. ESG risks – or sustainability risks – are analysed on the basis of the double materiality principle, i.e. taking into account:

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

64 Decree no. 2021-663 of 27 May 2021 implementing Article L. 533-22-1 of the French Monetary and Financial Code.

Consideration of sustainability risks in investment decision-making processes

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

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

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

ERAFP's SRI framework relies partly on the pre-investment analysis carried out by its delegated asset managers[65] and partly on analyses by non-financial rating agencies. This second level of independent analysis enables ERAFP to ensure that its SRI framework is properly implemented by the delegated asset managers.

ERAFP's analysis of ESG and climate change risks covers all its asset classes and geographical regions. It is adjusted based on the asset type and business sector concerned (by weighting ratings in accordance with the materiality of a specific issue for the sector under review).

The framework for managing ESG and climate risks is reviewed periodically, through any changes made to the SRI Charter. The most recent amendment, in 2016, involved attaching greater importance to the climate theme in the SRI guidelines for companies. Moreover, ERAFP further developed its best in class approach in 2019, requiring companies in key sectors for the energy transition to develop a strategy

65 Delegated management covers all asset classes other than sovereign bonds (see page 39).

aligned with the targets of the Paris Agreement, and divesting holdings in companies without a strategy and which generate more than 10% of their revenue from thermal coal-related activities. In 2023, the board of directors also adopted a fossil fuel policy that bolstered the measures taken on coal and introduced thresholds and eligibility criteria for issuers exposed to conventional and unconventional fossil fuels. These criteria are detailed in section 5.3 of this report ("Climate-related exclusion policy")[66].

ESG RISKS

Description of the main ESG risks

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

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

Limiting exposure to ESG risks

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

- the process for selecting delegated managers, which takes into account their experience and the resources they allocate to ESG analysis;
- ERAFP's SRI framework, which is implemented by the delegated asset managers and excludes 21% of listed issuers from benchmark indices. This high rate reflects both the stringency and the effectiveness of ERAFP's SRI screening. This system, which is monitored by ERAFP's teams, is subject to oversight at half-yearly management-committee meetings, during which ERAFP discusses the following issues with its delegated managers:
  - any discrepancies between the issuer assessments performed by the delegated managers and those conducted by the non-financial rating agency;
  - the main ESG controversies involving issuers in the portfolio.

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

66 See page 87.

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

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

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

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

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

The purpose of taking controversies into account upstream of the investment process is to increase the selectivity of the non-financial analysis process. Ultimately, it needs to make it possible to exclude and identify the companies and sectors most at risk in the portfolio from a controversy standpoint. ERAFP also considers controversies downstream of the investment process. In updating its SRI Charter in 2016, ERAFP's board of directors wanted to do more to prevent negative societal impacts, particularly as regards the major international human rights standards. It therefore asked its delegated asset managers to monitor, on ERAFP's behalf, controversies to which issuers may be exposed, particularly those involving proven violations of international standards or principles of social and environmental responsibility, namely:

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

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

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

Estimating the financial impact of the main ESG risks

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

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

Given the nature of ERAFP's activities, climate risks relate to its investments rather than its direct activities

CLIMATE-RELATED RISKS

Given the nature of ERAFP's activities, climate risks relate to its investments rather than its direct activities.

Description of the main climate-related risks

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

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

Types of risks associated with the energy transition	Risk factors	Risk description	Current or emerging, exogenous or endogenous
Regulatory risks	Changes in public policy	Impact of the emergence of more stringent regulations on certain activities, for example on carbon prices	Current/exogenous
Market risks	Changes in the balance between supply and demand due to the effects of climate change, the supply chain, etc.	Changes in prices of raw materials, components, etc.	Emerging/exogenous
Technology risks and opportunities	Innovation and the development of disruptive technology solutions	Loss of market share to competitors	Current/endogenous
Reputational risks	Customers and other stakeholders becoming increasingly aware of poor climate-related practices	Reputational damage	Emerging/exogenous
Legal risks	Increase in damages attributed to the consequences of climate change	Increase in complaints and disputes (States and fossil fuel industries)	Emerging/exogenous

Special attention is paid to the business sectors with the highest sensitivity to the risks associated with the energy transition

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

Type of physical risk	Risk factors	Risk description	Current or emerging, exogenous or endogenous
Acute risks associated with climate change	Increase in natural disasters	Storms, hurricanes, floods, etc.	Current/exogenous
Chronic risks associated with climate change	Climate change: rising temperatures	Rising sea levels, chronic heatwaves, changes in precipitation, loss of certain resources, etc.	Emerging/exogenous

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

Limitation of exposure to climate-related risks

ERAFP specifically seeks to limit its exposure to risks associated with the climate change by:

- applying the fossil fuel policy, which establishes eligibility criteria for thermal coal, unconventional fossil fuels and conventional fossil fuels[67];
- implementing its strategy for alignment with the Paris Agreement, including its pre-investment and post-investment analyses and its climate policy[68].

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

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

The transition factors considered for each geographical region and sector analysed are:

- the implementation of climate regulations, such as carbon taxes or quotas;
- consumer choice, which may be influenced by climate-related criteria;
- the cost of the transition for energy-intensive or carbon-intensive industries (the transition will be costly as their cost will increase due to carbon prices).

67 See "Climate-related exclusion policy" on pages 87 to 88.
68 See "Strategy for alignment with the Paris Agreement", starting on page 70.

Companies will also face indirect financial risks as their suppliers incur higher carbon prices and seek to cover some or all of this cost by increasing their own prices in turn.

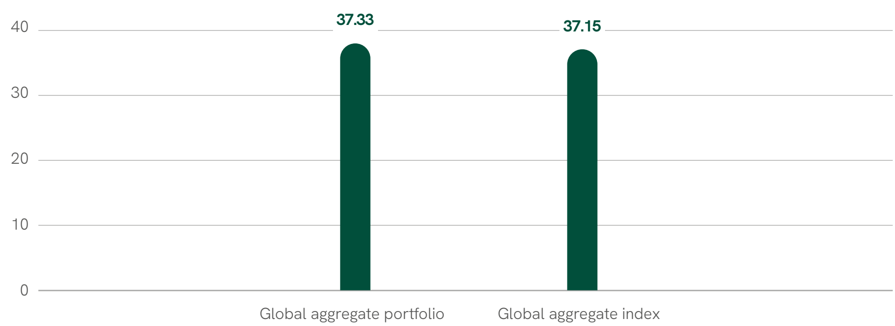
To calculate the risk indicator, a risk score is assigned to each sector and each country, yielding three risk matrices according to each of the transition factors.

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

Results for ERAFP

Transition risk exposure of ERAFP's listed company portfolio compared with its benchmark index

Source – Iceberg Datalab, 31 October 2024



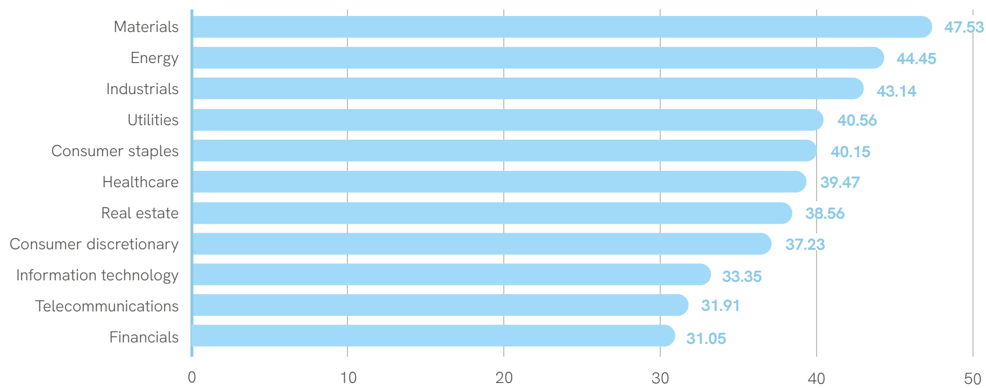
The transition risk exposure of ERAFP's portfolio of listed companies at end-2024 was 37.33 versus 37.15 for the index.

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

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

Transition risk exposure of ERAFP's listed company portfolio

Source – Iceberg Datalab, 31 October 2024



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

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

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

Assessment of physical risks related to climate change

The physical risks precipitated by climate change will have a considerable impact on financial markets. Severe disruptions could materialise globally due to commodity shortages, price fluctuations, or damage and loss of infrastructure. Physical risks are a combination of localised risks (relating to sites) and risks relating to the value chain of affected businesses.

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

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

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

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

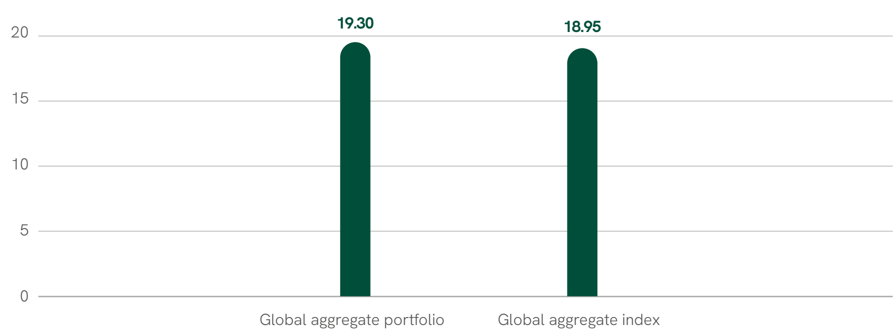
Exposure to physical risks is expressed as a score from 0 to 100, with 100 being the highest risk score.

Results for ERAFP

LISTED COMPANIES

Physical risk exposure of ERAFP's listed company portfolio compared with its benchmark index

Source – Iceberg Datalab, 31 October 2024



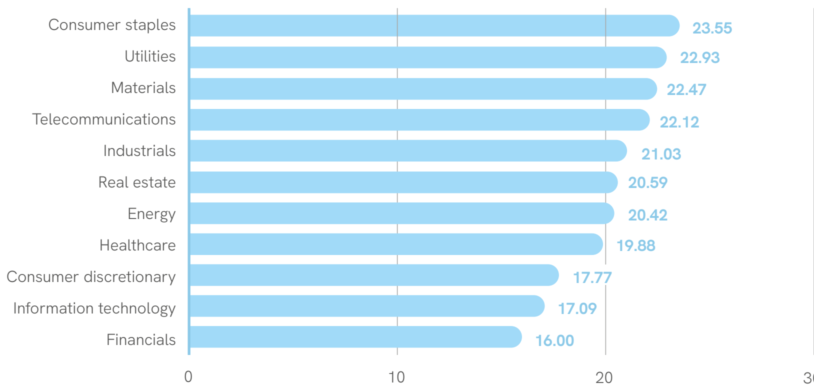
The physical risk exposure of ERAFP's portfolio of listed companies at end-2024 was 19.30, versus an estimated 18.95 for its benchmark index.

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

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

Breakdown of the physical risk exposure of ERAFP's listed company portfolio by sector

Source - Iceberg Datalab, 31 October 2024



While the physical risks faced by different sectors are broadly similar, the consumer staples sector is characterised by a higher than average exposure to such risks. Consumer staples relies heavily on natural resources, such as water, agricultural land and ecosystems, which are directly affected by climate change. For example, droughts can reduce agricultural yields, while floods can destroy infrastructure and food supplies.

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

REAL ESTATE

The assessment of physical risks on real estate assets was carried out by CBRE using the R4RE (Resilience for Real Estate) tool developed by the Green Building Observatory. For each asset, a cross-analysis is performed between the building's exposure to physical risks and its vulnerability to them.

- For the building's exposure, the characteristics of any climate hazards (nature, intensity, frequency, duration) are assessed based on the address.
- For the building's vulnerability, sensitivity to these hazards is assessed using the building's characteristics (construction details, reliability of networks).

Based on this analysis, the risks related to heat, precipitation and flooding as well as extreme cold are assessed through 2030 and 2050.

The majority of ERAFP's assets are highly exposed to heat risk as well as to the risk of precipitation and flooding, particularly French assets. Of the portfolio's assets, 72% are highly exposed to heat risks, and 69% are exposed to precipitation and flooding.

Inherent in the physical reality of the assets, the fleet's vulnerability to climate change is high, with around 30% of the portfolio deemed highly vulnerable to heat risk and 58% highly vulnerable to precipitation and flood risk.

The results obtained should be interpreted with caution, as the partial collection of data allowed only 72% of assets to be analysed. As the R4RE tool is conservative, the worst-case scenarios are applied if there is no data.

PRIVATE EQUITY

The physical risk analysis covers investments under the private equity management mandate. Given the time taken to collect, process and analyse underlying investment data, the results presented here relate to data as at 31 December 2023. Through its assessment grid, Access Capital Partner tracks the number of companies that assess their climate change risks. In 2023, the analysis became more granular via the breakdown of risks into two types: physical risks (e.g. exposure and vulnerability to extreme weather events) and transition risks (risks related to regulations, changes in carbon prices, changes in product demand, etc.). At end-2023, 23% of portfolio companies had assessed their physical risks (compared with 22% in 2022) while 29% assessed their transition risks (compared with 28% in 2022). It is also worth mentioning that 0% of the companies in the portfolio were facing environmental litigation.

INFRASTRUCTURE

The physical risk analysis presented covers the investments under the infrastructure management mandate. Given the time taken to collect, process and analyse underlying investment data, the results presented here relate to data as at 31 December 2023. Ardian monitors a number of indicators regarding how the asset managers of underlying funds manage climate risks. Of the 16 asset managers with whom we invested, 12 indicated that they systematically review climate risks (carbon, physical and transition risks) during the due diligence phase, three carry out this review when climate issues are considered financially material, and one did not respond. In addition, 14 of the 16 managers indicated that they engage with underlying companies to help increase their consideration of climate issues in a broad sense. More specifically, 12 indicated that they provide technical support to carry out a forward-looking analysis of climate risks and opportunities.

Furthermore, 81% of asset managers monitored biodiversity risks and issues in 2023, compared with 61% in 2022.

Principal adverse impacts of ERAFP investments on sustainability factors

PAIs (Principal Adverse Impacts) represent the impact that the investments made by ERAFP may have on the environment and society, as well as the issues likely to impact the financial performance of all listed companies in ERAFP's global aggregate portfolio[69]. From a legal perspective, the main negative sustainability impacts referred to in this sub-section correspond to those mentioned in Article 4 of 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 ("SFDR").

PAIs are reported via a list of environmental, social and governance (ESG) indicators aimed at capturing the principal adverse impacts (PAIs) of investments on sustainability considerations.

It should be noted that ERAFP does not fall within the scope of the SFDR. However, ERAFP chose to publish the PAI indicators for its investment portfolio voluntarily in its sustainability report this year.

ERAFP has chosen to voluntarily publish PAI indicators in its sustainability report

69 Equity, private corporate bond and convertible bond portfolio.

LISTED COMPANY PORTFOLIO

This section presents the PAI indicators of the portfolio of listed companies and its benchmark index as of 31 December 2024. It includes nine of the 14 mandatory PAI indicators, for which the coverage and methodology are satisfactory, as well as four optional indicators relevant to the portfolio.

Mandatory indicators

	Indicator	Metric	Portfolio	Benchmark	Portfolio coverage
GHG EMISSIONS	1 GHG emissions	GHG emissions (Scope 1, tCO_2eq)	669,621	1,079,206	69.6%
		GHG emissions (Scope 2, tCO_2eq)	228,826	237,177	
		GHG emissions (Scope 3, tCO_2eq)	11,691,455	13,810,499	
		Total GHG emissions (tCO_2eq)	12,589,902	15,126,882	
	2 Carbon footprint	Carbon footprint (Scopes 1 and 2, tCO_2eq/€m invested)	44	67	69.6%
		Carbon footprint (Scopes 1, 2 and 3, tCO_2eq/€m invested)	617	776	
	3 GHG intensity of investee companies	GHG intensity (Scopes 1 and 2, tCO_2eq/€m of revenue)	73	103	85.3%
		GHG intensity (Scopes 1, 2 and 3, tCO_2eq/€m of revenue)	1,037	1,369	
	4 Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	5%	7%	88.5%
	5 Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	Unsatisfactory coverage		50.8%
		Share of non-renewable energy consumption by investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)			
	6 Energy consumption intensity per high climate impact sector	Energy consumption in GWh per million euros of revenue of investee companies, per high impact climate sector (GWh/€m of revenue)	Unsatisfactory coverage		47.0%

	Indicator	Metric	Portfolio	Benchmark	Portfolio coverage
BIODIVERSITY	**7** **Activities negatively affecting biodiversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	Inconclusive: the results are limited to a match between the issuer's areas of operation and impact on biodiversity, with no ability to measure the percentage of the activity and/ or income of the company involved, or the nature of the activity.		88.9%
WATER	**8** **Emissions to water**	Tonnes of emissions to water generated by investee companies per million euros invested, expressed as a weighted average (t/€m of revenue)	Unsatisfactory coverage		0.6%
WASTE	**9** **Hazardous waste**	Tonnes of hazardous waste and radioactive waste generated by investee companies per million euros invested, expressed as a weighted average (t/€m of revenue)	0.79%	1.51%	69.6%
SOCIAL AND EMPLOYEE MATTERS	**10** **Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0.09%	0.24%	88.5%
	11 **Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises**	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	31.05%	30.25%	88.2%
	12 **Unadjusted gender pay gap**	Average unadjusted gender pay gap of investee companies (%)	Unsatisfactory coverage		2.1%
	13 **Board gender diversity**	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%)	40.06%	39.49%	80.2%
	14 **Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)**	Share of investments in investee companies involved in the manufacture or sale of controversial weapons (%)	0%	0%	88.5%

Optional indicators					
	Indicator	Metric	Portfolio	Benchmark	Portfolio coverage
SOCIAL AND EMPLOYEE MATTERS	**7** Incidents of discrimination	Number of incidents of discrimination reported in investee companies	272 (1,820 companies)	2,548 (11,656 companies)	96.4%
		Number of incidents of discrimination leading to sanctions in investee companies	84 (1,820 companies)	1,700 (11,656 companies)	96.4%
HUMAN RIGHTS	**14** Number of identified cases of severe human rights issues and incidents.	Number of cases of severe human rights issues and incidents connected to investee companies	185 (1,820 companies)	1,637 (11,656 companies)	96.4%
LACK OF ANTI-CORRUPTION AND ANTI-BRIBERY POLICIES	**17** Number of convictions and amount of fines for violation of anti-corruption and antibribery laws	Numbers of convictions for violations of anticorruption and antibribery laws by investee companies	1 (1,172 companies)	11 (4,205 companies)	88.5%
		Amount of fines for violations of anticorruption and antibribery laws by investee companies (€m)	551.6 (1,172 companies)	1,061.9 (4,205 companies)	88.5%

The portfolio outperformed the benchmark for seven of the nine "mandatory" indicators covered. Both the portfolio and the benchmark have a 0% share of investments in controversial weapons. The benchmark obtained slightly better results than the portfolio on PAI no. 11, "Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises".

It will be useful to analyse the annual change in the portfolio for these indicators beginning next year.

SOVEREIGN BOND PORTFOLIO

This section presents the PAI indicators of the sovereign bond portfolio and its benchmark index as of 31 December 2024. It includes the two mandatory PAIs, for which the coverage and methodology are satisfactory.

	Indicator	Metric	Portfolio	Benchmark	Portfolio coverage
GHG EMISSIONS	**15** Carbon intensity	GHG intensity (KtonCO$_2$eq of country's emissions/GDP)	0.14	0.15	92.3%
SOCIAL MATTERS	**16** Social violations	Number of investee countries subject to social violations, as referred to in international treaties and conventions (United Nations principles and, where applicable, national law)	0	0	92.3%

The portfolio outperforms the benchmark on greenhouse gas emissions. There are no countries experiencing violations of social standards within the meaning of international treaties and conventions in the portfolio or the benchmark.

REAL ESTATE PORTFOLIO

This section presents the PAI indicators of the real estate portfolio as of 31 December 2023. It includes one of the two mandatory PAIs, for which the coverage and methodology are satisfactory, as well as the two optional indicators relating to greenhouse gas emissions and energy consumption.

Mandatory indicators

	Indicator	Metric	Portfolio	Portfolio coverage
FOSSIL FUELS	**17** **Exposure to fossil fuels through real estate assets (share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels)**	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	100%
ENERGY EFFICIENCY	**18** **Exposure to energy-inefficient real estate assets**	Share of investments in energy-inefficient real estate assets	No coverage	

Optional indicators					
	Indicator	Metric	Portfolio	Portfolio coverage
GHG EMISSIONS	18 GHG emissions	GHG emissions (Scope 1, tCO_2eq)	6,150,706	95%
		GHG emissions (Scope 2, tCO_2eq)	15,044,972	
		GHG emissions (Scope 3, tCO_2eq)	4,120,837	
		Total GHG emissions (tCO_2eq)	25,316,515	
ENERGY CONSUMPTION	19 Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square metre ($kWh/m^2/year$)	122	

Although it is not possible to compare these results with a benchmark index, it will be relevant to analyse the annual change in these indicators beginning next year. The carbon metrics of real estate assets included in the scope of the Net-Zero Asset Owners Alliance are presented in Section 5 of this report.

PRIVATE EQUITY AND INFRASTRUCTURE PORTFOLIO

ERAFP was able to publish the carbon intensity of the private equity portfolio this year for the first time (presented in the next section), however, it cannot yet provide an exhaustive list of PAI data for the private equity and infrastructure portfolio. Due to the type and size of assets, as well as investments in funds of funds, data collection is more complex than for other investments.

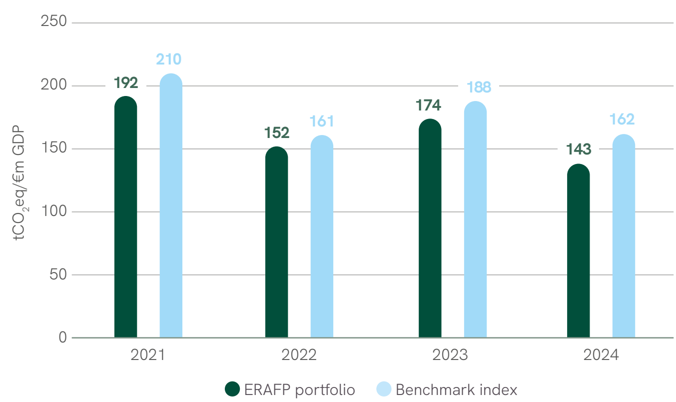
Additional **climate data**

SOVEREIGN BOND PORTFOLIO

In addition to the sovereign PAI indicator relating to the GHG intensity of investee countries (PAI no. 15), ERAFP is publishing the share of non-renewable energy consumption and production of the sovereign portfolio, compared with its benchmark index as of 31 October 2024.

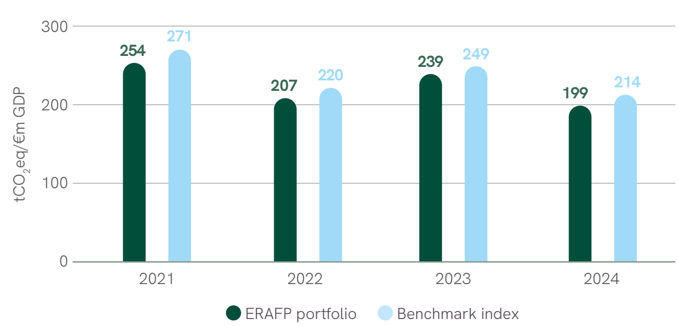
Production intensity of the sovereign portfolio compared with the benchmark

Source – Iceberg DataLab, 31 October 2024



Consumption intensity of the sovereign portfolio compared with the benchmark

Source – Iceberg DataLab, 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, consumption emissions that take into account domestic consumption and imports are also included here.

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

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

PRIVATE EQUITY PORTFOLIO

Weighted carbon intensity measures a portfolio's exposure to CO_2 emitting companies, in tonnes 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 for 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.

ERAFP's sovereign bond portfolio shows production and consumption intensities, calculated as weighted averages, that are 12% and 7% lower than those of the benchmark index, respectively

8

Improvement measures

Theme	Measure(s) identified in 2024	Measure(s) implemented in 2024	Planned improvement action(s)
Investments aligned with the European Taxonomy	In the coming years, ERAFP will publish data on its unlisted real estate assets' eligibility and alignment with the Taxonomy.	At this stage, the coverage is too low to be representative of the eligibility and alignment of the portfolio for these asset classes. ERAFP is therefore not yet in a position to publish data on the European Taxonomy for unlisted assets.	In the coming years, ERAFP aims to publish data on its unlisted real estate assets' eligibility and alignment with the Taxonomy.
Consideration of biodiversity issues	In 2024/2025, ERAFP will refine the biodiversity analysis on its assets. In 2024/2025, ERAFP will work on drafting an initial version of its ambitions in terms of biodiversity.	In 2024, ERAFP worked on defining guidelines for a biodiversity policy.	In 2025, ERAFP plans to finalise its policy and make it public.
Main negative impacts of investments on sustainability factors	ERAFP will publish the carbon footprint results of its infrastructure and private equity portfolios.	In its 2024 sustainability report, ERAFP has published the results of the Principal Adverse Impacts (PAI) for its portfolio of listed assets. It has also published the carbon results for its private equity portfolios.	Over the coming years, ERAFP will be able to monitor changes in the indicators published for the first time in its 2024 sustainability report. Measurement of the infrastructure portfolio's carbon footprint is underway.

A

Appendices

APPENDIX 1
Table summarising the coverage of indicators

Section	Section name	Data	Segment	Portfolios
1.3	Key aspects of ESG and climate performance – Listed portfolios	SRI rating	Listed companies	Listed mandates (excluding small cap equities, US mid cap equities and emerging market bonds)
1.3	Key aspects of ESG and climate performance – Listed portfolios	Change in the average SRI rating of the eurozone equity portfolio	Listed companies	Euro equity mandates
1.3	Key aspects of ESG and climate performance – Multi-asset portfolio	SFDR classification	Multi-asset	Multi-asset mandates
1.3	Key aspects of ESG and climate performance – Multi-asset portfolio	Certification	Multi-asset	Multi-asset mandates
1.3	Key aspects of ESG and climate performance – Unlisted portfolios	SRI rating	Real estate	Real estate mandates (excluding certain funds)
3.2	Engagement conducted by asset management companies on ERAFP's behalf	Engagement actions implemented	Listed companies	Listed mandates
4.1	Sustainable investments – European Taxonomy	Revenue eligible for and aligned with the European taxonomy	Listed companies	Listed mandates
4.2	Portfolio exposure to fossil fuels	Share of revenue of companies in the listed company portfolio linked to fossil fuels	Listed companies	Listed mandates
4.2	Portfolio exposure to fossil fuels	Share of assets in the listed company portfolio relating to companies generating a majority of their revenue from fossil fuels	Listed companies	Listed mandates
4.2	Portfolio exposure to thermal coal	Share of assets in the listed company portfolio relating to companies involved in thermal coal-related activities	Listed companies	Listed mandates
4.2	Portfolio exposure to thermal coal	Breakdown of revenue from thermal coal-related activities	Listed companies	Listed mandates
4.2	Portfolio exposure to unconventional fossil fuels	Share of revenue of companies in the listed company portfolio linked to unconventional fossil fuels	Listed companies	Listed mandates
4.2	Portfolio exposure to unconventional fossil fuels	Share of listed company portfolio assets in companies involved in unconventional fossil fuels	Listed companies	Listed mandates
4.2	Focus on the electricity generation mix in the listed company portfolio	Breakdown of energy produced by companies in the listed company portfolio	Listed companies	Listed mandates

Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
28,377	88%	59%	N/A		
12,705	39%	27%	N/A		17
1,498	100%	3%	N/A		19
1,498	100%	3%	N/A		19
4,465	100%	9%	N/A		21
30,509	94%	64%	N/A		48
30,509	94%	64%	N/A		60-61
30,509	94%	64%	N/A		64
30,509	94%	64%	N/A		64
30,509	94%	64%	N/A		67
30,509	94%	64%	N/A		68
30,509	94%	64%	N/A		65
30,509	94%	64%	N/A		66
30,509	94%	64%	N/A		68

Section	Section name	Data	Segment	Portfolios
4.2	Focus on the energy generation mix in the sovereign bond portfolio	Breakdown of energy produced by countries in the sovereign bond portfolio	Sovereign bonds	Sovereign bonds
5.2	Target monitoring indicators: results obtained in 2024 - Portfolio emissions targets	Carbon intensity of the AOA listed company portfolio	Listed companies	AOA listed mandates (equities + bonds)
5.2	Target monitoring indicators: results obtained in 2024 - Portfolio emissions targets	Carbon intensity of the AOA listed company portfolio	Listed companies	AOA listed mandates (equities + bonds)
5.2	Target monitoring indicators: results obtained in 2023 - Portfolio emissions targets	Surface intensity of the AOA real estate portfolio	Real estate	AOA real estate
5.2	Target monitoring indicators: results obtained in 2023 - Portfolio emissions targets	Surface intensity of the AOA real estate portfolio excluding residential assets	Real estate	AOA real estate excluding residential assets
5.2	Target monitoring indicators: results obtained in 2022 - Temperature alignment target	Percentage of the listed company portfolio's carbon footprint covered by science based targets	Listed companies	Listed mandates
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	ERAFP's biodiversity footprint	Listed companies	Listed mandates
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	Breakdown of the biodiversity footprint by emission scope, sector and pressure	Listed companies	Listed mandates
6	Consideration of biodiversity issues – Measurement of exposure to biodiversity issues	Major dependencies of listed asset portfolio on ecosystem services	Listed companies	Listed mandates
7.1	Assessment of physical risks related to climate change	Exposure to physical risks	Listed companies	Listed mandates
7.1	Assessment of physical risks related to climate change	Exposure to physical risks	Listed companies	Listed mandates
7.2	Principal adverse impacts of investments on sustainability - Listed company portfolio	Principal adverse impacts (SFDR)	Listed companies	Listed mandates
7.2	Principal adverse impacts of investments on sustainability - Sovereign bonds	Principal adverse impacts (SFDR)	Sovereign bonds	Sovereign bonds
7.2	Principal adverse impacts of investments on sustainability - Real estate	Principal adverse impacts (SFDR)	Real estate	Real estate mandates
7.2	Principal adverse impacts of investments on sustainability - Sovereign bonds	Carbon intensity – Production and consumption	Sovereign bonds	Sovereign bonds

Assets	% of segment	% of global assets	Emissions scope	Carbon calculation method	Page
6,602	100%	14%	N/A		69
29,320	90%	61%	Scopes 1 and 2	WACI	77
29,320	90%	61%	Scopes 1 and 2	Carbon intensity per €1 million invested	78
3,598	81%	8%	Scopes 1 and 2 + tenants' consumption	Surface intensity	79
1,560	35%	3%	Scopes 1 and 2 + tenants' consumption	Surface intensity	80
30,509	94%	64%	Scopes 1 and 2	Carbon intensity per €1 million invested	86
30,509	94%	64%	Scopes 1,2 and 3		97
30,509	94%	64%	Scopes 1,2 and 3		98
30,509	94%	64%	Scope 1		101
30,509	94%	64%	N/A		110
30,509	94%	64%	N/A		112
30,509	94%	64%			116-118
6,602	100%	9%			119
4,465	100%	9%			120-121
6,602	100%	14%			122

APPENDIX 2
Table of concordance with article 29 of the french energy and climate law

Information required under decree no. 2021-663 of 27 may 2021		Page(s)
General approach adopted by the entity	Presentation of the entity's general approach to the consideration of ESG criteria, particularly in its investment policy and strategy.	9-29
	Content, frequency and means used by the entity to inform members and contributors about the criteria relating to the ESG targets incorporated in its investment policy and strategy.	29
	Overall share of assets under management that take ESG criteria into account, relative to the total amount of assets managed by the entity	14
	Consideration of ESG criteria in the decision-making process for the award of new management mandates.	13
	Any charter, code, initiative or label relating to the consideration of ESG criteria to which the entity subscribes, and a brief description of them	24-26
Internal resources to contribute to the transition	Description of the financial, human and technical resources dedicated to taking ESG criteria into account in the investment strategy, relative to the total assets managed or held by the entity	34-36
	Measures taken to strengthen the entity's internal capabilities	34
Information on the entity's approach to incorporating ESG considerations in its governance structure	Knowledge, skills and experience of the governance bodies.	31-32
	Inclusion in remuneration policies of information on how these policies are adapted to take sustainability risks into account.	36
	Consideration of ESG criteria in the rules of procedure of the entity's board of directors or supervisory board.	
Strategy of engagement with issuers and asset managers	Scope of companies covered by the engagement strategy.	44
	Presentation of the voting policy	52
	Report on the voting policy, particularly as regards the submission of and voting on ESG-related resolutions at general meetings.	53-57
	Decisions taken on investment strategy, including disengagement from certain sectors.	87-88
Information on the European Taxonomy and investments in fossil fuels	Share of assets relating to activities aligned with the taxonomy.	60-61
	Proportion of assets in companies active in the fossil fuel sector.	63-69

Information required under decree no. 2021-663 of 27 may 2021		Page(s)
Strategy for alignment with the Paris Agreement	Quantitative target for the period to 2030, reviewed every five years until 2050.	71-76
	Where the entity uses an internal methodology, it publishes information on this methodology to assess its investment strategy's alignment with the Paris Agreement.	74-76
	The general approach and method used.	71-73
	The level of coverage of the portfolio and the various asset classes, and the aggregation method.	71-73
	The time horizon used for the assessment.	71
	The assumptions used for estimated data.	79
	How the methodology adapts the energy/climate scenario used for the portfolios analysed, including a carbon intensity analysis as a weighted average, as well as based on absolute value and intensity value.	74-75
	A quality analysis of the methodology and data used.	74-75
	The scope adopted by the methodology in terms of covering greenhouse gas emissions within the value chain.	74-75
	The method used to obtain a forward-looking estimate, based on the type of asset chosen.	
	The level of temporal, sectoral and geographical granularity of the analysis.	
	Quantification of results using at least one indicator	77-86
	Role and use of the assessment in the investment strategy	87-88
	Changes in the investment strategy related to the strategy of alignment with the Paris Agreement.	87-88
	Possible measures to monitor results and changes that have occurred.	77-86
	The frequency of the assessment, provisional update dates and the relevant development factors used.	71
	Assessment of compliance with the objectives set out in the Convention on Biological Diversity adopted on 5 June 1992.	
	An analysis of the contribution to reducing the main pressures and impacts on biodiversity.	94-101
	Mention of the use of a biodiversity footprint indicator.	96-99
	The process for identifying, assessing, prioritising and managing risks related to the consideration of ESG criteria, how risks are integrated into the entity's established risk management framework.	104-105
	Description of the main ESG risks taken into account and analysed, including:	107-109
	A characterisation of these risks.	107-109
	Segmentation of these risks (physical risks, transition risks, litigation risks) and a descriptive analysis associated with each of the main risks.	107-109

Information required under decree no. 2021-663 of 27 may 2021		Page(s)
Strategy for alignment with the Paris Agreement	An indication of the economic sectors and geographical areas affected by these risks, the recurring or one-off nature of the risks identified, and their possible weighting.	94-96
	An explanation of the criteria used to select significant risks and the choice of their possible weighting.	108
	Indication of the frequency of review of the risk management framework.	104
	Action plan to reduce the entity's exposure to the main environmental, social and governance risks considered.	105-109
	Quantitative estimate of the financial impact of the main ESG risks identified and the share of assets exposed, as well as the time horizon associated with these impacts, at the level of the entity and the assets concerned, including the impact on the portfolio's valuation (where a qualitative statement is published, the entity describes the difficulties encountered and the measures envisaged to quantitatively assess the impact of these risks).	110-114
	Indication of changes in methodological choices and results.	104
	Where the entity does not publish some of the required information it shall, where appropriate, publish a continuous improvement plan.	125

APPENDIX 3
Table of correspondence with TCFD recommendations

TCFD recommendations		Page(s)
Governance	a) Description of how the board of directors oversees climate change risks and opportunities.	31
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	33
Strategy	a) Description of the risks and opportunities identified in the short, medium and long term.	104-109
	b) Description of the impact of these risks and opportunities on the investment policy.	89
	c) Description of the resilience of the investment strategy under different scenarios, including the global warming scenario of 2°C or lower.	105-114
Risk management	a) Description of the procedures for identifying and assessing climate-related risks.	71, 104, 107
	b) Description of the climate risk management procedure.	109
	c) Description of how the procedures for identifying, assessing and managing climate-related risks are integrated into the overall risk management system.	
Indicators	a) Publication of indicators used to assess climate risks and opportunities as part of the investment strategy and risk management process.	107-114
	b) Publication of indicators on greenhouse gas emissions and associated risks for scopes 1 and 2 and, if relevant, scope 3.	116, 119, 121
	c) Publication of targets set to manage climate-related risks and opportunities and information on actual performance in relation to these targets.	71-86

Communications department: communication@erafp.fr
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12, rue Portalis - CS 40 007 - 75381 Paris Cedex 08 — www.rafp.fr
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