

One of the aspects of the responsible investment strategy decided on by the FRR's Supervisory Board last April consists of setting up a system that allows the Board to track and prevent the extra-financial risks that can have an impact on the Fund's reputation. They stem from a failure on the part of the companies it invests in to comply with the fundamental principles related to the ten principles of the UN's Global Compact, which are reflected in the international conventions ratified by France, in particular the eight fundamental conventions of the ILO (International Labor Organization). This special framework, which is applicable across the board to the FRR's entire portfolio, enhances the vigilance that FRR managers already exercise in this area.

The Supervisory Board has formed a responsible investment sub-committee to perform this task. Composed of the Chairman and its two vice-chairmen,¹ as well as two qualified individuals from the outside², the committee will use the regular analyses provided by specialized agencies and proposals submitted by the Executive Board to assess instances of non-compliance with these fundamental standards and decide on appropriate orientations. After an analysis of specific cases, in liaison with the asset managers and their counterparts where appropriate, the committee will have a range of possible actions it can take, from dialogue with companies to the decision to divest as a last resort in the event of repeated violations and a refusal to take remedial action.

Following an international RFP held to select a provider of extra-financial risk analysis services, the FRR has decided to entrust the task to EIRIS, whose role will be to perform the analyses mentioned above, provide a warning service, and help the FRR conduct dialogues with companies to this end.

The FRR was impressed with the quality of the applications submitted, and would like to thank all the candidates that participated in the selection process.

As a reminder, the FRR has signed the UN PRI (UN Principles for Responsible Investment).

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² Jean-Claude Javillier, university professor and former Standards Director for the International Labor Office and Daniel Lebègue, Chairman of the French Institute of Directors and Transparency International France.