



Type of engagement	Reason for interaction
Individualist/stand alone engagements	<input type="checkbox"/> To support investment decisions relating to the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate practice for one of the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decisions relating to the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate practice for one of the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decisions relating to the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate practice for one of the company's ESG issues <input type="checkbox"/> To influence corporate practice for one of the company's ESG issues <input type="checkbox"/> Other: specify

CLIMATE TRANSPARENCY REPORT

2019

Ircantec

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/-EEBAF9AA-7A2C-486A-9EA0-F42B4E0C17AF/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	Ircantec
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2014
Region	Europe
Country	France
Disclosure of Voluntary Indicators	40% from 38 Voluntary indicators

Ircantec

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 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 type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<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 it's 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.

Long-term investment performance not only depends on the impact of the financial strategy, it also depends on the company's interactions with its social, economic and financial environment. The inclusion of SRI criteria in portfolio management allows a full assessment of risks and opportunities of companies in which Ircantec invests.

The pension scheme believes that respect of these criteria allows companies to have a positive impact on their valuation, improve their social behaviour and reduce the risks whose they are exposed to.

Thus, Ircantec defines its investment policy by three major concerns :

- Acting in the best long-term interests of its beneficiaries with a 100% SRI approach;
- Optimizing the performance of its investments over the long term within risk limits accepted by the institution;
- Maintaining the consistency of the investment policy - while upholding its own collective values.

Furthermore, the board of trustees has endorsed a strategy roadmap (2016-2020) in order to:

- Optimize the return on investments over the long term;
- Strengthen the responsible investor approach;
- Enroll in an investment trajectory compatible with a 2°C scenario;
- To be a benchmark investor in the field of supplementary retirement at European level.

Furthermore, Ircantec is positioning itself on Sustainable Development Goals (SDG).

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]

1. Shares and corporate bonds

- **Reference framework** : Ircantec will assess companies' social responsibility in particular by examining their ratification to key organisations and their different measures (in terms of remuneration policy, health & safety, ...)

- **Exclusion** : Companies are excluded from investments when they are exposed to ILO and others UN conventions' restrictions (forced labour, child labour, corruption, environmental pollution, manufacture and market internationally prohibited weapons).

Coal and utilities companies which fall under specific criteria are also excluded :

- Regarding mining companies, exclusion of any company with a coal-related turnover exceeding 1% of the world market share;
- Regarding power-generating companies, exclusion of any company with an energy mix including more than 30% of coal or with a carbon intensity exceeding 500 gCO₂/KWh;
- For both sectors, coal-related turnover must not be over 20% of the total turnover of the company;
- On a case-by-case basis, a company could be considered for investment opportunities if it shows significant improvements and involvement for its energy transition. For instance, Ircantec could invest in a green bond issued by a company under exclusion if it contributes to a better energy mix.

In 2017, the Board of Trustees has also voted the divestment and exclusion of the tobacco sector.

Concerning the year 2018, Ircantec has unveiled an action plan in line with its socially responsible investment approach. The pension scheme intends to:

- Divestment from traditional oil and gas sector bonds and reallocate the proceeds to green bonds;
- Divestment from specialized oil and gas companies due to their limited capacity to adapt their model to the ecological and energy transition, as well as in non-European equities and integrated companies whose investment expenditure is not compatible with a 2°C trajectory. The proceeds will be reinvested in green funds;
- Recalculate its strategic asset allocation over the next two years so as to be able by 2020 to review its exposure to the oil and gas sector based on its alignment with a 2°C trajectory.

- **ESG selection** : Ircantec puts forward best-in-class strategies in its investment process, even if the scheme has worked with its asset managers to improve the ESG quality of its funds by integrating other approaches.

2. Sovereign bonds : values of the Institution tend to lead it towards supporting long-term public policies to ensure resources for future generations. Investments are focused on States that promote social progress and climate/environmental protection. Our datas on climate and ESG indicators cover this asset class, with methodologies mainly provided by Beyond Ratings.

3. Real Estate : Property investments are carried out by taking into account social criteria (health facilities, student residences, affordable housing) as well as environmental ones.

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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In terms of reducing the exposition to carbon risks, the board of trustees has decided to divest from coal investments under specific thresholds in September 2016 (€ 46 million and 18 companies divested). Two years later, the pension scheme has also decided to divest from traditional oil and gas sector bonds and to discontinue investing in specialized oil and gas companies, as well as in non-European equities and integrated companies whose investment expenditure is not compatible with a 2°C trajectory (€ 42 million bonds divested in 2018, which was reinvested over the same period in green bonds and around € 50 million will be reinvested in green funds in 2019). Asset managers are also asked to monitor their climate-related risks in their funds, and they provide insights on it in their quarterly ESG reports for Ircantec.

Giving priority to best practices/solutions and excluding risky practices provide opportunities for developing strong collaborations with asset managers. In 2015 and 2017, two main initiatives have been headed : the first one with Allianz GI (2015) on a € 1 billion equity portfolio where we are looking to outperform a standard index when attempting to mitigate the carbon exposure by a system of targeted exclusion and investing on best-performer, best-effort and best-solution companies. A second one with CPR AM (2017), focused on enriching the ESG filter with weak ESG signals to better identify companies which have average ESG scores but lag behind on a crucial criteria.

Finally, **Ircantec directly finances the transition** by investing in green bonds (€ 542 million as of 2018 end), which are considered as a distinct asset class to improve their monitoring. The pension scheme also invests in energy infrastructures and energy efficiency funds (€ 178 million committed) as well as in real estate (€ 714.7 million) by taking into account environmental criteria.

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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The timescale follows the progressive 2° alignment of the Ircantec global portfolio. Some major risks are set aside (illustrated with the oil and gas divestment), some others are still in portfolio and controlled by Ircantec, through engagement with the companies bearing them.

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

The purpose of Ircantec's policy is to protect the value of the portfolio's investments by reducing its exposure to carbon risk, in particular by controlling the carbon footprint and thanks to a system of targeted exclusions.

Thus, Ircantec identified the main carbon risks :

- Coal exposure;
- Oil and gas exposure;
- The physical risks of climate change exposure.

Regarding fossil energies, the board of trustees has decided to divest from coal investment under specific thresholds and has unveiled an action plan concerning the oil and gas sector in order to :

- Divest from oil and gas sector bonds and reallocate the proceeds to green bonds;
- Divest equities from specialized oil and gas companies (exploration, drilling, refinery, etc.) due to their limited capacity to adapt their model to the environmental and energy transition.
- Divest equities from non-european integrated companies whose capital expenditure is not compatible with a 2°C trajectory. The proceeds will be reinvested in green funds;
- Recalculate its strategic asset allocation over the next two years so as to be able by 2020 to review its exposure to the oil and gas sector based on its alignment with a 2°C trajectory.

Furthermore, an analysis of physical climatic risks was carried out on the sovereign bonds investment. The equities and corporate bonds segment will be soon analyzed. The methodology developed by our service provider (Beyond Ratings) is based on three dimensions:

- physical climatic risks (scenarios of temperature evolution, water stress, etc.);
- economic climate risks (economic damage related to climate risk factors, etc.);

• climate risk mitigation factors (economic, social indicators ... to measure the resilience of countries to climate risks).

The aim of this approach is to support the transition to a low-carbon economy and seize opportunities.

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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ESG and Climate 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.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

- Attachment (will be made public)

	Attachment
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[File 1:sri_charter.pdf](#)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

- Attachment (will be made public)
- Formalised guidelines on social factors

URL/Attachment

- URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/cp_ircantec_9_mars_2017.pdf}

- Attachment (will be made public)

Attachment

[File 1:cp_ircantec_9_mars_2017.pdf](#)

- Engagement policy

URL/Attachment

- URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/shareholder_and_insti_engagement_policy_oct_2018.pdf}

Attachment (will be made public)

Attachment

[File 1:shareholder_and_insti_engagement_policy_oct_2018.pdf](#)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/voting_policy.pdf}

Attachment (will be made public)

Attachment

[File 1:voting_policy.pdf](#)

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.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

Attachment

File Attachment

{hyperlink:sri_charter.pdf [341KB]}

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

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

Attachment

File Attachment

{hyperlink:sri_charter.pdf [341KB]}

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

Attachment

File Attachment

{hyperlink:sri_charter.pdf [341KB]}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

Attachment

File Attachment

{hyperlink:sri_charter.pdf [341KB]}

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/shareholder_and_insti_engagement_policy_oct_2018.pdf}

Attachment

File Attachment

{hyperlink:shareholder_and_insti_engagement_policy_oct_2018.pdf [347KB]}

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/bilan_2018_votes_en_ag.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.ircantec.retraites.fr/sites/default/files/public/bac_2017_ircantec.pdf}

Attachment

File Attachment

{hyperlink:bac_2017_ircantec.pdf [1468KB]}

Understanding and incorporating client / beneficiary sustainability preferences

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Our SRI Charter includes specific subsections regarding :

- Asset class-specific guidelines (p. 4 - 6)
- Screening/exclusion policy (p. 4)
- Active shareholding policy (p. 7)

Our voting policy includes specific guidelines regarding :

- Corporate governance factors (p. 7-8)
- Social factors (p. 9-13)

- Shareholders' rights (p. 14-15)

Our shareholder and institutional engagement policy includes specific guidelines regarding :

- Social factors (p.5)
- Environmental factors (p.5)
- Corporate governance factors (p.6)

All investment policy documents are translated in English.

Regarding screening/exclusions policy, there has been the divestments from the coal (€ 46 million and 18 companies divested in 2016) and tobacco sector (€ 21.4 million divested in 2017). More recently, last move concerns the divestment from oil and gas sector bonds, which represented € 42 million in 2018 year end.

In 2019, Ircantec plans to invest approximately € 50 million in energy transition open funds (trade off following the equity oil and gas divestment).

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

- 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

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

Other Chief-level staff or head of department

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

Dedicated responsible investment staff

- 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 which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The Board of Trustees, based on its roadmap 2016-2020 and CDC proposals, is responsible for oversight of climate-related activities.

During the technical and financial steering committee, our services providers present their outcomes to the board of trustees. That concerns the analysis of extra-financial risks (Vigeo-Eiris) and the carbon footprint and energy transition contribution of the portfolio (I Care, Beyond Ratings).

As fiduciary manager of our scheme, the CDC provides feedback on a regular basis on the development of the climate strategy, organized around 4 axis : invest and measure; be involved; finance; and communicate.

The annual ESG & Climate report displays our dedicated indicators (on carbon footprint compared to benchmarks, stranded assets, alignment with 2° C scenario, etc...).

Ircantec is also conducting initiatives with asset managers and peers in order to improve the inclusion of climate-related issues in investment processes and decisions.

The accountability of the Ircantec board is enforced through communications on website, newsletters for beneficiaries, and annual reporting's.

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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Several services providers (I Care, Beyond Ratings) are under contract to analyse the climate and environmental compatibility of investments and advise Ircantec on their strategy. They produce a range of measures used by Ircantec and CDC staff to develop its annual Climate and ESG report and put the scheme in the right tracks of the energy and environmental transition.

CDC staff (management-level) is in charge of the implementation of the climate-related strategy under the oversight of the Board of Trustees. The pension scheme follows a philosophy of "decarbonizing the economy" rather than "decarbonizing the investments" by investing in best-solution and best-in class companies to tackle climate change, and divesting from highly-carbon assets (exit of coal industry under specific thresholds in 2016 for instance). Infrastructure and private equities investments have also been fuelled towards energy transition and green business, and a green bonds segregated fund has been recently set up to adjust the monitoring of such assets.

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- 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
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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

The investment strategy includes taking into account climate-related dimensions and the decarbonizing of the economy.

Description of scenario : Comparison between Ircantec fund and its aggregated benchmark over a 2°C trajectory in 2018, in terms of : portfolio carbon intensity target; over and under exposure of key economic sectors; etc.

- 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]

We have tested the Mercer approach on climate risk evaluation as well as a 2°C scenario investments model in our ALM.

Scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities is issued in our 2017 ESG & Climate report.

Media : https://www.ircantec.retraites.fr/sites/default/files/public/bac_2017_ircantec.pdf

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.

- Initial assessment

Describe

Pursuant to its pragmatic and progressive approach, Ircantec has worked in 2016 with several services providers and has tested different methodologies (Carbone 4, 2° Investment Initiative, Trucost) to carry out its climate and environmental assessment and its 2°C path. A multi-year contract has then been attributed in 2017 (I Care, Beyond Ratings) to renew and pursue the analysis.

The stated objective is to better integrated climate-related risks and opportunities while preserving an efficient diversification. This collaborative mode (use of different service providers) allows to mix up methods and standpoints, and offset some methodology shortcomings.

Analysis show different results from one consultant to another, which allows to get a bigger picture of the climate impacts of the scheme.

- Incorporation into investment analysis
- Inform active ownership

	Describe
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We have been trying to engage with our main CO2 emitters, as well as our largest stranded assets holders.

- Other

	specify
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Oil and gas divestment

	Describe
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To be in line with a 2° scenario and reduce its climate risks, Ircantec has divested from a large range of oil and gas specialized sectors, and from non european majors having a weak low-carbon strategy.

SG 13.5 CC	Indicate who uses this analysis.
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- 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.
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- Yes

	Describe
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As an asset owner and long-term investor, we work with our services providers to determine our main climate-related risks, including :

- Top biggest stranded assets of the Ircantec portfolio;
- Top largest greenhouse gas producers of the portfolio;
- Exposition to fossil energies by asset classes;
- Potential carbon equivalent emissions compared to benchmark.

Transition risks (most of them : legal, market, reputation risks) are one of the main concerns, especially when it comes to stranded assets in the oil and gas industry. Physical risks are also under process but more difficult to estimate, we integrate some measures and commentaries in the last climate report.

No

**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, 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		11	016	300	000
Currency	EUR				
Assets in USD		12	568	421	007

Specify the framework or taxonomy used.

The board of trustees has endorsed a strategy roadmap (2016-2020) to engage Ircantec portfolio into a 2°C scenario.

Many lines of work have been deployed to reach these objectives:

- **Divestment from fossil energies:** The board of trustees has decided to divest from coal investment in 2016. They also divest from oil and gas sectors : every bonds ; specialized oil and gas equities ; and non-european equity majors when they are not aligned with a 2°C trajectory.
- **Invest and measure :** consists in integrating ESG and climate dimensions in every steps of the investment chain, as of the allocation model construction process. It means also measuring and publishing a range of indicators to assess the different transition and physical risks bore by the aggregated portfolio.
- **Be involved :** as a long-term investor, Ircantec works on strengthening its voting and engagement activities, while cooperating with peers and contributing to methodologies evolutions.
- **Finance :** Ircantec finances assets dedicated to the energy transition : green bonds and infrastructure funds on renewable energies and energy efficiency.

Ircantec's strategy follows a low carbon strategy, with a portfolio carbon intensity currently 22% lower than the benchmark (Scope1 & 2, Scope3 only for the Automotive sector).

- 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

other description

Engagement and voting activities linked to climate transition.

- 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

Companies' ranking : top CO2 emitters, top stranded assets holders, main contributors of avoided emissions, "green part" of the portfolio

- 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.

The Climate & ESG report that Ircantec releases since 2016 (experimental test in the 2015 annual review) responds to our engagement towards the Montreal Carbon Pledge and the French law on energy transition (article 173-VI). Disclosure methodologies are still tested and on progress, based on tools developed by our services providers and standards recommended by international institutions like the TCFD.

2017 Climate and ESG report : https://www.ircantec.retraites.fr/sites/default/files/public/bac_2017_ircantec.pdf

SG 14.5	Additional information [Optional]
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Ircantec has emphasized several shortcomings in its report :

Since 2015, Ircantec has solely measured the carbon footprint of its "Corporate" portfolio (equities and bonds). For the first time, this measure was extended in 2017 to cover sovereigns' portfolios as well as infrastructure, private equities and impact investing funds. The goal is to have a more impactful portfolio on climate and climate risks.

A first shortcoming concerns the different methodologies used by Ircantec's advisors. The implementation of new approaches requires a time of adaptation to understand and apprehend data meaning and usefulness. As any modelling work, it's important to mix caution, precision and determination for progressing. Besides, all these approaches try modelling a complex reality (energy transition) whose we don't know every issues and implications.

Thus, the results of this first "global" analysis of climate and environmental performance must be taken with caution as the methodologies used are not completely stabilized.

A second one concerns the carbon footprint approach, which brings in interesting information to the debate but doesn't fully comply with Ircantec' view to accompany the transition towards a low-carbon economy (and not specifically low-carbon investments). It is also important to measure the decreasing emissions dynamic in its prospective dimension (broken down by economic sector attributions and objectives).

To complete this indicator and to have a more holistic and prospective vision, other indicators are being developed. For the first time in 2017, the positive impacts of the Ircantec portfolio on climate are also assessed. This extension in terms of indicators to positive impacts, as well as the change of scope (now the global portfolio is concerned), requiring complex work, this approach will be developed over three years (2017-2019).

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.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify the biggest CO ₂ emitters	KgCO ₂ /1000€ invested	
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify the biggest CO ₂ emitters	KgCO ₂ /1000€ invested	
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify the most carbon-intensive sectors	KgCO ₂ /1000€ invested	
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify the most carbon-related assets	% of AUM in carbon-related assets	
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets		toeCO ₂ /M€ invested	Avoided emissions

**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

Please describe

For the first time, the Ircantec portfolio assessment was extended to the whole AUM in 2017. Now, it covers sovereigns' portfolios as well as infrastructure, private equities and impact investing funds. Nevertheless, methodologies used are still under development. However, results are useful for understanding how does climate change and energy transition impact financial reserves of the scheme.

The fiduciary manager (Caisse des Depots) and services providers have a co-lead responsibility for identifying and assessing climate-related risks, based on their knowledge of the portfolio and methodologies. The overall objective, set by the Board of Trustees, is then to adjust investments for coping with a 2°C scenario and financing the energy transition towards a low-carbon economy. Different ways of actions are open to this end :

- Reduce the exposition to carbon risks ;
- Favour best-practices companies and solutions providers ;
- Exclude risky practices ;
- Finance energy transition assets.

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

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

	Please describe
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Our active ownership program incorporates stewardship and dialogue activities, based on :

- Developing high-quality dialogue with companies;
- Improving co-operation with fellow investors ;
- Stimulating progress in practices and methodologies.

We notably participate to Climate Action 100+ and a PRI-led collaboration group on oil & gas transition. One of the drivers for these initiatives is to encourage compagnies (we co-lead engagement on Total, and BP) to follow the TCFD recommendations.

Furthermore, we evaluate the energy transition policy of key portfolio holdings.

Each annual general meeting from key energy companies (those having a high environmental sensitivity) is the subject of an analysis of the energy and ecological transition, in order to better assess the company's positioning in the transition.

Ircantec also votes on executives compensations, dividend payments, financial statements and executive director's reelection in function of environmental and energy strategy of the company. This shows our disapproval when a company is not active enough on energy transition and other environmental issues in its business.

After received recommendations and indicators from our services provider and asset managers, we are voting as follows :

- against executives' compensations ballots, if they do not include a long-term environmental criteria for determining the variable part;
- against dividend payments, if net results are not enough allocated to R&D and especially in energy transition-related investments;
- against financial statements validation, if the global energy transition strategy is not enough convincing;
- against executive director's reelection, if there is a breach concerning the duties of environmental and energy strategy of the company.

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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%

12.88

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.

Area

- Energy efficiency / Clean technology

Asset class invested

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

% of AUM

1.2

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

0.07

- Forestry
- Inclusive finance

Brief description and measures of investment

Ircantec is currently invested in 2 infrastructure funds dedicated to energy efficiency for a total commitment of € 27.9 million. The current level of investment represents about € 7,7 million (0.07% of AUM). These investments are made as part of Ircantec's involvement to finance the energy transition.

€ 542 million (4.9% AUM) are invested in green bonds. A large part of it is issued by utilities trying to switch their energy mix and their activities towards renewables. Approximately 1.2% of its AUM correspond to energy efficiency.

- Renewable energy

Asset class invested

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

% of AUM

1.6

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

0.72

- Forestry
- Inclusive finance

Brief description and measures of investment

Ircantec is currently invested in 6 infrastructure funds dedicated to renewable energy production (wind farms, solar power plants, etc.) for a total commitment of € 150.2 million. The current level of investment represents about € 79.8 million (0.72% of AUM). These investments are made as part of Ircantec's involvement to finance the energy transition.

€ 542 million (4.9% AUM) are invested in green bonds. A large part of it is issued by utilities trying to switch their energy mix and their activities towards renewables. Approximately 1.6% of its AUM correspond to renewable energy.

- Green buildings

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

6.49

- Infrastructure
- Forestry
- Inclusive finance

Brief description and measures of investment

Property investments are carried out by taking into account social criteria (health facilities, student residences, affordable housing, social tourism, etc.) as well as environmental ones. The current level of investment represents about € 714.7 million (6.49% of AUM).

- Sustainable forestry

Asset class invested

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

% of AUM

0.11

- Inclusive finance

Brief description and measures of investment

Sustainable management of our forestry assets is ensured through various undertakings taken by our asset managers. Through our charter of sustainable forestry management, we namely state the guiding principles which must guide forestry management with a focus on ecological factors e.g. maintaining forests' good health, fostering biodiversity (notably through its "Natura 2000" membership), protection protected areas, preservation of high cultural-value sites and landscapes as well as ecological quality of maintenance.

Our "green work" charter also includes guiding principles of sustainable management, such as the limitation of construction work's direct and indirect impact on its environment. It also has a social component, e.g. preserving a wholesome environment for inhabitants. Limitation of the use of natural resources is also a primary concern.

- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

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

% of AUM

0.47

- Property
- Infrastructure
- Forestry
- Inclusive finance

Brief description and measures of investment

Ircantec is currently invested in 4 PE funds dedicated to SME's for a total commitment of € 138.8 million. The current level of investment represents about € 52.1 million (0.47% of AUM).

- 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

0.06

- Property
- Infrastructure
- Forestry
- Inclusive finance

Brief description and measures of investment

Ircantec have committed 10 million to the social economy (in French ESS). The current level of investment represents about € 6.1 million (0.06% of AUM).

- 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

6.49

- Infrastructure
- Forestry
- Inclusive finance

Brief description and measures of investment

Property investments are carried out by taking into account social criteria (health facilities, student residences, affordable housing, social tourism, etc.) as well as environmental ones.

- Education
- Global health
- Water
- Other area, specify

Water & waste management & other minor environmental items

Asset class invested

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

% of AUM

2

- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Forestry
- Inclusive finance

Brief description and measures of investment

€ 542 million (4.9% AUM) are invested in green bonds. A large part of it is issued by utilities trying to switch their resource management (water, waste, etc.).

No