

Executive Board

April 25, 2006 (Paris) – When it was formally established in 2003, the FRR's Supervisory Board stated that it intended the Fund's Executive Board to play an active role in promoting best practices that would facilitate the gradual and pragmatic incorporation into its investment management practices of collective values that promote balanced economic, social and environmental development. In this context, and following other initiatives, the FRR launched an RFP in 2005 to award several mandates to asset managers with expertise in socially responsible investment (SRI) and focused on European equities, for a total period of five years, involving an indicative volume of 600 million euros.

Around forty European asset management firms expressed interest, submitting preliminary proposals in the summer of 2005. A short list of twenty managers was then asked to submit final proposals in January 2006. After a thorough review of these proposals, which were submitted to the Manager Selection Committee for its opinion, the FRR Executive Board has decided to award mandates to the five asset management firms ¹ listed below in alphabetical order:

- **AGF Asset Management**
- **Dexia Asset Management**
- **Morley Fund Management**
- **Pictet Asset Management**
- **Sarasin Expertise Asset Management**

The selection criteria used to award these mandates were, in descending order of importance, the following:

- Quality of SRI management processes provided, particularly the dedicated human and technical resources allocated, the extra-financial analytic capability and its suitability to the FRR's needs, and the performance of the SRI management process.
- Quality of the operational organization, particularly in the areas of risk management, SRI reporting and voting of proxies;
- Total management costs.

The aim of this RFP was to select the most coherent investment processes from the FRR's perspective, in particular with respect to portfolio building techniques and the inclusion of both financial and extra-financial criteria (environmental, social, corporate governance – for a full list, see the attachment to this press release). These processes are diverse, and this diversity is naturally reflected in the proposals that were selected in the final analysis. All of the latter appear to be based on particularly consistent rationales.

¹ In accordance with the regulations governing consultation, formal notification of the awards, which alone is binding on the FRR, will take place after the FRR has met with each asset manager selected to finalize the details of the mandate.

The FRR thanks all of the asset management firms that participated in this selection process, and underlines the commitment they demonstrate to promoting the use of extra-financial criteria in portfolio management, whether via the development of an internal or external research capability. Their dedication confirms that SRI investment is gaining ground, and that the market is becoming increasingly mature in Europe.

The result of this RFP and the activation of this first batch of mandates dedicated to SRI management and processes constitutes a new stage in the FRR's strategy. The Fund seeks to better understand, over time, the conditions under which an institutional investor that must pay attention to the performance of its investment policy can contribute to better corporate governance and encourage businesses to take the social and environmental impacts of their decisions into account.

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