



Press Release

The Executive Board

Paris, 19 January 2017

Contract Awards 2015FRR02 "Equities Optimised Management Mandates with ESG¹ approach"

Responsible investment has been part of the FRR's approach since its inception.

In 2005, the FRR launched its first SRI² strategy and committed itself to pursuing more responsible investments. The year 2006 marked its first steps towards valuing its overall portfolio by reference to extra-financial criteria and, in 2007, it conducted its first measurement of the environmental footprint of its portfolio.

The launch of processes for the award of the first "*SRI Equities New Sustainable Growth Europe*" mandates in 2011, marked its positioning as an investor in companies adopting ESG best practices and those proven to be making dynamic progress.

2012 confirmed this trend, with FRR deciding to invest more than 165 million euros in mandates dedicated to innovative environmental companies in six thematic areas: water, ecotechnologies, waste processing and management, renewable energy, climate change and sustainable development.

To the extent that climate change is a long-term risk factor likely to have a negative impact on the valuation of its assets, the FRR in 2014 systematized the measurement and analysis of its equity portfolio's carbon footprint. Such measurement, aimed at gradually decarbonizing its portfolios, resulted in September 2014 in the FRR entering two new phases:

- First, its contribution to the establishment of "*Low Carbon*" indices enabling it to achieve a clear reduction in the carbon footprint of part of its equities portfolio with the Swedish Fund AP4, Amundi and MSCI ; and
- Second, the signing in September 2014 of two international initiatives: the "*Montreal Pledge*" and the "*Portfolio Decarbonization Coalition*" (PDC). Through these initiatives, the FRR undertook, each year, to publish the carbon footprint of its equities investments and to decarbonise its portfolios.

After more than 10 years of commitment towards SRI investment, time has come for the renewal of index management contracts to incorporate all current ESG concerns, including portfolio decarbonisation and the new portfolio exclusions implemented by the FRR in December 2016³ (tobacco and coal sectors).

¹ ESG : Environmental, Social and Governance.

² SRI: Socially Responsible Investment.

³ Press release on exclusions dated 1 December 2016 : www.fondsdereserve.fr/documents/press-release-FRR-exclusions.pdf

Through the contract (2015FRR02) "Equities Optimised Management Mandates with ESG approach", launched on 10 July 2015, the FRR sought to surround itself with managers able to assist it in implementing its responsible investor strategy and to apply, to index replication, the best practices in terms of integrating ESG factors.

Following this selection process, the FRR accepted the proposals of the following three (3) applicants:

Amundi Asset Management
Candriam Luxembourg
Robeco Institutional Asset Management B.V.

The total indicative value awarded under this type of management mandate may reach five (5) billion euros. The mandates will be awarded for a period of four (4) years renewable once for one (1) year.

The FRR welcomes the number and quality of the proposals submitted and extends its thanks to all applicants

The FRR is an administrative public establishment of the State created by law in 2001. Governed by a Supervisory Board and Executive Board, its mission is to manage the funds allocated to it until 31 December 2010 in order to build up reserves for the long-term sustainability of the retirement pension system.

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