

FONDS DE RÉSERVE POUR LES RETRAITES

The Executive Board

November 15, 2005

RELEASE

Last summer, the FRR launched an RFP to award five mandates to manage European equities using socially responsible investment (SRI) criteria, for a total indicative amount of 600 million euros. The FRR thanks the forty or so asset management firms that submitted proposals by the end of August in response to this request. After consulting with the Manager Selection Committee, the FRR Executive Board selected a short list of asset managers to submit full proposals, transmitting to their attention management agreements and a set of questions designed to enable the Board to assess the quality of proposals. Finalists have until January 12, 2006 (12 noon - French Time) to finalize their proposals and make full submissions to the Fund, which will thoroughly examine each one.

The FRR reiterates that, in its proceedings on the general orientations of the Fund's investment policy on April 2, 2003, the Supervisory Board affirmed the dual aim of the FRR's investment policy: *"to maximize investment returns over the long term and under the best possible conditions of security. Its investment policy must also be consistent with certain shared values that promote economically, socially and environmentally sustainable development."*

The statement above serves as the basis for this RFP, the aim of which is to enable the FRR to select investment processes that take both financial and extra-financial considerations into account in portfolio management, particularly with respect to stock picking, and particularly criteria related to corporate environmental, social and corporate governance practice. To this end, the FRR has established a set of SRI criteria, which are included in the management agreements and which the winning managers will be expected to adhere to when analyzing the strategy and management practices of the European companies they invest in on behalf of the FRR. These criteria fall under five headings:

- respect for international law and basic worker rights
- job development through better management of human resources
- how corporate environmental responsibility is assumed
- respect for consumers and fair trade practices in local markets
- corporate governance practices.

For a complete list, consult the FRR website: www.fondsdereserve.fr

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