



CLIMATE TRANSPARENCY REPORT 2019

ERAFP - Etablissement de Retraite Additionnelle de la Fonction Publique
Pension Scheme

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-7E26A3AB-7C09-4F8F-92D8-C961272780BD/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	ERAFP - Etablissement de Retraite Additionnelle de la Fonction Publique Pension Scheme
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	France
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

ERAFP - Etablissement de Retraite Additionnelle de la Fonction Publique Pension Scheme

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Other, specify (1) - policy on controversial practices <input checked="" type="checkbox"/> Other, specify(2) - measuring impact of ESG	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and its relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

ERAFP is a fully funded, mandatory pension fund for France's 4.5 million civil servants. As such, the fund carries the values of public service which our members and their trustees are deeply committed to. For this reason, environmental, social and governance (ESG) issues have been a defining feature of the development of the investment policy since the inception of the scheme in 2005. This commitment to socially responsible investment is also consistent with our long term investment horizon. Most pension funds have long-dated liabilities, but on top of that, since ERAFP is a recent scheme, it is in the more uncommon situation of having predictable and sizeable positive net cash flows for the coming decades. We therefore intend to use our particularly low need for liquidity to the advantage of our beneficiaries. At the same time, the fund has been following very cautious asset-liability management and solvency frameworks. Using a low discount rate allows us to keep expected returns realistic, enabling us to keep steadier allocation decisions through the turmoil. We believe this is to the benefit both of our beneficiaries and the general financial markets.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

In 2005, ERAFP's Board of Trustees decided to adopt a Socially Responsible Investment (SRI) policy covering all assets in all asset classes. This SRI policy, which is consistent with ERAFP's long investment horizon, is based on: a SRI Charter which reflects the Board's investment beliefs rules precisising how to implement the best in class principle.

Since part of the Trustees are trade union members representing the scheme beneficiaries, the Board gave a social orientation to the SRI policy. Indeed, among ERAFP's five investment values, three deal with social issues - human rights, social progress, employee democracy - while through the two others, ERAFP intends to promote effective protection of the environment and good governance principles. Each of these investment values is declined into more detailed criteria which are adapted to the specificities of each asset class.

This SRI approach which mainly focuses on stringent ESG stock selection rules, has been completed by the adoption of a dedicated engagement policy in early 2012 which includes a voting policy and is updated on a yearly basis.

In 2016, ERAFP has updated its SRI charter. The changes include the strengthening of its active ownership policy, a better consideration for controversial issues and the measurement of the effective impact of applying ESG criteria. In addition, ERAFP's framework ESG criteria have been updated in order to better appreciate the ESG relevant issues of each issuer. For instance, weights of climate change risks and contribution to energy transition or those of responsible management of supply chain have been strengthened.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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It is possible to reduce exposure to climate-related risks by virtue of the fact that different classes of asset, sectors and geographical areas are exposed to different classes of climate-related risks and over different timescales. Identification of climate-related risks and opportunities are thus central. The TCFD divides climate-related risks and opportunities into two groups: transition risks and physical risks. Transition risks are divided up into: policy and legal risks, technology risks, market risks and reputation risks. Physical risks are divided up into acute risks and chronic risks. On the opportunities side there are: resource efficiency, energy source, products/services, markets and resilience".

As soon as it was created, ERAFP, as a public sector pension provider, decided that all its investments would be made within the framework of its own socially responsible investment charter. ERAFP integrated criteria designed to better determine the level of these issuers' exposure to the various dimensions of climate risk and opportunities in its SRI Charter for all its asset classes. The four main environmental criteria of ERAFP SRI's framework- Documentation and implementation of an environmental strategy; control of environmental impact; control of risks linked to climate change and contribution to energy transition and the environmental impact of the product or service- enables to invest in best in class' issuers on a comprehensive analysis of climate-related risks and opportunities in each asset classes.

In addition, ERAFP monitors its portfolio's climate related risks and opportunities. ERAFP has evaluated its portfolio carbon footprint since 2014 covering more than 90% of its portfolio at the end of 2017. Since few years, ERAFP has also measured the exposure to fossil energy, and more generally its "brown share", for most of its investments. On the positive side, in 2018, it measured its equity, bonds, real estate, infrastructure and private equity portfolios' avoided emissions, green share and intensity of contribution to the energy transition. It allows to have an overview of climate-related opportunities by sector and asset classes. For Infrastructure and Real Estate, ERAFP also focused on physical risks, particularly material for those asset classes.

In 2018, ERAFP has gone even further measuring its equity and corporate bonds portfolios 2°C alignment by sector. In coming years, ERAFP would like to improve data reliability for present and future.

Identifying portfolio's climate-related risks and opportunities also encourages ERAFP to increase its investments for energy transition and a low carbon world. For instance, since 2014, ERAFP notably added a specific CO2 emissions filter to one of its segregated account (€ 1.7bn), managed by Amundi. ERAFP also invests in several Green Bonds, in funds focusing on climate-related solutions or also in renewable through its infrastructure investments (see answers to SG 15 for more details).

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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ERAFP has measured its portfolios' 2°C alignment from 2010 to 2050

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes

	Describe
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Like many pension funds and insurers, ERAFP makes a commitment to its contributors and beneficiaries lasting decades. As a long term investors, ERAFP both needs to take into account risks and seize the opportunities resulting from Climate Change.

ERAFP considers that it is part of its fiduciary duty to integrate the analysis of all the factors that may affect the value of its assets over the long term into its investment process. 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.

For a universal owner as ERAFP, which invests in several asset classes and regions, it is important to adopt a global view on climate-related risks and opportunities. ERAFP also considers that if a few sectors are responsible for a large share of global GES emissions, companies in these sectors will necessary be part of the solutions to climate change. That is why ERAFP has adopted a more positive approach consisting in encouraging best practices:

- by investing only in the most sustainable players (cf. our ESG best in class approach applied across our entire portfolio), the most carbon efficient companies in each sector (cf. decarbonisation strategy implemented with Amundi) and in climate-related opportunities (green bonds, renewable infrastructures, funds targeting climate-related solutions,...)

- via engagement initiatives (via IIGCC/Climate Action 100+, Mirova Platform, Shareaction through Investor Decarbonization Initiative, the PRI and via ERAFP's asset managers for individual engagements with issuers) (see SG 09 for more details on our engagement activities on climate issues).

As explained above, ERAFP monitors its portfolio's climate-related risks and opportunities through several climate indicators. This monitoring helps us to apply efficient best in class approach and shareholder engagement, directly or via our asset managers.

- No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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annual public report

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses

carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

Attachment (will be made public)

Attachment

[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

Attachment (will be made public)

Attachment

[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

Attachment (will be made public)

Attachment

[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

Attachment (will be made public)

Attachment

[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

Attachment (will be made public)

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[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erapf-ra_2017_en_complet_web.pdf}

Attachment (will be made public)

Attachment

[File 1:RA 2017 anglais.pdf](#)

- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-charte_isr-2016-uk-web-page.pdf}

- Attachment (will be made public)

Attachment

[File 1:rafp-charte_isr-2016-uk-web-page.pdf](#)

- Engagement policy

URL/Attachment

- URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-lignes_directrices-2018-uk-planches.pdf}

- Attachment (will be made public)

Attachment

[File 1:rafp-lignes_directrices-2018-uk-planches.pdf](#)

- (Proxy) voting policy

URL/Attachment

- URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-lignes_directrices-2018-uk-planches.pdf}

- Attachment (will be made public)

Attachment

[File 1:rafp-lignes_directrices-2018-uk-planches.pdf](#)

- Other, specify (1)
- Other, specify (2)
- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf)}

- Attachment

File Attachment

{[hyperlink:RA_2017_anglais.pdf \[5045KB\]](#)}

- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

- URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf)}

- Attachment

File Attachment

{[hyperlink:RA_2017_anglais.pdf \[5045KB\]](#)}

- Time horizon of your investment

URL/Attachment

- URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf)}

Attachment

File Attachment

{[hyperlink:RA_2017_anglais.pdf \[5045KB\]](#)}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf)}

Attachment

File Attachment

{[hyperlink:RA_2017_anglais.pdf \[5045KB\]](#)}

ESG incorporation approaches

URL/Attachment

URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf)}

Attachment

File Attachment

{[hyperlink:RA_2017_anglais.pdf \[5045KB\]](#)}

Active ownership approaches

URL/Attachment

URL

URL

{[hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-lignes_directrices-2018-uk-planches.pdf](https://www.rafp.fr/en/sites/rafp_en/files/publication/file/rafp-lignes_directrices-2018-uk-planches.pdf)}

Attachment

File Attachment

{hyperlink:rafp-lignes_directrices-2018-uk-planches.pdf [280KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erapf-ra_2017_en_complet_web.pdf}

Attachment

File Attachment

{hyperlink:RA_2017_anglais.pdf [5045KB]}

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erapf-ra_2017_en_complet_web.pdf}

Attachment

File Attachment

{hyperlink:RA_2017_anglais.pdf [5045KB]}

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{hyperlink:https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erapf-ra_2017_en_complet_web.pdf}

Attachment

File Attachment

{hyperlink:RA_2017_anglais.pdf [5045KB]}

We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

ERAFF's investment principles and overall investment strategy are both available on the SRI annual report, our SRI Charter and Guidelines for ERAFF's shareholder engagement.

Asset class-specific guidelines do exist, can be made available on demand, but are not directly available via ERAFF's website. Indeed, ERAFF's aggregated rating framework is very detailed, comprising more than 100 pages, and regularly updated.

As already mentioned, our SRI Charter is based on five values:

- Human Rights,
- Social progress,
- Employee democracy,
- Environment,
- Governance.

For each asset class, each of these values is declined into more detailed criteria and dedicated best-in-class selection rules are set. For example, for listed companies, ERAFF's SRI rating framework comprises of 48 KPI's, 12 of which pertain to the Environmental value, 13 to the Governance value, 7 to Human Rights, 4 to Employee democracy and 12 to Social Progress .

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Portfolio managers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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As we said before, a board committee dedicated to SRI monitors decisions relating to ERAFP's SRI policy including climate-related issues. Quarterly meetings are organised with the SRI board committee during which climate-related issues could be discussed. Moreover, on a quarterly basis, a report on ERAFP's engagement activities and, on a bi-annual basis, the portfolio's SRI performance, including the environmental performance evaluated on the SRI Charter basis, are presented. On an annual basis, the SRI team presents the results of the portfolio's climate-related risks and opportunities evaluation to the SRI committee. All those information help board members to monitor and oversee progress on climate targets and goals.

The board also receives training on climate-related issues every year (two sessions organized in 2018, including technical experts intervention).

Since the beginning of the Scheme in 2005, the board takes into account climate-related issues each time it reviews or makes guiding-decisions. For instance, in 2016, ERAFP's board of directors has decided to revise the SRI Charter based on principles including "measurement of the effective impact of applying ESG criteria in the context of best in class, shareholder engagement and steady reduction of the portfolio's carbon footprint is a growing priority for ERAFP's stakeholders".

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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As we said before, the management shall be the operational body responsible for the implementation of the climate-related issues, under the authority and control of the Board of Directors. It shall therefore prepare Board decisions regarding the main features of climate-related issues. It shall report, inform and, where necessary, alert the Board, via its committees, about the implementation of the investment policy, including its climate-related dimensions. By organising quarterly meetings with the SRI Board Committee, the management assists Directors in their work to adjust, enhance and monitor ERAFP's climate-related issues.

Chief Executive Officer and Chief Investment Officer are specifically responsible for climate change since ERAFP strives to integrate into all its analysis and decision-making processes, in as detailed a way possible, climate change-related risks and opportunities.

**SG 07.8
CC**

Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.

- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

Describe

To round out its assessment of the impact of its investments on the environment and its climate risk management, ERAFP extended its analysis in 2017 to a new indicator, showing the alignment of its equity and corporate bond portfolios with a 2°C trajectory, published in its 2018 annual report.

- No, not to assess future ESG/climate-related issues

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Except for direct investment in government bonds, for which States who have not abolished the death penalty, practice torture or use child soldiers are a priori excluded, ERAFP does not apply a priori exclusions. ERAFP's SRI policy, based on Best in Class approach, leads to select best issuers in terms of ESG in each sector for each geographic market where ERAFP invests.

Regarding ERAFP's scenario analyses, it uses the sectoral decarbonization approach (SDA) methodological framework, the 2°C targets methodology recommended by the Science Based Targets (SBT) initiative.

The SDA methodology is based on the application of the IEA's 2°C scenario, It accordingly proposes "2°C trajectories" between 2010 and 2050 for 13 business sectors, including targets for absolute carbon intensity levels by 2050 (tCO₂/unit of activity) as well as annual rates of reduction of this carbon intensity.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC	Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.
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Initial assessment

Describe

In 2018, ERAFP's climate-related analysis was based on the sectoral decarbonization approach (SDA) methodological framework.

The SDA methodology is based on the application of the IEA's 2°C scenario. It accordingly proposes "2°C trajectories" between 2010 and 2050 for 13 business sectors, including targets for absolute carbon intensity levels by 2050 (tCO₂/unit of activity) as well as annual rates of reduction of this carbon intensity.

Using this SDA framework, two 2°C alignment indicators are calculated for issuers in the SDA sectors:

- a static 2°C alignment indicator, which compares the issuer's carbon intensity in 2016 to what its intensity should be then, based on the 2°C trajectory. This first indicator thus provides information on the starting level in 2016, so is a "static" view;
- a dynamic 2°C alignment indicator, which compares the annual trend in the issuer's carbon intensity over the period 2010-2016 with the reduction rate it would need to adopt to meet the 2050 carbon intensity target. This second indicator is a "forward-looking" trend analysis showing the issuer's progress in terms of the 2°C scenario.

In 2017 annual report, the sectors selected for analysis were electricity, automotive, passenger transport (airline, rail and car), freight transport, cement, steel and aluminium.

For the corporate bonds portfolio, the static 2°C alignment (-18%) is good. The portfolio's dynamic 2°C alignment, by contrast, is equivalent to that of the benchmark index. As a result, over the past six years both the portfolio and the index have seen a weaker reduction trend than required to reach the 2°C target (difference of around 3% per year for the portfolio and the index).

For the ERAFP's equity portfolio, the portfolio has a good static 2°C alignment (-2.3%), indicating that on average the carbon intensity of issuers in the sectors analysed in 2016 was within the 2°C trajectory. The portfolio's dynamic 2°C alignment is better than that of the benchmark index. Accordingly, the portfolio seems in line with the carbon intensity reductions required in the 2050 2°C trajectories for the sectors studied, by contrast with the index, for which the downward trend over the last six years has not been sufficiently marked to reach the 2°C target (average annual gap of zero for the portfolio and 3% for the index).

For future years, ERAFP would like to improve the scope of the analysis including more sector and based its analysis on companies' targets for future years or at least on prospective data.

Incorporation into investment analysis

Inform active ownership

Describe

Through the engagement that ERAFP directly leads (for instance, for its engagement with the utilities and auto sectors through Climate Action 100+ initiative) or asset managers engagement with portfolio's issuers, the scenario analysis is a crucial information.

ERAFP or its asset managers could challenge an issuer on its own scenario analysis and/or its carbon emission's targets if the issuer publishes it or discuss with the issuer on the basis of the scenario analysis they used.

For instance, for utilities, the scenario analysis could allow to understand if the climate-related strategy (planned energy mix, CAPEX, carbon emissions' reduction targets, ...) of the company is well-aligned with scenario and challenge company's business model if the energy mix/targets are not aligned according to scenarios used.

Other

SG 13.5
CC

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6
CC

Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes
- No

Please explain the rationale

ERFAP has a long term time horizon investment. Most pension funds have long-dated liabilities, but on top of that, since ERAFP is a recent scheme, it is in the more uncommon situation of having predictable and sizeable positive net cash flows for the coming decades. As such, ERAFP already invests with a long term horizon view.

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Transition (carbon price, strenghtening of legislation, ...) and physical (floods, temperatures rise,...) climate-related risks

- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	090	064	346
Currency	EUR				
Assets in USD		2	384	540	057

Specify the framework or taxonomy used.

ERAFP invests in low carbon and thematic funds focusing on environmental solutions and energy transition:

- Multi-assets funds investing in clean energy and technology
- Infrastructure funds investing in renewables
- Equity funds investing in low carbon assets (Amundi's decarbonized mandate) and climate change solutions
- Green bonds (French state's and regions' green bonds, EIB Green bonds and Worl Bank's green bonds)

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

We work on decarbonation methodologies <w:br />We also uses positive impact's criteria as green share, avoided emissions or intensity of contribution to the climate transition

- None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

ERAFP has disclosed information on its climate risks and opportunities in its annual report
https://www.rafp.fr/en/sites/rafp_en/files/publication/file/29247-erafp-ra_2017_en_complet_web.pdf
 Moreover, ERAFP published in 2016 a memo on "ERAFP and climate" issued mainly for beneficiaries
https://www.rafp.fr/en/sites/rafp_en/files/publication/file/lerafp_et_le_climat.pdf
 Finally, ERAFP elaborated an educational video on ERAFP and the Climate
<https://www.rafp.fr/en/erafp-and-climate-0>

SG 14.5 Additional information [Optional]

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitor ERAFP's carbon risk exposure and adapt ERAFP's climate-related strategy	CO2 emissions per unit of revenue (weighted average)	At issuer level: factoring in of carbon intensity, in terms of CO2 emissions per unit of either revenue (companies) or GDP (countries) Aggregation at portfolio level: average issuer carbon intensity weighted for their respective proportions of the portfolio
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitor issuers' carbon emissions and adapt ERAFP's climate-related strategy	tCO2	ERAFP uses the methodology of Trucost to calculate the carbon footprint of each its issuers (Trucost uses public data when available or estimated data)
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitor portfolio's carbon emissions and adapt ERAFP's climate-related strategy	CO2 emissions per unit of revenue (weighted average in the identified portfolio)	At issuer level: factoring in of carbon intensity, in terms of CO2 emissions per unit of either revenue (companies) or GDP (countries) Aggregation at portfolio level: average issuer carbon intensity weighted for their respective proportions of the portfolio
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitor issuers' carbon emissions and adapt ERAFP's climate-related strategy	CO2 emissions per unit of revenue	factoring in of carbon intensity, in terms of CO2 emissions per unit of either revenue (companies) or GDP (countries)
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Monitor issuers' exposure to fossil fuels and adapt ERAFP's climate-related strategy	for sovereign bonds: % of fossil fuel energy for companies: % of companies with an extractive activity and % of fossil fuel extractive companies in the portfolio's returns	sovereign bonds: share of fossil fuel energy in the global energy consumption by country for corporate bonds and equities: share of companies in the portfolio which issue incomes from fossil fuel extractive activities and share of portfolio's incomes that are exposed to fossil fuel's extraction activities.
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Evaluate the contribution of ERAFP's portfolio to the climate transition	For green share: - equity and corporate bonds: average green share % - sovereign bonds: % of low carbon energy (use without emissions) for avoided emissions (only for equity and corporate bonds portfolios): - CO2 emissions avoided per invested amount	For green share: - equity and corporate bonds: share of revenue that corresponds to a green activity within the meaning of the energy and environmental transition law. This share is determined by a specific methodology for each of the six sectors studied - sovereign bonds: energy include in the evaluation are hydroelectricity, wind energy, solar energy, geothermal energy, tidal energy and nuclear For avoided emissions (only for equity and corporate bonds portfolios):

			<p>For intensity of contribution to the climate transition (only for equity and corporate bonds portfolios):</p> <ul style="list-style-type: none"> - average % contribution to the climate transition (measurement specific to each sector) 	<ul style="list-style-type: none"> - emissions avoided by a higher than average carbon performance for each sector- a carbon performance preferably defined based on physical indicators such as gCO2/Kwh, both for the issuer and the baseline scenario, is used to avoid economic basis <p>For intensity of contribution to the climate transition (only for equity and corporate bonds portfolios):</p> <ul style="list-style-type: none"> - evaluation of the company's performance on a scale of 0% to 100% (100% if the activity has a carbon performance equal to that of green activities, as defined by the TEEC label, 0% if the activity has a carbon performance corresponding to the average for its sector, between 0% and 100% if the carbon performance is located between these two points on the scale).
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SG 14.8
CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

Please describe

Climate-risks are integrated into ERAFP's investment process

We consider that our best in class strategy relies on positive inclusion criteria. This ESG best in class strategy applies to all our assets and the assessment of issuers depends on asset class and sector specificities. For instance, for ERAFP's extra-financial service provider based on the ERAFP's SRI framework, the climate change issues accounts for an average of 23% of the overall ESG assessment, up to 33% for some sectors. Some criteria evaluated vary also between asset classes. For instance, for its corporate issuers, the ERAFP SRI framework has a specific criteria which is the environmental added value of the product or service; for real estate portfolio, ERAFP adds the evaluation of limitations of energy consumption; and for sovereign bonds portfolio, ERAFP evaluates the national strategy and policy for climate change or the environmental resources protection.

Our best in class approach allows ERAFP to evaluate carbon risk and to select the best assets on this criteria. However, if the carbon risk becomes too strong, after shareholding engagement, ERAFP could underweight or divest from an asset.

At the end of 2016, ERAFP launched a call for tenders to broaden the risk and opportunities analysis for its climate change asset portfolio.

In 2017, ERAFP was able to include convertible bonds, thereby increasing the portion covered by carbon footprint measurement to 89% of ERAFP's total assets, compared with 87% in 2016. Taking this expansion further, the ERAFP's public report 2017 presents a 2°C trajectory for its corporate bonds and equity portfolios. ERAFP also continues to use indicators for measuring contribution to the energy transition and climate objectives (Green share, Energy transition contribution intensity, avoided emissions) and measuring alignment of its utilities energy mix with the one of IEA.

Identifying climate-related risks and opportunities in all its asset classes allows ERAFP to better apply its Best in class approach and is a useful basis to lead engagement with issuers on the identified climate-related risks, directly or via our asset managers. As we consider that climate change and more broadly speaking ESG issues are global and transverse issues which need to be addressed across all sectors we strive to adopt a sector-by-sector analysis.

ERAFP is also working to measure climate-related risks and opportunities of its Infrastructure, Private Equity and properties portfolios (we work with Carbone 4 on those asset classes).

SG 14.9 CC	Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.
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Yes

Please describe

At the end of 2017, ERAFP signed a letter of support for TCFD recommendations encouraging other business leaders to join TCFD recommendations supporters.

Moreover, at the end of 2017, ERAFP has joined the Climate Action 100+. The third pillar of this engagement is to engage with companies for providing more information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, where possible, with sector-specific expectations formulated through the Global Investor Coalition on Climate Change. This information should enable investors to assess the resilience of companies' climate change strategies. In particular this requires evaluating different scenarios, such as taking into account legislation aimed at limiting global warming to less than two degrees Celsius in their financial plans.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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%

5

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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Area

Energy efficiency / Clean technology

Asset class invested

Listed equity

% of AUM

0.5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

- Through our multi-assets fund of funds we are invested in three listed equity funds :
Robeco's smart energy fund,
Pictet's clean energy fund.
Amundi Global Ecology

- In 2018, ERAFP invests around €100 millions in listed equity climate change thematic funds

Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

0.1

- Cash
- Other (1)

Brief description and measures of investment

- ERAFP is invested in two Infrastructure funds for renewables:
Mirova Eurofideme
Meridiam Transition

- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Listed equity

% of AUM

1.8

- Fixed income - SSA
- Fixed income - Corporate (financial)

% of AUM

0.42

- Fixed income - Corporate (non-financial)

% of AUM

0.93

- Fixed income - Securitised
- Private equity

% of AUM

0.3

- Property
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

- We have three segregated accounts, two focusing on French small listed companies and one focusing on European Small listed companies.
- ERAFP has invested in four Private Equity pooled funds (Novi 1, Novi 2, PME Emploi, Cerea) for the financing of SME
- In three of our corporate fixed income segregated mandates, we have SME investments
- ERAFP has invested in six fixed income pooled funds for the financing of SME (Sofiprotéol Dette privée, BNP Paribas European SME Debt Fund, Axa IM European Loan Fund, Idivest Dette Senior 4 and Novo bond funds for the financing of French SME).

- Social enterprise / community investing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

0.014

- Property
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

ERAFP has invested in three Private Equity pooled funds: NovESS, Phitrust Partenaires Europe, Citizen Capital II for the financing of social enterprise and community investing

- Affordable housing

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

0.3

- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

In 2018, ERAFP has launched a real estate mandate focusing on intermediate housing

- Education
- Global health
- Water

Asset class invested

- Listed equity

% of AUM

0.1

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

Through our multi-assets fund of funds we invest in Pictet's water fund and KBI water fund

- Other area, specify

Green Bonds

Asset class invested

- Listed equity
- Fixed income - SSA

% of AUM

0.54

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Cash
- Other (1)

Brief description and measures of investment

In 2018, ERAFP invests in four Green Bonds:

- EIB Green Bond
- French State Green Bond
- Région Ile de France Green Bond
- Amundi Planet Emerging Green One

No