

2024

ANNUAL REPORT

FR
FONDS DE RESERVE
POUR LES RETRAITES



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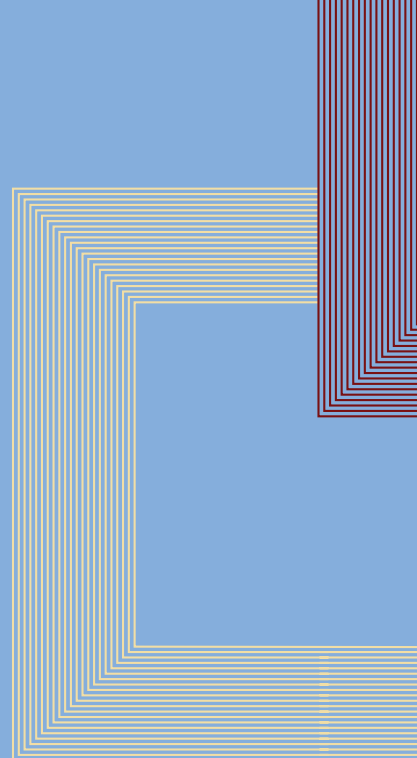
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“Investing to create sustainable value for the major public challenges of tomorrow”



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2024 IN FIGURES

The FRR' assets at end of 2024

20.4 Bn€

+6.5%

2024 asset performance
net of expenses

+14.1 Bn€

Value creation
compared to an investment
in French debt since end
of 2010

+4.0%

Annualised performance
since end of 2010

6.0 Bn€

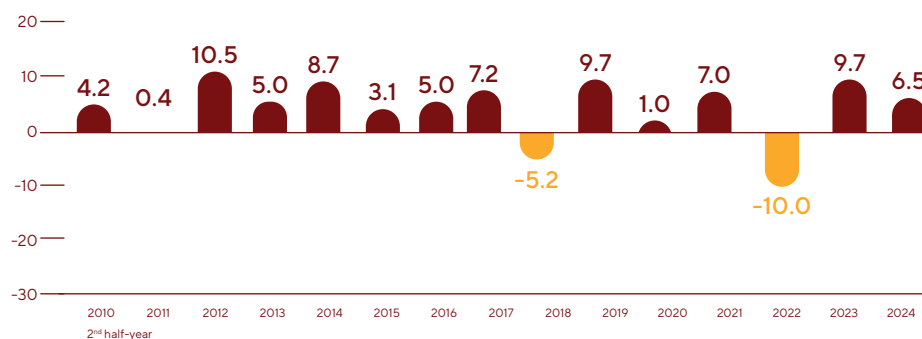
Amounts invested in
the French economy

-50% and -28%

Change in carbon
footprint

since 2019 for the equities
and corporate bonds
portfolios

FRR's net annual performance (%)



Since the 2010 pension reforms took effect, the FRR's financial model has changed significantly:

- the FRR no longer receives any income (1.5 to 2 Bn€ per year up to 2010);
- the FRR pays 2.1 Bn€ each year until 2024, then 1.45 Bn€ from 2025 to 2033 to CADES.



Foreword by the President of the Supervisory Board and the Executive Board

SANDRINE LEMERY
President of the
Supervisory Board

The year 2024 ended on a very positive note despite the emerging signs of difficulties, surrounding the United States' inward-looking policy and the weakening of the alliances on which the prosperity and democracy of the Western world has been based in the post-war period.

Renewed governance

At the institutional level, the Executive Board's governance has been renewed in several respects. Salwa Bous-soukaya-Nasr joined the Executive Board in late March 2024, alongside Adrien Perret, who was appointed in July 2023. In December 2024, Olivier Sichel succeeded Éric Lombard as Chairman of the Executive Board, the latter having been appointed Minister for the Economy, Finance and Industrial and Digital Sovereignty. Olivier Sichel performs this function as Chief Executive Officer of Caisse des Dépôts et Consignations. Significant changes have also been made to the Supervisory Board

Olivier Blamangin succeeded Pierre-Yves Chanu as CGT representative, and was appointed vice-president of the FRR's Supervisory Board in March 2025. In addition, new representatives of the Senate and the National Assembly have been appointed: Solanges Nadille, senator for Guadeloupe and Philippe Mouiller, senator for Deux-Sèvres and president of the Senate's social affairs committee, in February 2024, together with Éva Sas, member of parliament for the 8th constituency of Paris and Arnaud Simion, member of parliament for Haute-Garonne, in November 2024.

The extended horizon opens up favourable prospects for performance

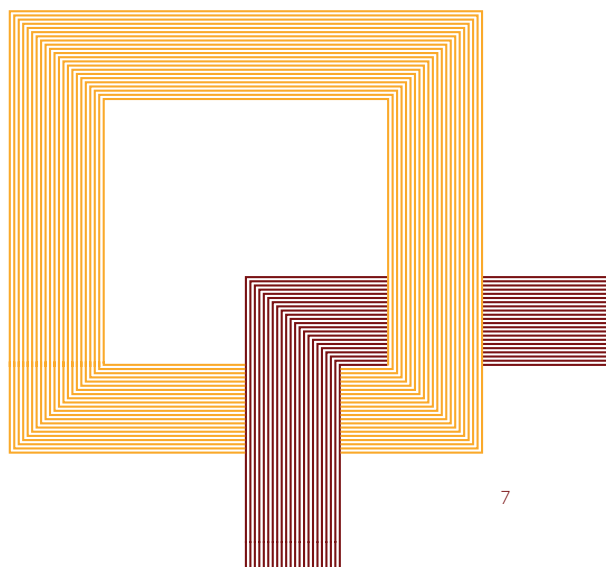
From the spring of 2024, discussions held with the FRR's various stakeholders confirmed that the FRR's management horizon extended well beyond 2033, the date of the final payment to CADES as required by law. This allows the FRR's assets to continue to be managed over a long timeline, relying to an even greater extent on equities and intermediate risk assets whilst continuing to guarantee the ability to meet its liabilities, thanks to the anticipated outperformance over the long-term of these assets compared to investment grade bonds.

The weighting of unhedged equities in the strategic allocation was increased at the end of June to 41.5% of the FRR's assets, up 9 points compared to the previous allocation, whereas the weighting of investment grade bonds was reduced by 9 points, to 21%. The weighting of intermediate risk assets remained stable at 37.5%, however within these, equities hedged with options fell by 3 points to the benefit of high yield bonds.

By virtue of the extended management timeline, this new allocation and its growth should provide the FRR with a median additional sum of almost 2 Bn€ by 2033, compared to the previously anticipated trajectory over this limited horizon (i.e. 14% more value).

Over the year as a whole, the FRR recorded a performance net of all expenses of +6.46% driven by favourable markets. The global economic position remained sound in 2024 and accommodatory monetary policies in the United States and the Eurozone meant that performance seeking assets (unhedged equities and intermediate risk assets) grew by 9.5%, whereas liability hedging assets returned 2.5%, mainly driven by lower risk premiums (spreads).

Since 1 January 2011, the annualised performance of the portfolio has reached +4.06% net of all expenses, a level well above the average cost of the public debt borne by CADES over the same period (1.2%). This outperformance generated a net value of 14.1 Bn€ for the public finances. The FRR has now returned more than all the allocations received (2.2 Bn€ more) whilst its net assets equalled 20.4 Bn€ at the end of 2024 in market value.



Boosting investment in unlisted French assets to support SMEs, ecological and energy transition and sovereignty

The extension of the horizon paves the way for the FRR to continue investing in the French economy, particularly in unlisted assets to underpin its *raison d'être*: “investing to create sustainable value for the major public challenges of tomorrow”.

Despite the French market’s disappointing performance in 2024 relative to other geographical regions, the FRR has boosted its investments in French assets, which account for more than 30% of its portfolio. New investments in unlisted assets have been launched, mainly to finance the growth of French small and medium-sized enterprises and to promote domestic job creation with a heavy focus on supporting tech-



ADRIEN PERRET
Member of the
Executive Board



OLIVIER SICHEL
President of the Executive Board

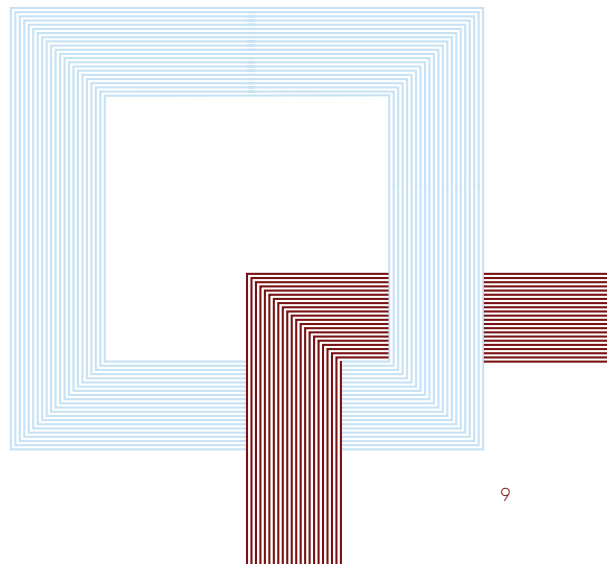
nological innovation, ecological and energy transition, social innovation and sovereignty, all guided by the principle of responsible investment.

The FRR has therefore beefed up its climate exclusion policy in 2024, primarily for coal (threshold lowered from 10% to 5%, new limits of 10 GW for coal-fired electricity generation and 10 million tonnes for thermal coal extraction, exclusion for development of new coal-based power plants) and non-conventional energy sources for all its mandates.

Management quality rewarded

The quality of the FRR's financial management, combining performance, support for the economy and responsible investment, was highlighted by the Jury of the Agefi "Couronnes Invest" award. In late November, the FRR received the "Institutional Investor Award for its financial performance management". The Jury also recognized the quality of the FRR's governance and the cogency of its actions in implementing its mission by awarding it the "Award for the best governance in deploying its *raison d'être* and/or mission".

Through its strategic choices and long-term commitment, the FRR continues to reconcile financial performance and social responsibility. At a time when certain participants are tempted to question the principles of responsibility and sustainability, the FRR intends to remain at the forefront of responsible management, while continuing to create value for the general public and supporting the major public challenges of the future in terms of solidarity and sovereignty.



Highlights

INVESTMENT POLICY

- Extension of the investment horizon beyond 2033
- Adoption of a strategic allocation with **41.5% unhedged equities, +9 points** compared to the 2023 allocation
- Launch of requests for proposals for Japanese equities mandates for all capitalisations, OAT-matching mandates, overlay mandates
- Award of mandates for French small-cap equities, European small-cap equities, US large- and mid-cap equities, US small-cap equities

RESPONSIBLE INVESTMENT POLICY

- Strengthening of the exclusion policy, in particular on businesses whose operations are linked to coal or non-conventional energies
- Rollout of the ESG training plan for all FRR staff and governance bodies

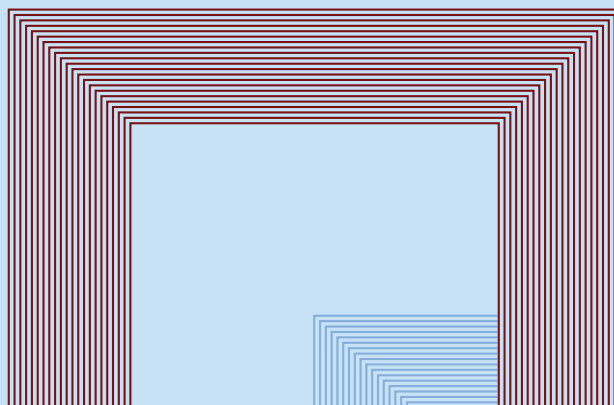


INVESTMENT IN THE FRENCH ECONOMY

- Launch of a new policy for investment in unlisted assets, targeting significant exposure to the French economy, under which significant annual sums will be committed, including **500 M€** in 2025
- Commitment of at least **250 M€** for “Tibi 2” funds over the next few years

FRR MANAGEMENT AWARDS

- AGEFI “Couronnes Instit Invest” award for **financial performance management**
- AGEFI “Couronnes Instit Invest” award for **best governance in deployment of *raison d’être* and/or mission**



Governing bodies

Supervisory Board at 31 December 2024

President

Sandrine Lémery

Members of the National Assembly

Éva Sas, Arnaud Simion

Members of the Senate

Philippe Mouiller, Solanges Nadille

Qualified Personalities

Philippe Tibi, *Vice-President
of the Supervisory Board*

Sandrine Lemery, *President
of the Supervisory Board*

Representatives of insured persons
nominated by the inter-professional trade
union bodies representative at national
level

Confédération générale du travail

Olivier Blamangin, *since 5 December
2024, Vice-President of the Supervisory
Board, alternate Hélène Guerra*

Confédération générale du travail Force ouvrière

Philippe Soubirous, *alternate
Éric Gautron*

Confédération française démocratique du travail

Laetitia Tankwe, *alternate Thibault Sellier*

Confédération française des travailleurs chrétiens

Isabelle Sancerni, *alternate Pierre-Alexis
Vandenboomgaerde*

Confédération française de l'encadrement – CGC

Jean-Arnaud Guyard, *alternate Christine
Diebold*

Employers' representatives and self-employed persons

Mouvement des entreprises de France

Éric Pinon, *alternate Jacques Vessaud*

Clara Tusch, *alternate Éric Andrieu*

Philippe Poiget, *alternate Nicolas Bondonneau*

Confédération des petites et moyennes entreprises

Alain Duffoux, *alternate Michel Giordano*

Union des entreprises de proximité

Corinne Postel

Representatives of the minister for social security appointed by order of the minister for social security

Pierre Pribile, *alternate Étienne Barraud*

Thomas Ramiljaona

Representative of the minister for the economy and finance and industry appointed by order of the minister for the economy, finance and industry

Christophe Bories, *alternate Martin Landais*

Representative of the minister responsible for the budget appointed by order of the minister responsible for the budget

Élise Delaître, *alternate Olivier Dufreix*

Supervisory Board Committees:

Investment Strategy Committee

The role of this committee is to take stock of the economic and financial environment and, if necessary, to formulate opinions on the direction of financial management.

Audit and Accounts Committee

This committee is responsible in particular for the statutory audit of the annual accounts, validating information on financial management and the effectiveness of the information, internal control and risk management systems.

Responsible Investment Committee

This committee is responsible for advising the FRR on its responsible investment policy.

Executive Board

Chair

Éric Lombard (*until 25 December 2024*) /

Olivier Sichel (*since 26 December 2024*)

Members of the Executive Board

Salwa Boussoukaya-Nasr

Adrien Perret

Manager Selection Committee

Chairman

Adrien Perret

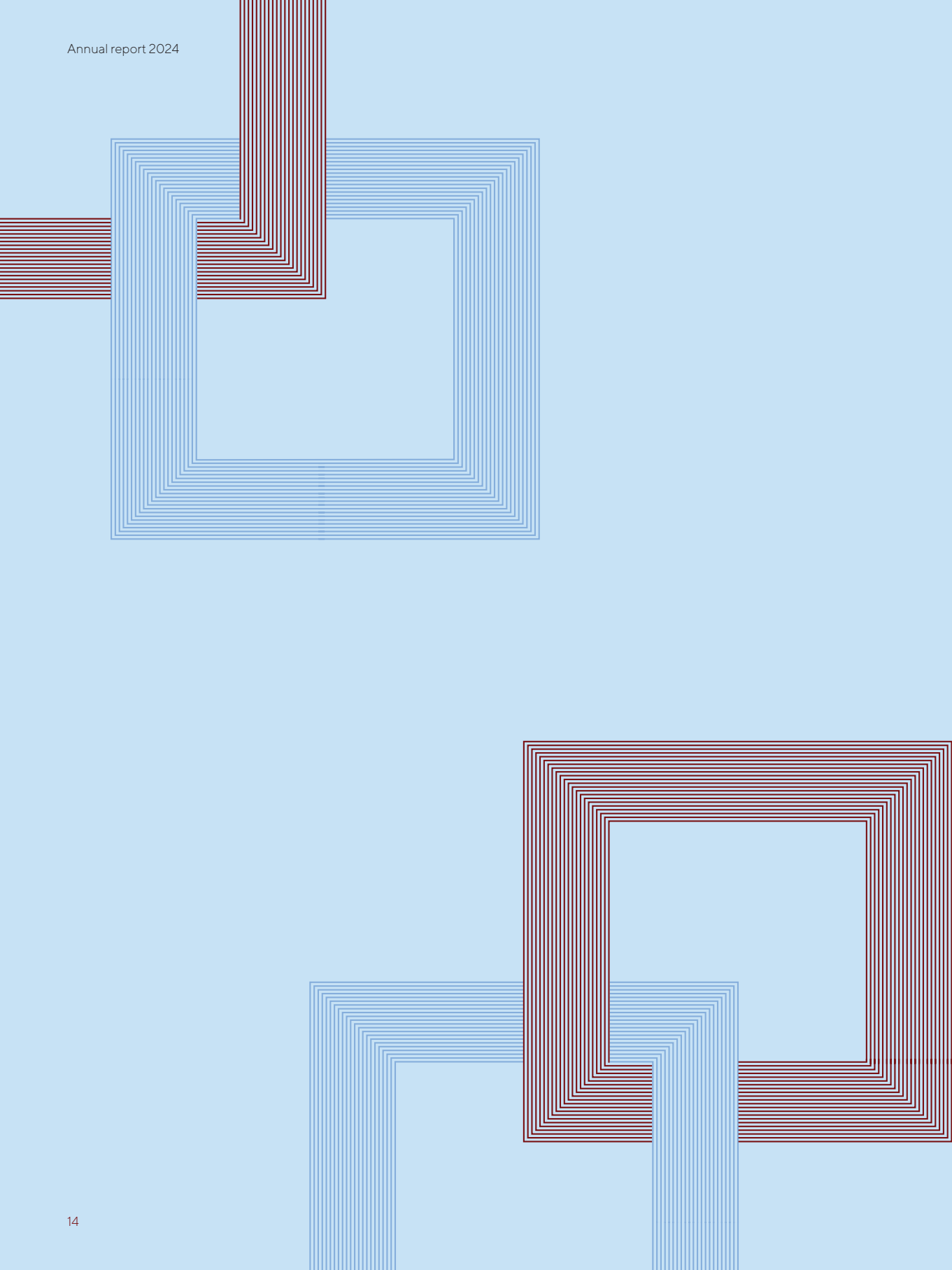
Members of the Manager Selection Committee

Thierry Coussieu

Catherine Guinefort

Samia Khallaf

Patrick Savadoux



Our teams

In 2024, the FRR employed 48 permanent staff, of which 41 under contract with Caisse des Dépôts. All perform their functions under the authority of an Executive Board to which report a finance department, an operations and risks department and a legal and communications department.



Management Committee

The FRR's operations are organised around three departments: a finance department, an operations and risk department and a legal and communications department.

There are also independent control functions.

These departments are represented on the Management Committee, comprised of:

- Salwa Boussoukaya-Nasr, Member of the Executive Board
- Adrien Perret, Member of the Executive Board
- Pierre-Olivier Billard, Finance Director
- Sidonie Freoa Dhekaier, Legal and Communications Director
- Rachel Cascajo, Director of Operations and Risks
- Pierre Leygue, Head of Financial Risks and Performance Department

Finance Department



Delegated management and responsible investment department

It oversees the external manager selection process and is also responsible for monitoring all of the FRR's management mandates, and in particular for analysing the performance of the portfolios and monitoring delivery by the managers of all financial services required under their mandates. It is responsible for investments in investment funds, monitoring investments in unlisted asset classes (private equity, private debt, infrastructure, real estate,...) and overseeing them. It also steers the responsible investor strategy laid down by the Supervisory Board and ensures its implementation by the managers through their investments.

Asset allocation department

It performs the functions related to the FRR's long-term investment strategy and is responsible for managing the tactical allocation and steering the FRR's foreign exchange risk hedging.



Legal and communications department



It has responsibility for all legal matters concerning the FRR's mandates and contracts and the investments made via investment funds, in particular through the organisation of selection procedures, as well as monitoring the exercise of the FRR's voting rights. It is also responsible for the FRR's communications.

Independent Functions: Accounting Agency

It is responsible for maintaining the FRR's accounts, and for safe-keeping of accounting records and documents. Once mandated by the authorising officer, it actions the receipts and orders representing the FRR's income and expenses. It prepares an annual report on the accounts for the financial year. The FRR is subject to financial control by the State, and by the court of accounts (*Cour des Comptes*), the general inspectorate of finances (*Inspection Générale des Finances*) and the general inspectorate of social affairs (*Inspection Générale des Affaires Sociales*).



Operations and risks department



HR and management control department

It is responsible for the operational oversight of human resources and management control and deploys the FRR's internal social and environmental responsibility approach.

Middle office department

It is responsible for operational relations with the management companies and external service providers, confirming valuations and compliance verification.



Information system, organisation and projects department

It is responsible for general project management, the availability and budgetary monitoring of all applications and services forming the FRR's information systems map, in relation not only with the Caisse des Dépôts group's internal service providers but also with all external providers, financial information suppliers and software publishers.



Performance, financial and operational risks department

It measures financial performance and oversees the FRR's financial and operational risks and prepares the work of the Risks Committee.



Management assistants

They ensure the effective daily organisation of the teams and management. They are also responsible for organising the FRR's governance bodies.

The background is a complex geometric pattern. It features several large, solid-colored rectangular blocks in shades of blue and yellow. Overlaid on these are numerous sets of concentric, parallel lines in red and dark blue, forming a grid-like structure that resembles a stylized architectural plan or a data visualization. The lines vary in density and orientation, creating a sense of depth and movement.

**THE FRR'S
INVESTMENT
STRATEGY
CREATES
SUSTAINABLE
VALUE**

THE FRR'S MISSION

The FRR is a public institution whose mission is to invest the sums entrusted to it by the public authorities. Its investment policy aims to optimise returns in as secure a manner as possible to help in the financing of retirement pensions. The FRR's performance aims to be higher than the cost of the public debt, in order to create value for the State.

This value creation, which at the end of 2024 amounted to 14.1 Bn€, was driven by an optimised asset allocation towards long-term objectives, including a significant proportion of performance seeking assets such as equities, high-yield bonds or unlisted assets such as private equity, infrastructure or private debt.

Economic and market background in 2024

Economic situation

In 2024, inflation continued to fall against the backdrop of moderate but resilient global growth (3.2% following 3.3% in 2023), despite central banks maintaining interest rates at a high level and persistent geopolitical tensions. Now in its fourth year, the growth phase has nevertheless relied on uneven performance across regions and sectors.

On a sectoral basis, the prolonged weakness in manufacturing industries (with the exception of technology sectors such as semi-conductors) again contrasted with the resilience of services, which benefited in particular from strong demand for digital technology activities and solid growth in financial services.

Regionally, the economic cycle in the United States continued to be stronger than in the Eurozone, with U.S. GDP growth remaining close to 3% in real terms (above 5% in nominal terms) compared to an estimated 0.8% for the Eurozone (below 3% in nominal terms). Strong household and corporate spending and a recovery in residential investment explain the very strong performance of the U.S. economy.

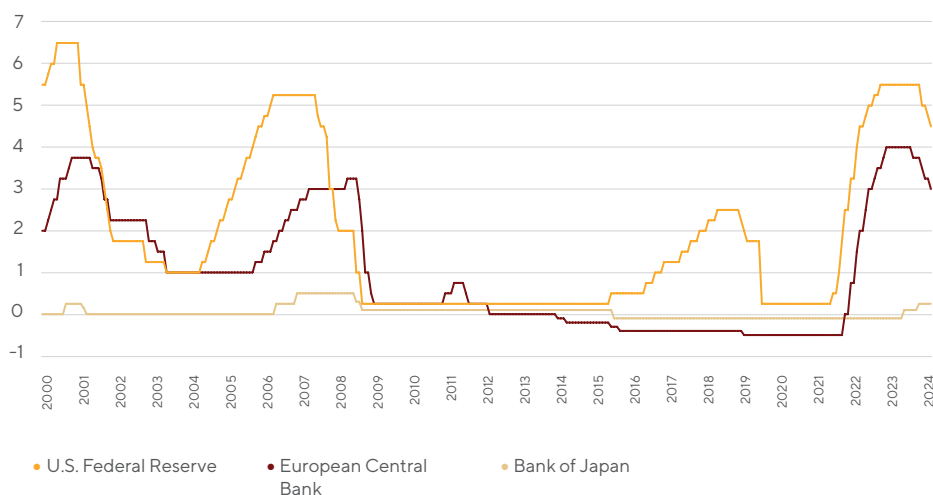
In the Eurozone, the recovery was less robust than anticipated, reflecting the impacts of restrictive monetary policy, particularly on investment, with a limited recovery in spending by households, which continued to save at a high rate.

The economic backdrop was also weak in Japan, where growth was limited to 0.1% in 2024, due to consumer spending being hampered by persistent inflation and the depreciation of the Yen. In China, disinflation has continued and growth has softened significantly faced with the persistent crisis in the real estate sector. The Chinese authorities have been late and relatively modest in their response. Nevertheless, the countercyclical measures of the support plan announced in September meant that the 5% growth target was only narrowly achieved in 2024.

Inflation, for its part, has continued to drop although, as anticipated, the “last mile of disinflation” before reaching the target has proven tougher to achieve, restricting central banks’ ability to ease monetary policy. The US Federal Reserve only pivoted in the summer of 2024 with a 50 bps rate cut in September, which it followed up with two 25 bps moves in November and December to bring the Federal Funds rate down to 4.5% at the end of 2024. The Euro-

pean Central Bank began its easing cycle earlier than the Fed, in June, and reduced the deposit facility rate by a total of 100 bps in the 2nd half of 2024 to 3% at year-end. Against the flow, the Bank of Japan has begun cautiously to normalise its monetary policy faced with inflation persistently above 2%. It raised its key rate by 35 bps to bring it into positive territory for the first time since 2016 to 0.25%.

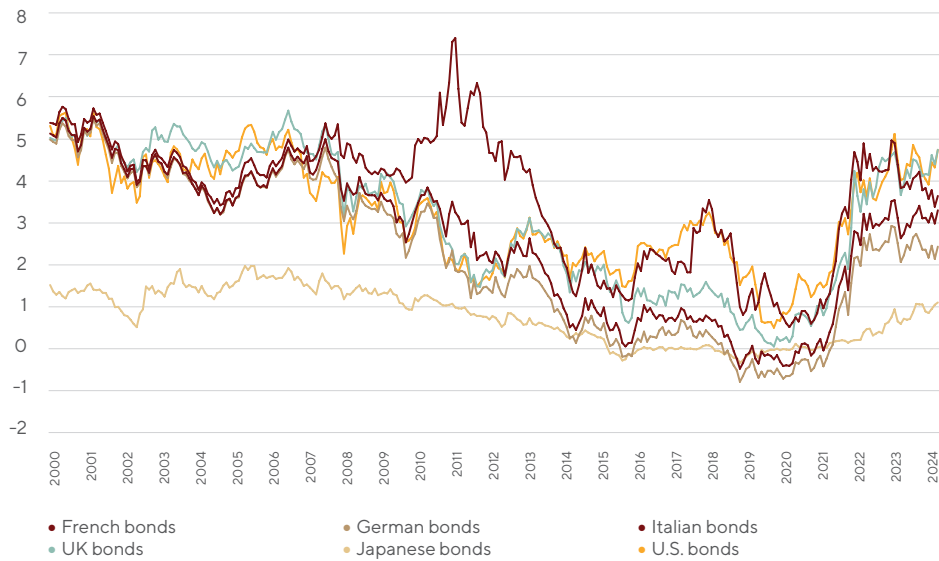
Central bank key rates: United States, Eurozone, United Kingdom, Japan (%)



Performance of investment grade bond assets

The following chart shows the changes in 10 yr interest rates of the main Eurozone countries (Germany, France, and Italy), the United States, Japan and the United Kingdom.

10-year interest rates on sovereign bonds since 2000 (%)



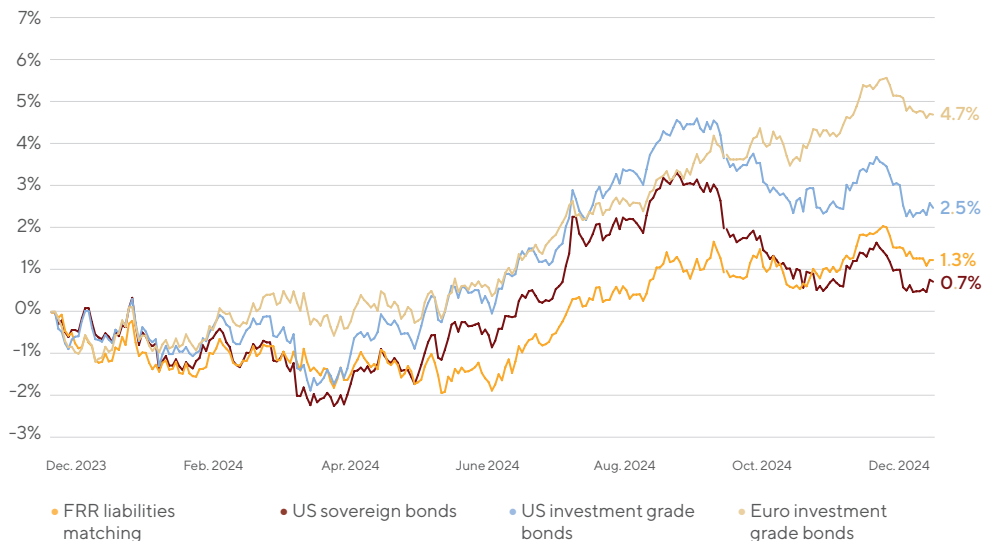
In the United States, sovereign interest rates rose slightly, from 3.9% in early 2024 to 4.6% at year end for the 10-year benchmark. US 10-year rates saw moderate fluctuations over the course of the year, peaking at 4.7% in April with a low of 3.6% in September. Despite the policy rate cut cycle commenced by the US central bank (FED) in September 2024, medium- to long-term interest rates have been supported by very solid economic growth in the United States and core inflation continuing to show resilience.

In France, sovereign interest rates have also increased, from 2.6% at the beginning of the year to 3.2% at the end of 2024 for the 10-year benchmark. French 10-year rates did not fluctuate greatly during the year, peaking at only 3.3% in July. Conversely, the 2-year rate has fallen, from 2.9% to 2.3% since the beginning of the year, mainly due to the ECB's rate cut.

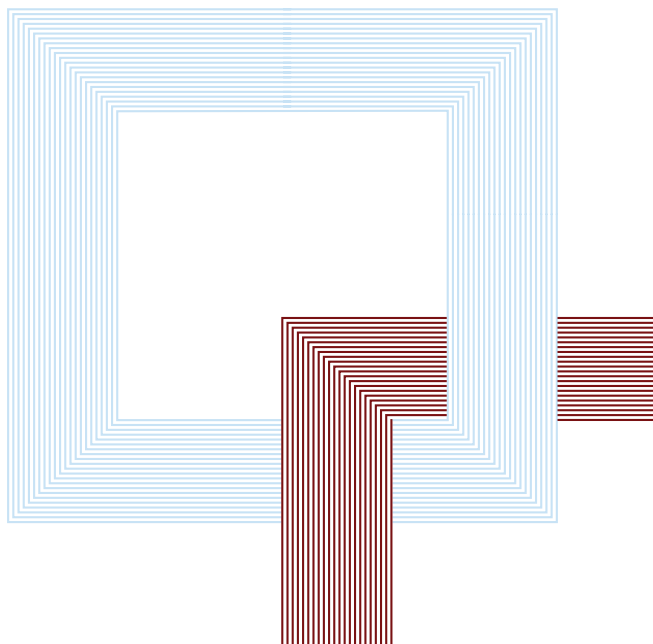
These slight rate increases were offset by positive carry, which meant moderately positive returns for liabilities matching and US Treasuries over 2024. In addition, credit assets were supported in 2024 by a fall in credit risk premiums for euro and dollar issues.

Performance of liability hedging assets in 2024

Performance calculated taking into account foreign exchange hedging of the Strategic Allocation



In the investment grade segment, the risk premiums for euro credit decreased by 0.4% and those for dollar loans by 0.2%, continuing their downward trend that began in the autumn of 2022. As of 31/12/2024, risk premiums were at the relatively low levels of 1% and 0.7% respectively for euro and dollar issues.

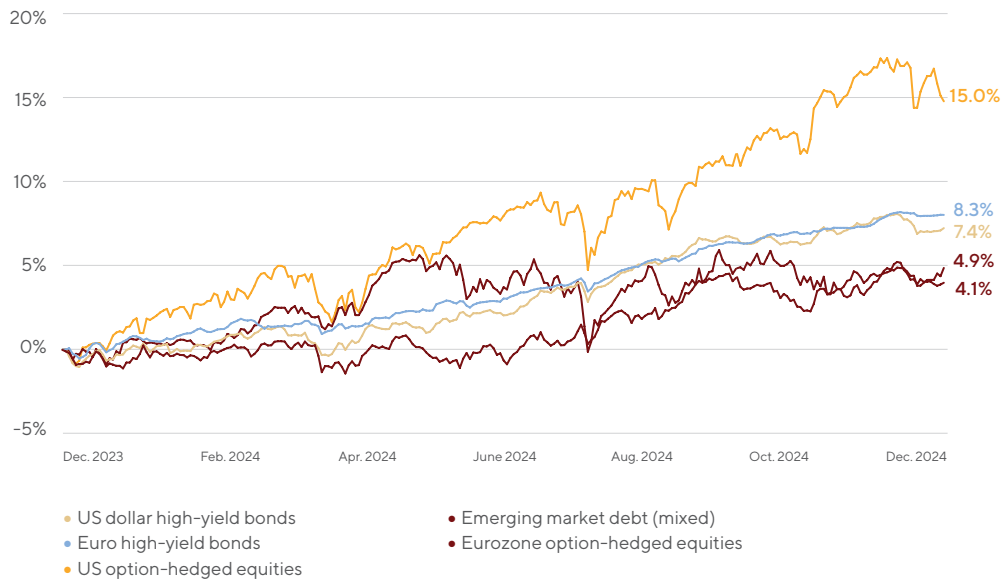


Performance of intermediate risk assets

The FRR's intermediate risk assets include option-hedged equities, emerging market debt and euro and dollar denominated high-yield corporate bonds. These assets also grew in 2024, between +4.1% for emerging market debt and around 8% for high-yield corporate bonds, due in particular to the fall in risk premiums. Option-hedged equities performed strongly with 15% in the US and around 5% in the Eurozone.

Performance of intermediate risk assets over 2024

Performance calculated taking into account foreign exchange hedging of the Strategic Allocation



Performance of equities not hedged with options

Against a backdrop of resilient global growth, particularly in the US, continued disinflation and the beginning of a cut cycle for key rates by the main Western central banks, equity markets are posting positive performances in 2024.

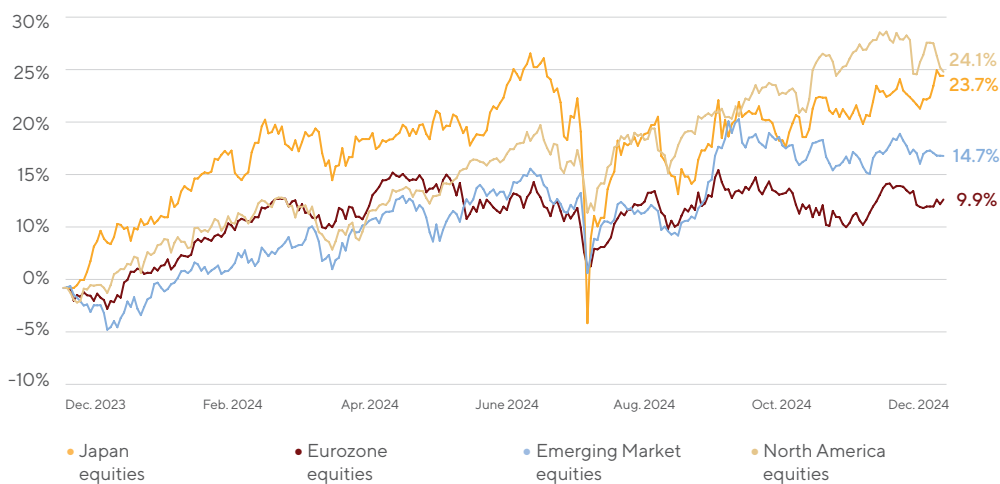
The global equity index returned 18.7% in dollar terms in 2024. The rise was fairly steady throughout the year, with the exception of a fall of around 8% from mid-July to the first week of August due to recession fears in the United States and the Japanese equities market being under pressure from the rapid rise of the Yen around that time. The Japanese stock market then fell by -24%, as a result of the massive unwinding of “carry trade” strategies, very popular for the Japanese currency due in particular to rates being lower than in other zones, and weak liquidity at that time. However, this over-reaction was rapidly corrected by investors, with the Japanese stock market regaining almost 23% over the following 3 weeks.

US equities clearly outperformed, with an increase of 24.1% (in dollars) driven mainly by the technology and financials sectors, followed by Japanese equities with a performance of 23.7% over the year. Eurozone equities performed less well, increasing 9.9%. Emerging market equities achieved a performance in euros of +14.7% in 2024.

For Eurozone equities, the underperformance was principally centred on French equities, which returned only 1% in 2024, penalised by certain sectors such as luxury goods and technology, together with French banks, which heavily underperformed their European counterparts. For example, French banks grew by around 5% in 2024 compared to a performance of almost 50% for German banks and even 60% for Italian banks. The other major equity markets in the Eurozone (Germany, Italy and Spain) returned between 17% and 18% in 2024.

Performance of equity markets in 2024

Performance calculated taking into account foreign exchange hedging of the Strategic Allocation



Changes in Asset Position

In 2024, the overall performance of the portfolio's liability hedging assets was 2.8 %, whereas performance seeking assets (including equities and intermediate risk assets) achieved 9.5 %. Given this performance, the FRR's asset value increased by +6.5 % and at the end of 2024 stood at 20.4 Bn€. It fell by 0.8 Bn€ in 2024 however, adjusted for the payment to CADES of 2.1 Bn€ in June, it increased by +1.3 Bn€.

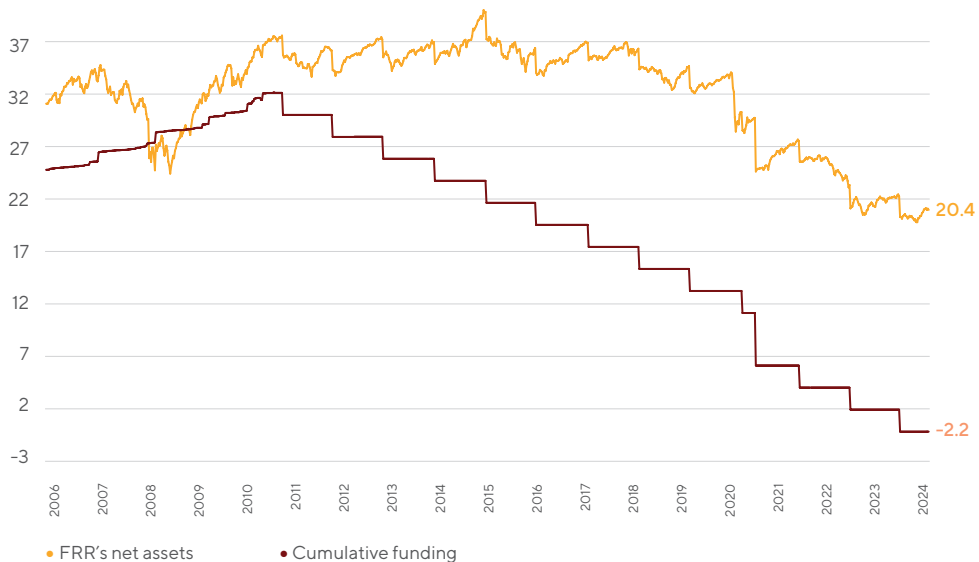
Since the end of 2010, performance seeking assets (non-hedged equities) and intermediate risk assets have increased by 133.1% overall, whereas liability hedging assets have increased by 25.3%.

Since the end of 2010, the liabilities comprised 14 annual payments of 2.1 Bn€, from 2011 to 2024. However, following the health crisis, the FRR's asset situation altered in 2020 by the immediate return of the CNIEG balance (approximately 5 Bn€) and by the addition to the FRR's liabilities of 9 annual payments of 1.45 Bn€, from 2025 to 2033.

The FRR has now repaid all sums allocated to it (around 32 Bn€) and paid out 2.2 Bn€ in excess of this amount. In total, the FRR has therefore generated 22.6 Bn€ in gross value above the sums that it has received since its inception.

Changes in the FRR's net assets

At 31/12/2024



Value creation

Value creation represents the difference between the increase in the FRR's assets (adjusted for contributions and payouts since the end of 2010) and the average rate of French debt upon issue (taking into account the CADES financing premium). The annualised performance of the portfolio since 1 January 2011 stands at +4.0% net of all expenses, well above the cost of the public debt borne by CADES of 1.45% over the period.

This performance has helped generate a cumulative net value for the public finances of 14.1 Bn€ (an increase of 1.1 Bn€ compared to the end of 2023) since the end of 2010. The FRR is therefore a key player for the public finances and will continue to be able to play this role over the long term, especially if the sums allocated to it remain substantial.

FRR value creation

compared to an investment at the cost of French debt (in Bn€)



RIGOROUS MANAGEMENT PROCESS

Asset Allocation

Asset allocation process

A refined and robust investment process

Asset allocation analysis is the responsibility of the Asset Allocation Department, which presents its research to the Executive Board forming the basis of its recommendations made to the Supervisory Board.

The long-term strategic allocation is reviewed annually after consultation with the various parties that form, and approval by, the Supervisory Board. The research is based primarily on two long-term macroeconomic scenarios: a reference near-to-consensus scenario, and a downgraded scenario. Forecasts ultimately include GDP growth, the unemployment rate, underlying and total inflation and equity earnings growth, both in France and the United States. Each scenario includes a margin for uncertainty. Finally, since 2022, climate scenarios, building on the framework designed by the central banks' Network for Greening the Financial System (NGFS), are combined with each of the macro-economic scenarios.

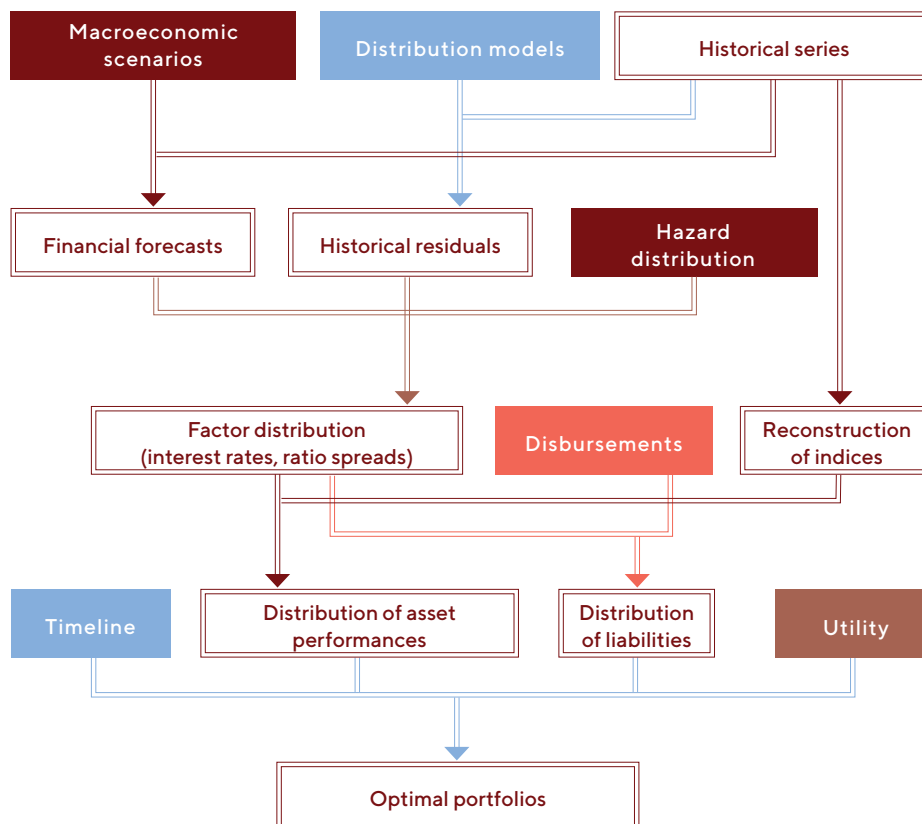
The baseline scenario assumes an orderly transition of "Below 2°C", in which climate policies are introduced relatively early to become progressively more restrictive and thereby achieve carbon neutrality after 2070. The downgraded scenario is associated with a disorderly "Delayed Transition", characterized by emissions that continue to grow until 2030 and then require the introduction of more restrictive policies to achieve a target 2°C temperature increase by 2100, as in the "Below 2°C" scenario.

In late 2023, the NGFS published phase IV of its work and made improvements in the modelling of chronic and acute physical risks that exacerbated the impact of climate loss and damage in all representative scenarios. Under the "Current Policies" scenario, the estimated cumulative global GDP loss by 2050, linked entirely to the increase in physical risks, has therefore increased from 8% in the previous version to 14% in phase IV. Taking into account acute physical risk as a significant source of risk in both the short and long term has resulted in downwardly adjusted growth trajectories in the economic scenarios compared to the previous strategic allocation.

The economic projections of the two scenarios are then translated into market variables: short and long rates in France and the United States, risk premiums of the various bond assets, equity valuations. The uncertainty on the parameters of the models underlying the forecasts is quantitatively translated using the Bayesian framework: beyond taking into account the uncertainty on the forecasts, Bayesian inference is a transparent way of combining elements of qualitative judgment with the observed history.

The second type of uncertainty is the stochastic uncertainty inherent in the financial markets, which have their share of ups and downs: these are injected into the models used to determine the distributions of the various factors modelled. These models include Diebold-Li on interest rates (based on Nelson Siegel factors), Black-Karasinski on risk premia, and Campbell-Shiller on equity returns. Finally, factor distributions are used to obtain asset class performance distributions.

This process is used to reconstruct the returns on asset classes having the characteristics historically observed while reflecting opinions on their future behaviour. The quantitative techniques employed are academically proven, robust, transparent and provide the governing bodies with a high degree of confidence in the results obtained. Thus, these returns combined with the FRR's financial position (assets and liabilities, investment timeline) and its utility (management objectives and risk aversion), will serve as a basis for the development of optimal portfolios presented to the Executive Board and the recommendations made to the Supervisory Board.



These optimum portfolios are split between the FRR's various asset classes, forming three groups¹:

- liability hedging assets, highly correlated with liabilities, with low expectation of performance and low risk (Government bonds including liabilities-matching OAT, liquid assets, investment grade corporate bonds denominated in euros and dollars);
- non-hedged developed and emerging market equities, with a high expectation of performance and high risk;
- intermediate risk assets (high-yield corporate bonds, emerging market bonds, option-hedged developed market equities), presenting an expectation of performance and risk intermediate between those of liability hedging assets and non-hedged equities.

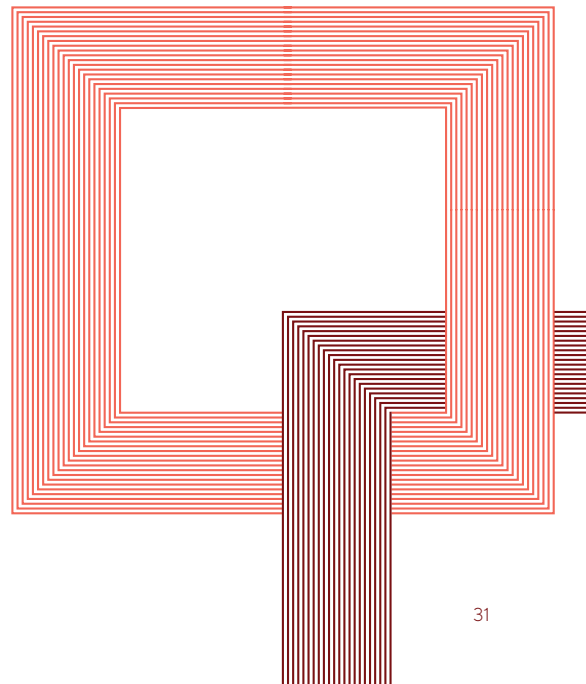
Optimal strategic allocations enable the FRR to achieve its objectives:

- meeting its payment obligations to CADES: 1.45 Bn€ from 2025 to 2033. The investment timeline having been extended beyond 2033, the work on the strategic allocation should secure any recurring payment liabilities of the FRR in the social sphere of around 500 M€/year as from 2034. Meeting this objective is reflected by an extremely low likelihood, in the simulations, of insufficient funds;

- achieving a worthwhile return and in particular greater than the cost of French national debt. The significant proportion of non-hedged equities and intermediate risk assets (overall these two categories represent around 80% of the FRR's portfolio) satisfies this ambition.

The construction of the strategic allocation is the result of over 15 years of research and development at all stages, from the formulation of macroeconomic forecasts to portfolio optimization methods. This work has contributed to the gradual incorporation of new asset classes to continuously improve the portfolio and to the broad approval each year by the Supervisory Board of the recommended allocations.

The FRR superposes tactical views on its strategic allocation, decided by the Executive Board based upon macroeconomic and market forecasts. These tactical positions help to better position itself in the economic cycle over a timeline of 3 months to 1-2 years, and to manage portfolio risk, with the aim, for example, of protecting the gains accumulated during periods of high volatility.



1 • The FRR's unlisted assets are a hybrid of these three groups.

Changes in the Liabilities Coverage Margin

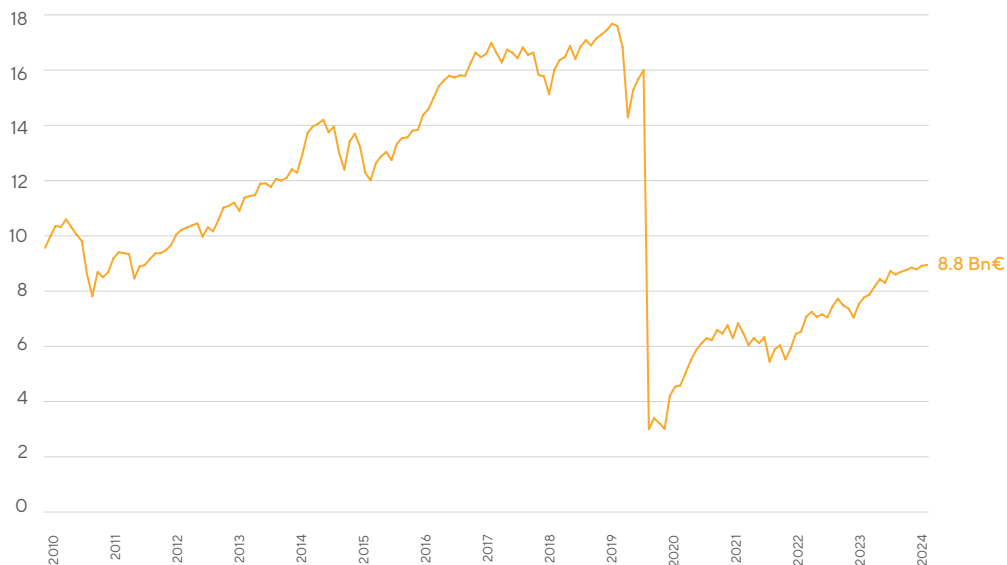
In the process of optimizing the strategic allocation, in addition to the long-term horizon, the FRR's ability to invest a large proportion of its portfolio in performance seeking assets, which are more volatile in the short/medium term, is made possible by the FRR's Liabilities Coverage Margin (LCM). This helps absorb any large-scale fluctuations in the short/medium term

without jeopardising the FRR's ability to meet its obligations in the long term, and thereby to conserve a significant proportion of the more remunerative assets over the long term.

In 2024, the liabilities coverage margin (assets minus liabilities) increased by +1.1 Bn€, to reach at year-end 8.8 Bn€.

Changes in the liabilities coverage margin

Since 31/12/2010



Changes in the portfolio in 2024

The FRR's structural management decisions in 2024, including strategic and tactical allocation changes, led to the following modifications in the portfolio between the end of 2023 and the end of 2024. This portfolio shows the FRR's exposures to asset classes, including derivative positions.

Changes to the FRR's portfolio from 2023 to 2024

	END OF 2023	END OF 2024	CHANGE
European equities	10.6%	14.0%	3.4%
Non-European developed market equities	8.3%	14.4%	6.1%
Emerging market equities	5.2%	5.1%	-0.1%
Unlisted assets, share of non-hedged equities	7.5%	7.9%	0.5%
Non-hedged equities	31.6%	41.4%	9.8%
Developed market option-hedged equities	9.4%	5.5%	-3.9%
High yield corporate bonds in euros	10.6%	13.4%	2.8%
High yield corporate bonds in dollars	8.1%	9.5%	1.4%
Emerging market bonds	7.5%	7.6%	0.1%
Unlisted assets, share of intermediate risk assets	3.1%	2.8%	-0.3%
Intermediate risk assets	38.7%	38.8%	0.1%
Investment grade corporate bonds in euros	10.8%	5.4%	-5.4%
Investment grade corporate bonds in dollars	6.8%	4.5%	-2.3%
Liabilities matching	8.4%	7.4%	-1.0%
Liquid assets	0.5%	-0.6%	-1.1%
Unlisted assets, share of liability hedging assets	3.3%	3.1%	-0.2%
Liability hedging assets	29.8%	19.8%	-10.0%

The extension of the horizon beyond 2033 has had profound consequences for the FRR's allocation. Indeed, performance simulation models include an assumed return to equilibrium on rates, spreads and equity valuation ratios. Under this assumption the risk of the corresponding asset classes is linked to the investment horizon. The longer horizon has helped to reduce equity risk and therefore to increase the proportion of equities. At the end of June, the optimal long-term allocation thus included 41.5% of unhedged equities, an increase of 9 points compared to the strategic allocation of June 2023, in return for a reduction in the weight of liability hedging assets.

In addition, the most significant flexible management move has been the gradual reduction in the over-hedging of equities compared to the strategic allocation with the aim of moving towards it. This over-hedging reflected prudent manage-

ment of the allocation, due to the perceived risk related to world economic growth. In total, the notional hedged fell by 840 M€ in 2024 with gradual reductions in notionals in January, early June, at the time of the transition to the new strategic allocation and finally in September. These movements have been beneficial due to the rise in the equity markets in 2024, particularly in the United States in 2024. These have helped increase the weight of unhedged equities at the end of 2024, in exchange for a reduction in the weight of hedged equities, placed within intermediate risk assets.

Finally, the extension of the horizon beyond 2033 has also enabled the FRR to launch a new strategy for unlisted assets as from 2025. As a result, it may be possible to commit up to 500 M€ per year, distributed between private equity, private debt, infrastructure and real estate, and thus maintain the target amounts invested in unlisted assets of nearly 3 Bn€.

Implementation of the allocation

Implementation of the diversified allocation

The FRR then implements the allocation decisions by allocating the appropriate amounts to the various selected managers. The FRR's investments are made entirely through investment service providers, with the exception of day-to-day cash management. "Portfolio" investments comprise management mandates, awarded by request-for-proposal process, or investment funds chosen after a rigorous selection procedure. Service providers are selected by the Delegated Management and Responsible Investment Department, whose mission is to select managers for the purpose of implementing the adopted asset allocation, overseeing and reporting on the investments, defining and implementing ESG policy and, finally, managing the FRR's treasury.

The vehicles used to implement the allocation are mainly mandates, which allow the FRR to specify its management objectives and constraints in fine detail, and then to exercise, via the managers, a voting and engagement policy in line with best practices. The FRR's mandates are comprised of both index replication management mandates (in particular for Eurozone large and mid-cap equities against smart beta indices aiming, over the medium to long term, to outperform the standard capitalisation-weighted indices), and active management mandates which seek consistent relative outperformance, for example on small-cap equities, Japanese equities or corporate bonds.

The aim of this management mandate “core-satellite” approach is to guarantee exposure to the main markets, at the lowest possible cost, with selection risk focused primarily on active strategies deemed best positioned to reward it. Under the active management mandates, several managers are selected by geographical area, to diversify the overall risk of the portfolio. At the end of 2024, excluding derivatives and unlisted assets, active management accounted for around 59% of the FRR's total net assets and 65% of equity investments.

Several investments in unlisted assets also form part of the FRR's portfolio, including private equity mandates (8 mandates) and private debt mandates (4 mandates).

Unlisted assets are included in the portfolio as a substitute for listed assets, since the strategic allocation includes only the latter. Indeed, unlisted assets make it possible, over the long term, to earn a performance premium compared to listed assets of comparable long-term risk. As a long-term investor, the FRR is able to integrate a proportion of illiquid assets and capture this yield premium. It calibrates the proportion of illiquid assets so as not to have to sell them to meet its liabilities, even in the event of a highly unfavourable scenario.

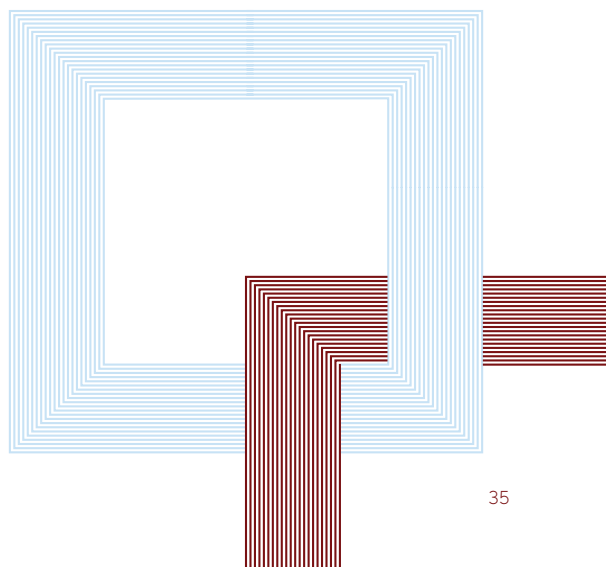
Investments in investment funds are chosen in the event of operational constraints or for increased flexibility. These include several asset classes: emerging market debt, emerging market equities, unlisted assets (a share of private equity and private debt, real estate, infrastructure) and monetary management.

Two specific transversal or “Overlay” management mandates enable, first, to hedge the FRR's foreign exchange risk and, secondly, via investments in simple derivatives (stock or bond index futures traded on a regulated market), to adjust the allocation at lower cost and without inter-

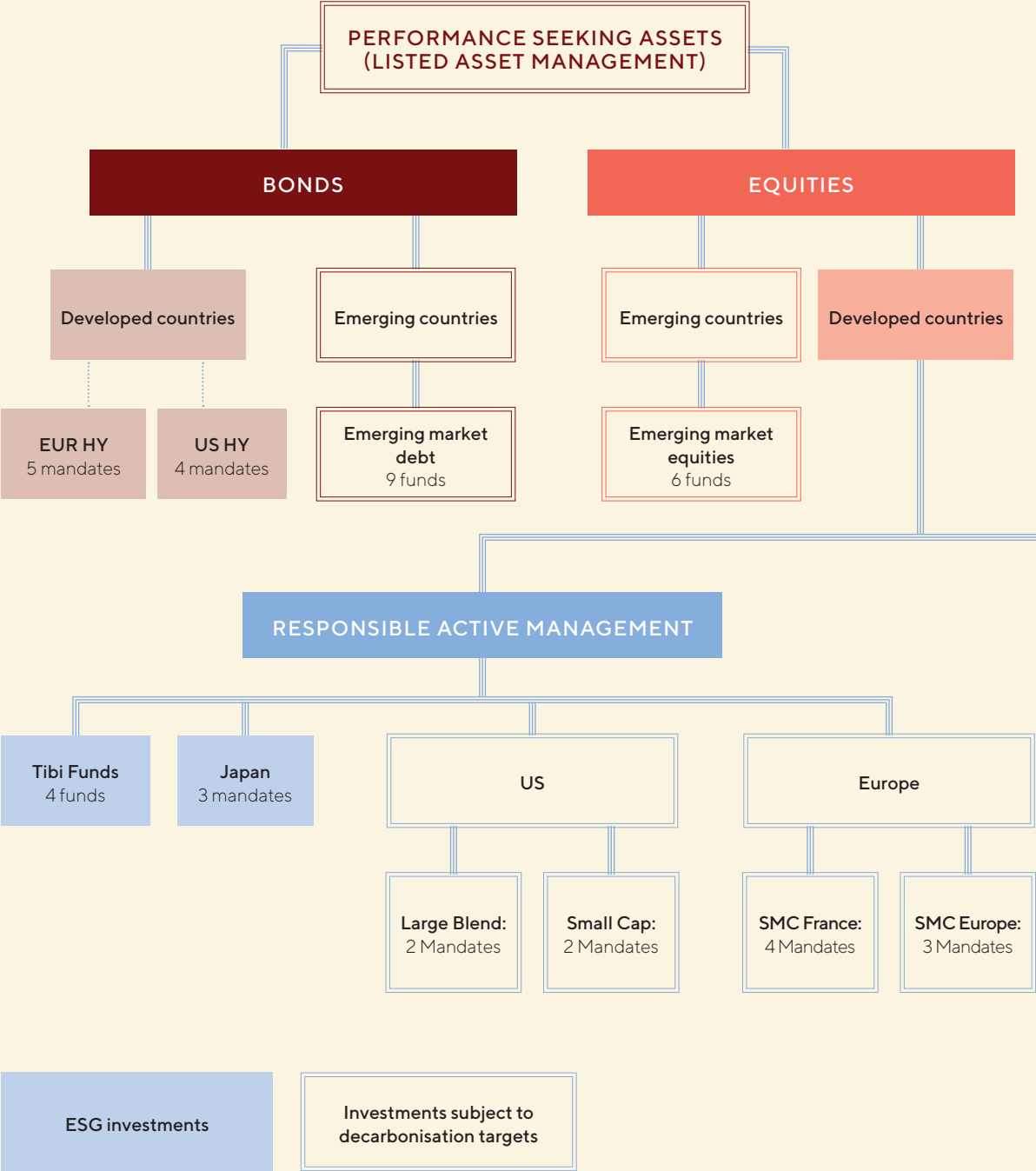
vening in the management of the securities portfolios and thirdly, to put in place option hedging strategies on regulated markets. Finally, transitional managers are used to optimise the costs of buying and selling securities when changing managers, or at the time of contributions to or withdrawals from mandates.

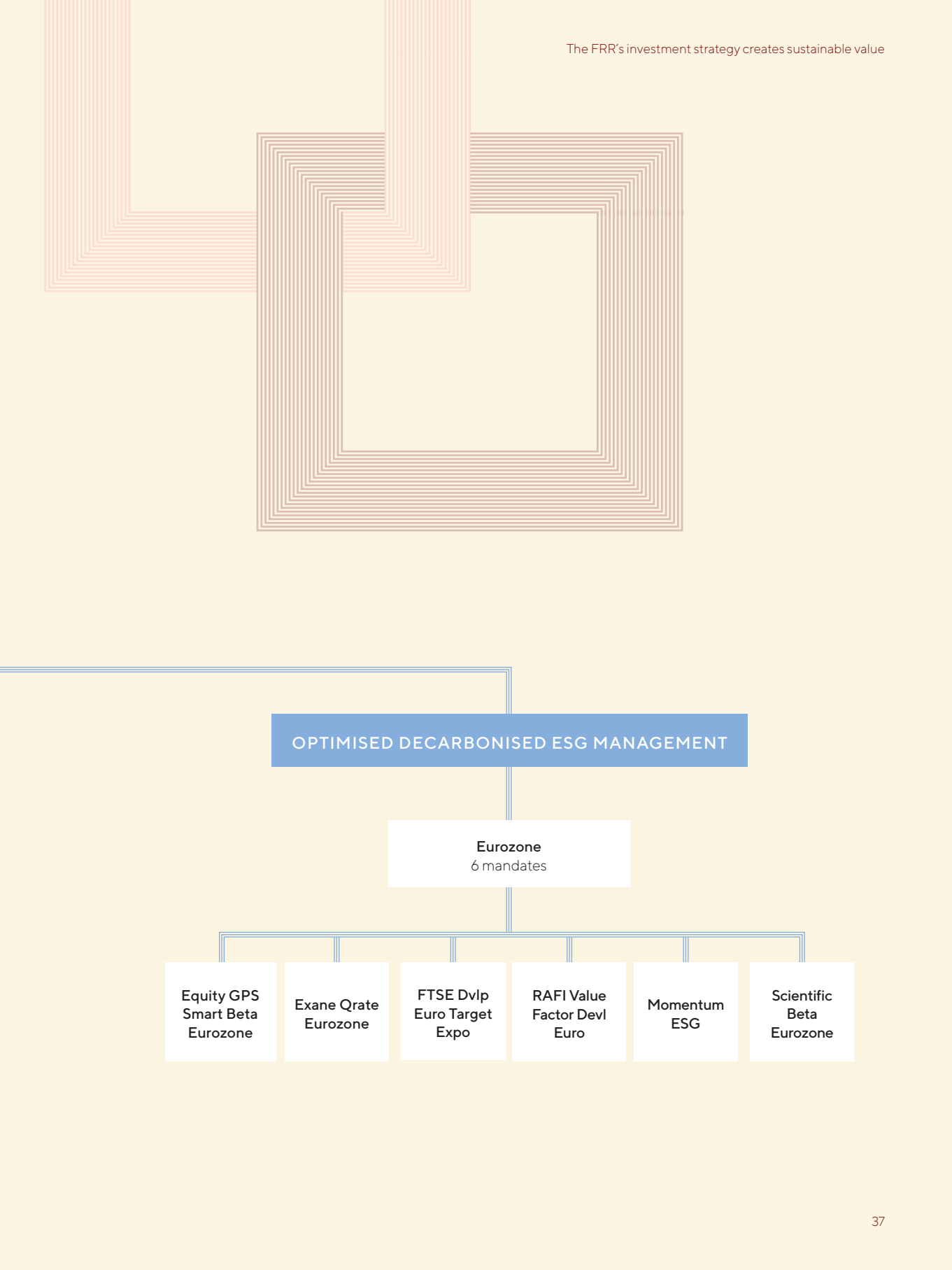
For the purpose of selecting the best proposals and arbitrating where necessary, analysis is regularly conducted on performance drivers and portfolio risk indicators and highly focused internal financial and non-financial reports are produced.

The analyses are then submitted for their opinion to the Manager Selection Committee, composed of independent experts from outside the FRR, and chaired by a member of the Executive Board.

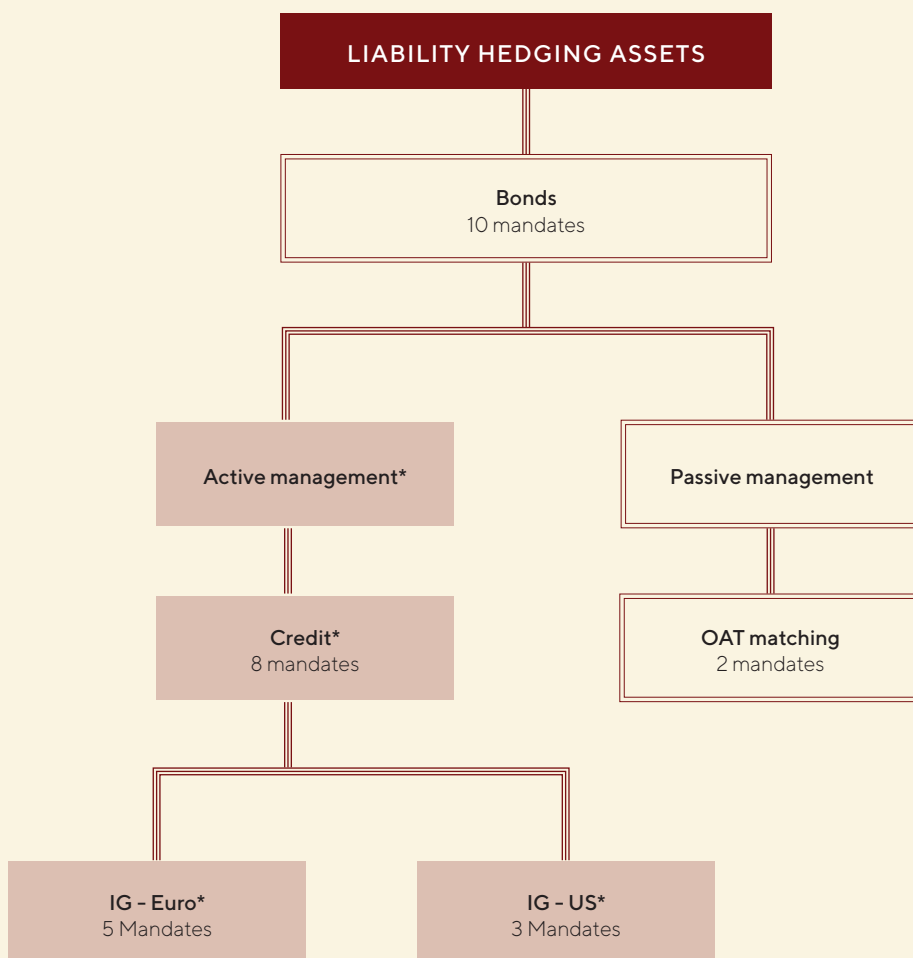


Map of performance seeking assets at 31/12/2024
(physical investments)

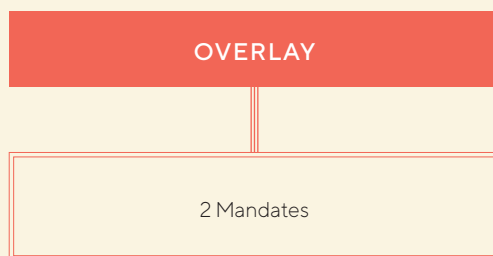




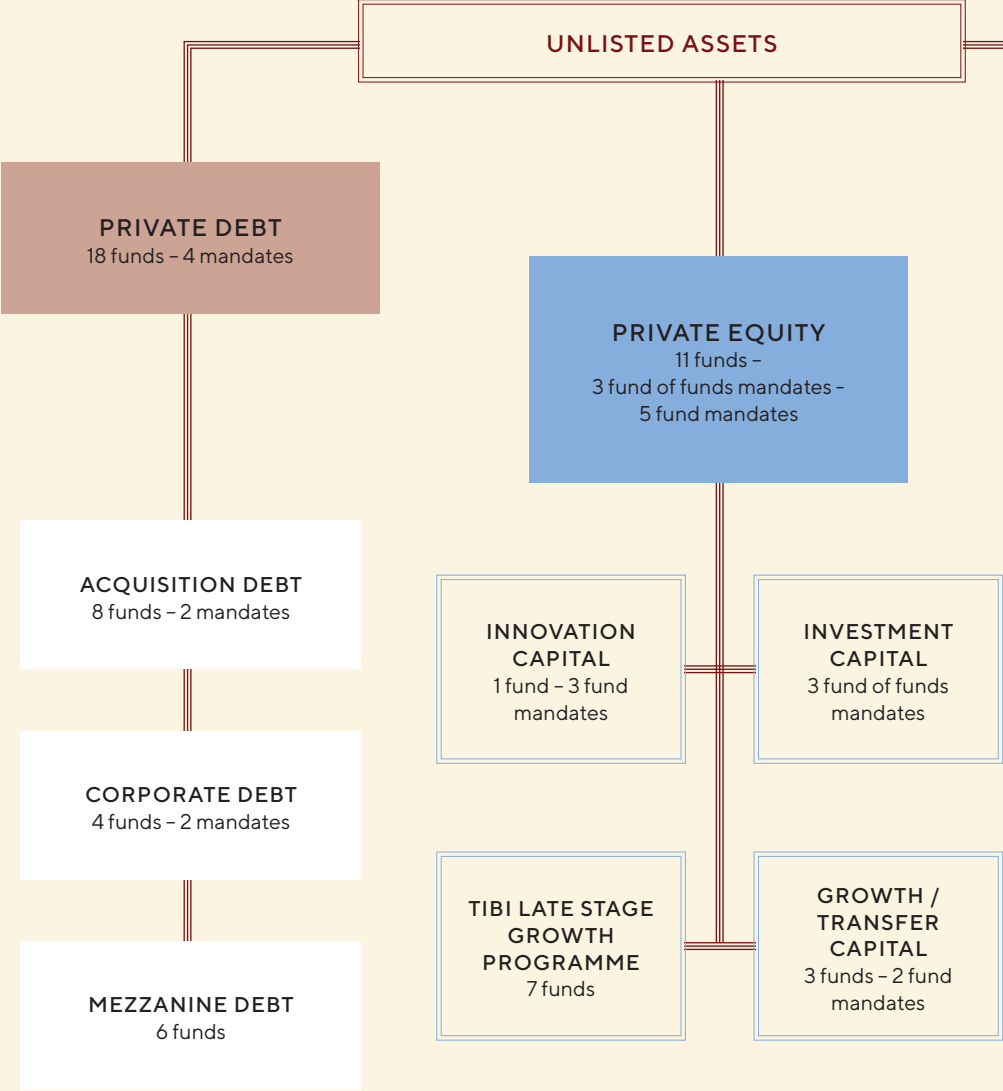
Map of liability hedging assets, Overlay, transition management and treasury, at 31/12/2024

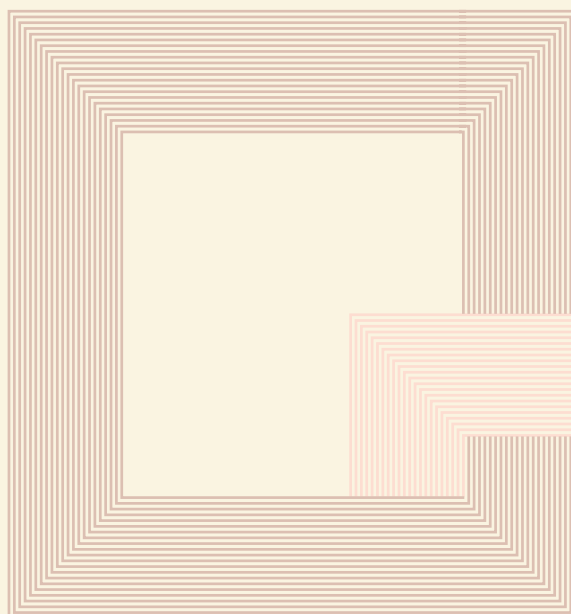
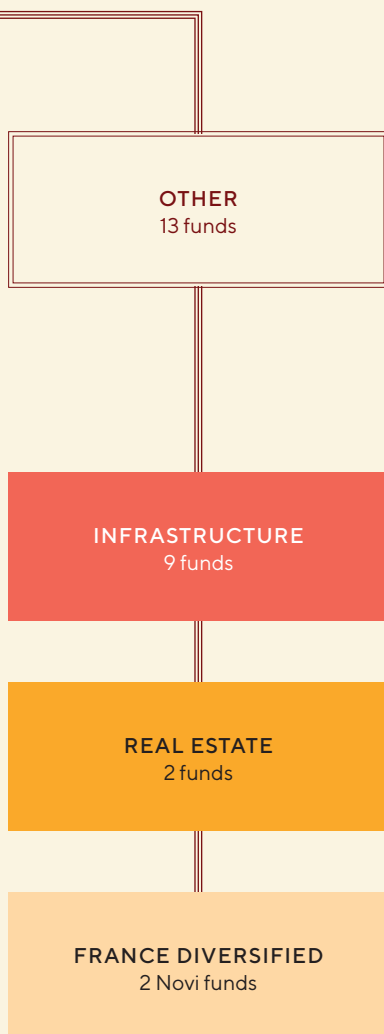


* These investments are subject to decarbonisation targets



Map of unlisted assets, at 31/12/2024 (excluding private Equity 2007)





Rigorous selection of management companies based on financial and non-financial criteria

Financial aspect

Mandate managers are selected through a tender process allowing an in-depth analysis of the managers' strengths and weaknesses and thereby increasing the likelihood of future outperformance, avoiding operational incidents and minimizing management costs. Indeed, during requests-for-proposals, the financial assessment involves analysing the management teams and their structure, the management and trading tools, management processes, research, past performance in many aspects and their replicability for the future. The analysis is then submitted for their opinion to the Manager Selection Committee (MSC), made up of independent experts from outside the FRR and chaired by a member of the Executive Board. The final selection is ultimately approved by the Executive Board having regard to the opinion of the MSC.

The selection procedure includes the following phases aimed at identifying the best proposals:

- **Defining the investment framework**

This phase culminates in a launch memorandum that sets out the terms of the request-for-proposals in line with the investment framework defined by the strategic allocation.

- **Selection of applications**

Based mainly on quantitative elements, applications are ranked for the purpose of inviting a limited number of applicants to take part in the proposal phase.

- **Selection of proposals**

Relying mainly on qualitative criteria, the proposals received are analysed and ranked. The FRR may, as necessary, request clarifications or further detail on the proposals received.

Following each request-for-proposals, the FRR corresponds with **the companies whose proposals were not selected** to apprise them of the strengths of their applications or the weaknesses in absolute terms or compared to other bidders or having regard to the FRR's expectations to enable them, should they consider it appropriate, to **take improvement action**.

The selection of investment funds and benchmarks follows an extensive competitive process resembling (in a condensed form) the RFP process, and targeting the best providers for each asset class. The selected investment funds are also subject to approval by the MSC.

Integrating ESG aspects into the selection process

As part of the manager selection process via requests-for-proposals, ESG criteria hold a very important place and take effect in various ways:

Integration of ESG in each stage of the selection:

The three phases of analysis incorporate ever more decisive ESG criteria:

- **Application phase:** evaluation of quantitative criteria measuring the coverage of ESG aspects by management companies and their implications for these matters;
- **Proposals phase:** deeper understanding of the resources deployed and the process for integrating ESG criteria into asset management, including in particular portfolio decarbonisation and engagement initiatives conducted with companies, with verification and clarifications acquired during site visits, if necessary.

Through the implementation of responsible active management:

For all of its active management mandates, the FRR imposes a “responsible active management” approach. This approach requires managers to integrate ESG aspects into their analysis and management process whilst also applying the FRR's exclusions policy (banned weapons, tobacco and coal), as well as its voting and engagement policies. The decarbonisation trajectory is an important objective of this approach, as are social justice and respect for biodiversity.

Managers must therefore demonstrate, through the structuring of their analysis, the integration of the management teams and implementation of appropriate processes:

- **integration of non-financial criteria** in the assessment of investments (in particular through ESG scoring and management of controversies);
- **consideration of CO₂eq emissions**, alignment of the portfolio with a 1.5°C trajectory, proportion of green and transition energies (gas and nuclear), assessment of physical, transition and biodiversity risks;
- **constructive dialogue** with companies in the portfolio.

The managers also produce quantitative and qualitative reports detailing the actions implemented and the progress made in terms of ESG. More broadly, they favour companies whose strategy aligns with the Paris Agreement and must provide, bi-annually (on 30 June and 31 December), to the FRR, the GHG emissions level of the portfolio (and the benchmark) to monitor the decarbonisation trajectory.

As regards fund selection, the importance given to ESG issues is equally great and the questionnaires also integrate the same aspects covered in the RFPs. In addition, the FRR focuses on selecting funds certified Article 8 or 9 under the SFDR regulation or those satisfying the same requirements. The idea is to promote ESG characteristics and/or sustainability goals to support companies in adopting better practices in whatever geographical area they may be located. Engagement practices are analysed and promoted in the same manner as for mandates.

FRR'S MANAGEMENT COMPANIES AT 31 DECEMBER 2024

The following companies were selected by request-for-proposals:

2005FRR05

PRIVATE EQUITY
PROGRAMME

- PANTHEON VENTURES
(UK) LLP (EUROPEAN
DIVERSIFIED FUND)

2016FRR02

DEDICATED FUND
MANDATES – FRENCH
CORPORATE PRIVATE
DEBT – LOT 1 – PRIVATE
PLACEMENTS

- BNP PARIBAS ASSET
MANAGEMENT
EUROPE
- SCHELCHER PRINCE
GESTION

2016FRR02

DEDICATED FUND
MANDATES – FRENCH
CORPORATE PRIVATE
DEBT – LOT 2 –
ACQUISITION DEBT

- EURAZEO GLOBAL
INVESTOR SAS (formerly
IDINVEST PARTNERS)
- AMUNDI ASSET
MANAGEMENT (formerly
LYXOR INTERNATIONAL
ASSET MANAGEMENT
SAS)

2016FRR03

DEDICATED FUND
MANDATES – PRIVATE
EQUITY FUNDS
SELECTION

- ARDIAN FRANCE
- SWEN CAPITAL
PARTNERS
- LGT CAPITAL PARTNERS
LIMITED

2016FRR05

DEDICATED FUND
MANDATES –
INNOVATION EQUITY
FRANCE

- EURAZEO GLOBAL
INVESTOR SAS (formerly
IDINVEST PARTNERS)
- TRUFFLE CAPITAL SAS
- OMNES CAPITAL

2017FRR02

MANAGEMENT
MANDATES – OAT
MATCHING

- AXA INVESTMENT
MANAGERS
- AMUNDI ASSET
MANAGEMENT

2017FRR03

DEDICATED FUND
MANDATES – GROWTH
EQUITY FRANCE

- LBO FRANCE
- ISATIS CAPITAL

2019FRR01

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES – JAPANESE
EQUITIES

- BFT INVESTMENT
MANAGERS / Wellington
Management Japan
Private Limited
- COMGE'ST SA
- NOMURA ASSET
MANAGEMENT
EUROPE KVG MBH
(NAM EUROPE)

2019FRR02

OVERLAY MANAGEMENT
MANDATES

- AXA INVESTMENT
MANAGERS PARIS
- RUSSELL INVESTMENTS
FRANCE

2020FRR01

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: CORPORATE
BONDS – LOT 1 – EURO
DENOMINATED
INVESTMENT-GRADE
CORPORATE BONDS

- AXA INVESTMENT MANAGERS PARIS
- BFT INVESTMENT MANAGERS / M&G INVESTMENTS
- BFT INVESTMENT MANAGERS / UNION INVESTMENT INSTITUTIONAL GmbH
- BLACKROCK NETHERLANDS B.V.
- DWS INTERNATIONAL GMBH

2020FRR01

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: CORPORATE
BONDS – LOT 2 – EURO
DENOMINATED HIGH
YIELD CORPORATE
BONDS

- BLACKROCK NETHERLANDS B.V.
- CANDRIAM
- DEGROOF PETERCAM ASSET MANAGEMENT SA
- DWS INTERNATIONAL GMBH
- THREADNEEDLE MANAGEMENT LUXEMBOURG SA

2021FRR02

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES – US
DOLLAR DENOMINATED
INVESTMENT-GRADE
CORPORATE BONDS

- ALLSPRING GLOBAL INVESTMENTS LUXEMBOURG SA (formerly WELLS FARGO ASSET MANAGEMENT LUXEMBOURG SA)
- FRANKLIN TEMPLETON INTERNATIONAL SERVICES SARL
- BFT INVESTMENT MANAGERS / METLIFE INVESTMENT MANAGEMENT LLC

2021FRR01

RESPONSIBLE
MANAGEMENT
MANDATES: EQUITY
INDEX REPLICATION
FOR MANAGEMENT
CONSISTENT WITH THE
PARIS AGREEMENT

- AMUNDI ASSET MANAGEMENT
- BNP PARIBAS ASSET MANAGEMENT France
- CANDRIAM

2021FRR03

TRANSITION
OPERATIONS
MANAGEMENT

- RUSSELL INVESTMENTS FRANCE
- BLACKROCK NETHERLANDS B.V.

2022FRR01

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: US DOLLAR-
DENOMINATED HIGH
YIELD CORPORATE
BONDS

- BFT INVESTMENT MANAGERS (PGIM FIXED INCOME)
- JPMORGAN ASSET MANAGEMENT (EUROPE) S.A.R.L.
- NOMURA ASSET MANAGEMENT (EUROPE) KVG MBH
- ALLIANCEBERNSTEIN (LUXEMBOURG) SARL

2022FRR03

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: EUROPEAN
SMALL AND MID-CAP
EQUITIES

- ABERDEEN INVESTMENTS IRELAND LIMITED / Abridn Investments Limited
- DNCA FINANCE
- FIL GESTION / FIL Investments International

2023FRR03

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: FRENCH
SMALL AND MID-CAP
EQUITIES

- AMIRAL GESTION
- HSBC GLOBAL ASSET MANAGEMENT (France)
- INDEPENDANCE AM
- SYCOMORE ASSET MANAGEMENT

2023FRR04

RESPONSIBLE ACTIVE
MANAGEMENT
MANDATES: UNITED
STATES EQUITIES

LOT 1: "RESPONSIBLE
ACTIVE MANAGEMENT
LARGE AND MID-CAP US
EQUITIES ("BLEND")"

- JPMORGAN ASSET MANAGEMENT (EUROPE) SARL / JPMorgan Investment Management Inc.
- BFT INVESTMENT MANAGERS / Parnassus Investments, LLC

LOT 2: "RESPONSIBLE
ACTIVE MANAGEMENT
SMALL-CAP US
EQUITIES"

- FUNDLOGIC SAS / Calvert Research and Management
- WILLIAM BLAIR BV / William Blair Investment Management, LLC

OTHER PROVIDERS

2020FRR02

STATUTORY AUDITORS

- MAZARS SA
- GRANT THORNTON SAS

2022FRR02

SELECTION OF LEGAL
SERVICES PROVIDERS

- FIELDFISHER (FRANCE) LLP AND CABINET ÉMILIE MAZZEI
- KRAMER LEVIN NAFTALIS & FRANKEL LLP

2022FRR04

PRODUCTION
OF FRR WRITTEN
COMMUNICATION
MEDIA

- LUCIOLE

2023FRR01

PROVISION OF
MEASUREMENT
AND ANALYSIS OF
FRR PORTFOLIO
ENVIRONMENTAL AND
CLIMATE FOOTPRINT

- S&P GLOBAL MARKET INTELLIGENCE LLC

2023FRR05

PROVISION OF
MEASUREMENT AND
ANALYSIS OF FRR
PORTFOLIO ESG
FOOTPRINT

- MORNINGSTAR FRANCE FUND INFORMATION

High level reporting requirements

Reporting is used to measure the level of achievement of targets and to assess the possible corrective measures. For the purpose of monitoring portfolios invested in different asset classes and different geographical zones, the FRR has since 2020 required qualitative reports focused on ESG aspects, which must include at least the following elements:

- Reporting on the commitments made by the manager in terms of socially responsible investment indicating on what Environmental, Social and Good Governance (ESG) aspects it focuses its attention within the investment universe; how it takes these non-financial aspects into account in its company research and analysis, and whether they are considered to have an impact on stock selection or portfolio construction; how the commitments made under the management mandates are followed-up, including in terms of resources and organisation (team development, technical resources...).

- Qualitative reporting highlighting especially investments in the eco-technologies sector ("clean technology") or those contributing to energy transition, dialogue or engagement with issuers on non-financial aspects, participation in think tanks or international initiatives relating to ESG, carbon, energy transition, etc..
- Reporting on the ESG ratings of companies in the portfolio with summary information on the ESG ratings attributed by non-financial research analysts, external or internal, for each security under the management mandates.
- Quantitative reporting on standard indicators for the purpose of comparing mandates against each other.
- Reporting confirming compliance with the FRR's exclusions policy.
- Regular reporting on the exercise by the various managers of voting rights must be performed in compliance with the "Voting Guidelines" published by the FRR on its website.

For all new mandates, additional reporting elements, both quantitative and qualitative, covering the actions implemented on ESG matters are now required. Over and above these elements, other aspects are likely to be incorporated into ESG reporting as the market evolves and are discussed regularly between the Manager and the FRR.

Asset management requests-for-proposals in 2024

In 2024, several major requests for proposals for the management of the FRR's funds were launched and finalised.

Finalised

JANUARY 2024: The FRR concluded a request for proposals for the responsible active management of **European small-capitalisation equities** for a total amount of 450 M€. The request for proposals concerned the selection of managers capable of optimising the responsible active management of mandates comprising European small and mid-cap equities of between 200 million euros and 7 billion euros at the time of purchase. Following the procedure, the FRR's Executive Board selected the proposal presented by the following applicant companies:

- ABRDN IRELAND LIMITED (ABRDN INVESTMENTS LIMITED)
- DNCA FINANCE
- FIL GESTION (FIL INVESTMENTS INTERNATIONAL)

MARCH 2024: The FRR finalised a request for proposals for the responsible active management of **French small-capitalisation equities** for a total amount of 300 M€ benchmarked against the "MSCI France Small Caps TR" index.

Following this procedure, the FRR's Executive Board confirmed four consistent management processes incorporating an ESG approach and significant experience in managing small and mid-cap French equities by selecting the proposal presented by the following applicant companies:

- AMIRAL GESTION
- HSBC Global Asset Management
- INDEPENDANCE AM
- SYCOMORE ASSET MANAGEMENT

Three of these were already managing a small and mid-cap French equities mandate under a previous procurement process and were re-selected. A new management company, Indépendance AM, was selected to join them.

JULY 2024: The selection process for the responsible active management of a **US large and mid capitalisation equities "blend" style (800 M€) and US small cap equities (200 M€)** mandate was finalised. These various approaches offer optimal diversification, with potential alpha and ensure an ability to react consistent with different market configurations.

Lot 1: "US Equities, responsible active management, large and mid cap ("Blend")":

- JPMORGAN ASSET MANAGEMENT (EUROPE) / JPMORGAN INVESTMENT MANAGEMENT INC.
- BFT INVESTMENT MANAGERS / PARNASSUS INVESTMENTS LLC

Lot 2: "US Equities, responsible active management, small cap":

- FUNDLOGIC / CALVERT RESEARCH AND MANAGEMENT
- WILLIAM BLAIR B.V. / WILLIAM BLAIR INVESTMENT MANAGEMENT LLC

Among the management companies selected for lot 2, William Blair B.V., was already managing two US equities management mandates, one a "growth" mandate and the other a small capitalisations mandate under the previous procurement process and was re-selected.

Launch of 3 requests for proposals in 2024

FEBRUARY 2024: A request for proposals was launched for the responsible active management of a **Japanese equities all capitalisations, "blend" style** mandate, providing exposure to Japanese equities of all capitalisations with the aim of outperforming the benchmark index "Russell Nomura Total Market customised for tax, controversial weapons and tobacco".

This request for proposals, like all of the FRR's requests for proposals, targets the incorporation of ESG aspects by the applicant companies in their analysis and management process, whilst respecting the FRR's exclusions (banned weapons, tobacco, and coal) and engagement policies particularly on social and biodiversity matters on which the FRR has focused in its new responsible investment strategy.

In addition, as part of the FRR's environment and climate policy, the contract must contribute towards the commitments made by reducing GHG emissions under the mandates by around 60% before 30 June 2029 compared to the GHG emission levels of a capitalisation weighted index observed on the start date of the mandate.

With this last request for proposals, the FRR has therefore attached ambitious decarbonisation targets to all of its mandates in order to meet its commitments as a NZAOA signatory.

This mandate, for an indicative average amount of 400 M€ over its term, reached final selection in January 2025.

APRIL 2024: The FRR launched a request for proposals for **OAT matching** management, in an indicative amount of 1,400 M€. The aim is to provide fixed-date payment flows using a "cash-flow matching" strategy by investing mainly in financial securities issued by the French State, such as French *Obligations Assimilées du Trésor* (OAT) and *Bons du Trésor*.

For this purpose, a benchmark index, reflecting the FRR's anticipated payments timetable, is provided which the managers must replicate.

SEPTEMBER 2024: On 20 September 2024, the FRR launched a request for proposals procedure for the selection of **"overlay" investment service providers**. Through these mandates, the FRR's portfolio closely monitors the target exposures against the various risk factors and can be modified reactively and at low cost, by using derivatives. These mandates are used to control and adjust the risks of the portfolio to enable the FRR to achieve its financial objectives.

For the first time, this request for proposals has been split into two lots, enabling specialist managers to be selected for each specified purpose:

- the first lot is for the management of foreign exchange risk for an amount of 400 M€ in assets under management and total notional amounts of over 4 Bn€;
- the second relates mainly to allocation replication (through total notional amounts of over 2 Bn€ in futures) and options strategy management (total notional amounts of over 1 Bn€) for an amount of 700 M€ in assets under management.

Risk assessment

Risk management governance

Since the 2010 pension reforms, the Supervisory Board each year adopts a strategic allocation based on a management model designed to ensure a high liabilities coverage level (cf. previous section). The FRR's investments mainly take the form of mandates delegated to managers. The FRR is also authorised to invest directly in investment funds, within a limit of 25% of its assets, excluding monetary investment funds. The exposure of the FRR's portfolio via investment funds was 22.83% in December 2024 (compared 22.94% at the end of 2023).

A risks committee reviews on a monthly basis the performance of the portfolios and the FRR, as well as changes to key financial and operational risks. In addition, this committee reviews the investments in new asset classes and defines the risk frame-

works applicable in each case. It is chaired by a member of the Executive Board and led by the risk management teams. More generally, it is responsible for broadening the risk culture throughout the FRR. Presentations on risk committee matters are then given at Executive Board meetings.

The financial performance and risk department (DPRF) is also invited to various FRR specialist committees (Investment Strategy Committee, Manager Selection Committee, Responsible Investment Committee) and issues an opinion when needed. It also participates in various internal bodies (Tactical Investment Committee, Strategic Allocation Steering Committee...). Finally, it delivers opinions on the strategic allocation review, presented at the Supervisory Board meeting devoted to this matter.

Financial risks

Market risks

Market risk on assets: The portfolio's volatility level decreased in 2024 compared to 2023. The year 2024 was characterised by low volatility, which is underlined by the ex-post and ex-ante calculations. The ex-post volatility is at a particularly low level compared to the FRR's long-term average, while ex-ante volatility is in line with its average level. The ex-post annual volatility of the value of the FRR's assets was 3.0% in 2024 (compared to 7.2% in 2023), for an annual return of 6.5% (compared to 9.7% in 2023). The average ex-ante vola-

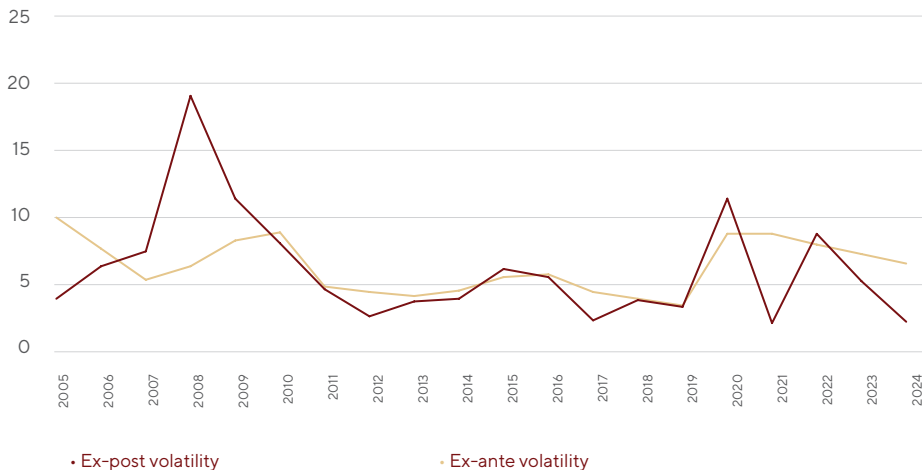
tility was 7.3% in 2024, compared to 8.1% in the previous year. The risk of an adverse change to the value of the portfolio (loss) is assessed over a short-term timescale of one year, which is the same period for which the strategic allocation is updated in consultation with the FRR's governance bodies. Accordingly, the estimated average potential loss over one year in the 1% worst case scenarios, measured by "Conditional Value at Risk" (CVaR) at 99% over one year, is 18.8% of the FRR's assets (compared to 19.8% at the end of 2023), or 4.17 Bn€.

Annual observed volatility

In the portfolio, performance seeking assets (unhedged equities and intermediate risk assets) represent the greatest CVaR risk factor. At the end of 2024, their contribution to the potential average loss related to price fluctuations in the 1% worst case scenarios was 18.0% of the FRR's assets, or 3.67 billion euros (compared to 18.0% at the end of 2023). Within the performance seeking assets, the FRR analyses the exposure of the equities in the Strategic Allocation, the Tactical Portfolio and the Portfolio to Barra risk factors on a monthly basis. In 2024, the portfolio had a slight Small Cap bias and also a slight Value bias compared to its long-term benchmark (Strategic Allocation).

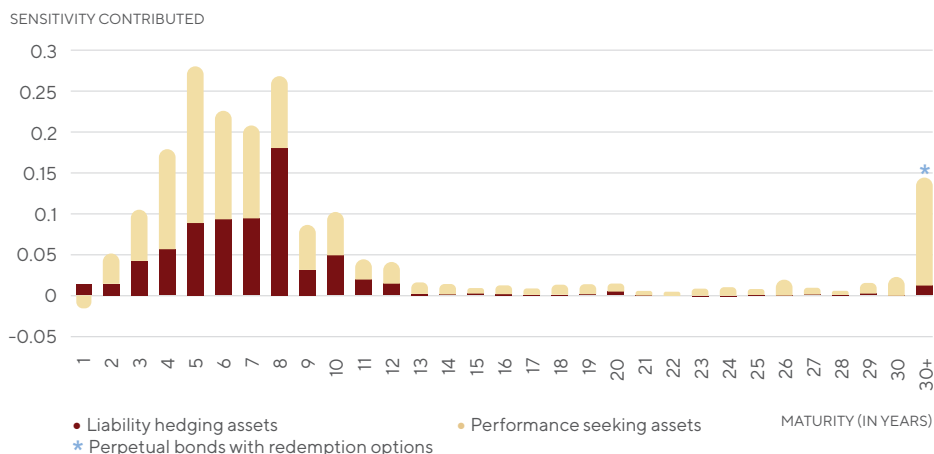
Asset-liability management risk involves the risk of mismatch between the FRR's strategic allocation and compliance with its commitments to CADES, as the FRR's only identified beneficiary. The FRR must pay CADES 1.45 Bn€ per year from 2025 to 2033. This risk depends to a large extent on the evolution of the Liabilities Coverage Margin, which increased in 2024, to 8.8 Bn€.

Interest rate risk: at the end of the year, the contribution to the potential average loss related to interest rate curve fluctuations, measured by a CVaR at 99% over one year, is 0.9% on the FRR's liability hedging assets, or 0.18 Bn€ on the market value of the FRR's portfolio (compared to 1.7% at the end of 2023). The sensitivity of the value of the FRR's portfolio to rate curve fluctuations has decreased slightly, from 2.27 at the end of 2023² to 1.97 at the end of 2024. Therefore, henceforth, for a consistent increase across all rate curves of 100 basis points, the value of the FRR's portfolio would decrease by 1.97%, or around 0.40 Bn€. Reciprocally, a 100 basis point increase in interest rates would result in a fall in the value of the FRR's balance sheet liabilities of 4.17% (sensitivity of 4.49 at the end of 2023). Note that securities with a maturity of over 30 years are essentially perpetual bonds with redemption options.



2 - Including interest rate assets in the performance compartment.

Contributions to portfolio sensitivity by asset type and maturity



Foreign exchange risk: Part of the FRR's portfolio is invested in foreign currencies. The strategic allocation is fully hedged except for assets denominated in emerging market currencies which are not hedged since the currency price is intrinsic to performance. Liability hedging assets are 100% hedged whereas performance seeking assets are 90% hedged. Nevertheless, the FRR maintains a margin of flexibility over its hedging level, provided that its overall currency risk exposure remains below 20% of its total overall assets (regulatory limit). Foreign exchange risk exposure (accounting³) at the end of 2024 represents 11.48% (compared to 12.17% at the end of 2023).

Risks of tracking error between FRR or managers' performance and that of their benchmarks: The volatility of the spread between the performance of the strategic allocation and that of the actual portfolio allocation is measured by tracking error-type indicators (ex-ante TE). This is defined as the annualised standard deviation of the gap in performance between the actual portfolio and the benchmark target allocation. In 2024, all managers observed the TE limits set out in the management mandates. In renewing the equities mandates, the FRR has ensured that the methodologies for calculating ex-ante tracking-error are harmonised, thereby enabling the manager to control effectively its risk budget, in line

3 - Investment funds denominated in euros are not included in this ratio whatever the underlying's currency.

with the FRR. The FRR has developed new approaches to best assess the level of risk and the management style (Barra factors) of the selected managers. This includes, in particular, in the selection process, an in-depth analysis of the ex-ante risk parameters and levels of sensitivity to Barra factors of the portfolios. This approach helps to identify differences in exposure to Barra risk factors between the managers' portfolios and their benchmarks, and therefore their ability to manage within the framework of their ex-ante tracking-error budget.

In parallel with the authorised margin, granted to managers of investment grade credit mandates, to diversify into securities of lower "quality of signature", the FRR regulates their management through a defined limit relative to their benchmark. This regulation is based upon a measurement of the spread weighted sensitivity (SWS) of the value of all of the securities in the portfolio.

Since 2020, the ex-ante financial risk measures adopted by the FRR to steer the management of its service providers have been analysed in-depth (in particular the "Tracking-Error" or TE, and the "Spread-Weighted Sensitivity" SWS) or "Duration Times Spread" DTS), which has led to the managers' and the FRR's various approaches and methodologies for ex-ante risk measurement calculation (TE and DTS) being harmonised where possible.

The desire to harmonise the managers' and the FRR's methodologies stems from the environment in recent years, in particular the increased volatility and spreads witnessed during the Covid crisis, as well as the integration of ESG constraints in mandate management, not present in the benchmarks. The SWS (or DTS) measurement methodology, used to limit the bonds managers' credit risk, has been standardised across all of the FRR's bonds mandates. Taking extension risk⁴ for securities with options, in particular quasi-capital, into consideration is now systematic for all these mandates. Feedback has been received on US IG Credit and US HY Credit, highlighting the impact of these harmonisation efforts.

At the level of the FRR benchmark index, at the end of 2024, the ex-ante TE between the FRR's actual portfolio and that of the strategic allocation was 94 basis points (compared to 155 basis points the previous year). This gap can be explained, firstly, by selection effect (managers' active management, selection of indices other than those of the strategic allocation...), and secondly, the flexible management effect (tactical over- or under-exposures depending on the asset class, and hedging adjustments for foreign exchange and interest rate risk). This measured gap is mainly due to the prudent tactical decisions made for the portfolio compared to the strategic allocation.

4 • Risk of early redemption of the security by its issuer.

Liquidity risk on assets under management: this risk is mainly managed through internal limits and monitoring of the FRR's least liquid compartments (Small caps, Credit).

An overall limit on investment funds was defined in the Order dated 24 May 2016, which sets a maximum limit for holdings in investment funds of 20% (this level was previously an internal limit). Since September 2022, this limit has increased from 20% to 25%.

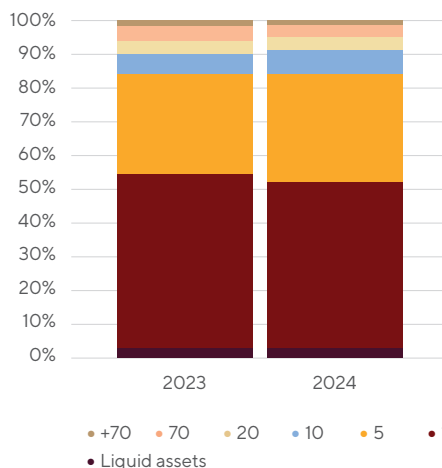
The FRR also manages an overall limit on holdings in the share capital of companies: the FRR may not hold more than 3% of the shares of any single issuer (except for the unlisted assets portfolio: real estate, private equity and infrastructure). As regards investment funds, the holding limit is 20% of the investment funds liabilities.

To estimate the liquidity of the FRR's portfolio, various independent management measurements were taken at the end of December 2024:

- For French, European and US small and mid capitalisation equities, 84% of the portfolio could be disposed of with no price impact in less than 5 days⁵, compared to 84% at the end of 2023 (cf. chart below);
- For the FRR's Credit portfolio (invested in the Euro IG Credit, Euro HY Credit, US IG Credit and OAT Matching compartments), the least "liquid" part of the portfolio is defined⁶ by the securities in respect of which a sale-repurchase transaction would attract a discount rate of greater than or equal to 0.5%. Whereas this part was at around 34 % at the end of 2024 (discount rate of mainly between 0.5% and 1%), compared to 37% at the end of 2023. 1% of the securities are considered illiquid, with a discount rate on sale of more than 1.5%, compared to 3% at the end of 2023 (cf. chart below).

Measurement of the liquidity of mandates invested in French, European and US small and mid capitalisation equities

% of small and mid-capitalisation assets sellable in a given number of days, at 31/12/2024

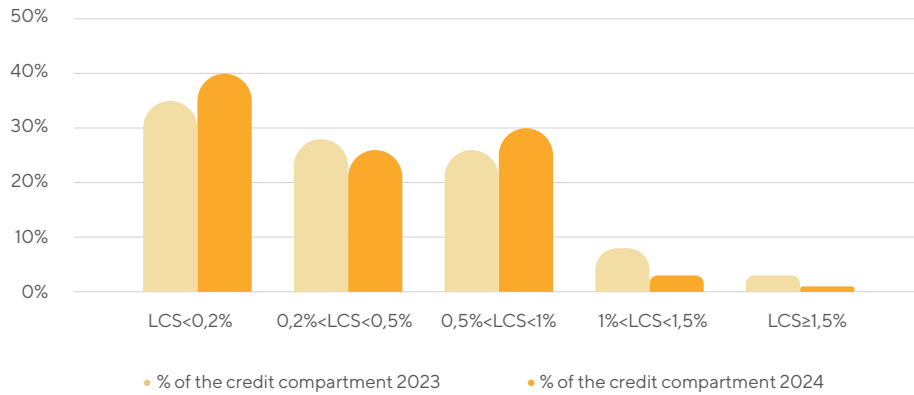


5 - Based on the assumption that 25% of the daily average volume of transactions over the last 3 months may be liquidated in one day without impacting on the price of the securities analysed.

6 - Definition based on the Liquidity Cost Score (or LCS) method. LCS is an indicator measuring the cost of liquidation and is calculated using the following formula: $LCS = (\text{Sale Price} - \text{Purchase Price}) / \text{Purchase Price of the security}$.

Estimate of the liquidity of the FRR's credit portfolio

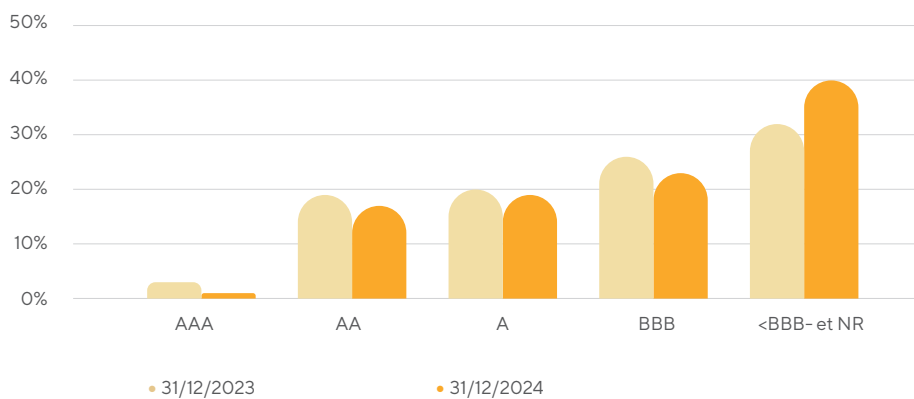
Exposure of the Credit portfolio by LCS level



Credit/Counterparty risk

Portfolio credit risk: The table below shows the breakdown in the FRR's fixed income assets by rating at financial year-end 2023 and 2024. The majority of these assets are invested in "Investment Grade" category securities.

Breakdown of fixed income compartment by rating



The credit risk of the portfolio increased slightly between late 2023 and the end of 2024. Three main asset class categories were identified in implementing the 2024 strategic allocation: liability hedging assets, non-hedged equities and intermediate risk assets. The proportion of high-yield corporate bonds, forming part of the intermediate risk assets, increased compared with the 2023 strategic allocation, resulting in an increase in securities with a rating below BBB- in the bonds portfolio. Indeed, 54% of this portfolio is invested in securities with good credit quality ("investment grade"), compared to 60% at the end of 2023.

The average rating⁷ of the FRR's interest rate portfolio in 2024 is BB- (BB- in 2023). The anticipated rate of loss over one year for such average rating is 0.75% (0.62% in 2023).

The FRR employs a system enabling it to monitor rating downgrades, independently of the FRR's asset managers, on a weekly basis for the Euro Credit and US Credit compartments. This tool enables the FRR to anticipate sharp downgrades to the issuers or issues held under its mandates. Any alarming downgrades are notified by the financial risk management department at the monthly Risks Committee meeting. In 2024, 7 alerts were triggered by this system (compared to 8 alerts in 2023).

Furthermore, the potential loss associated with the correlated migration of issuer credit quality⁸ is also measured on the FRR's Credit portfolio. At 31/12/2024, the Credit CvaR at 99% over one year of the Credit portfolio was 5.7% (compared to 5.7 % in 2023), that of the intermediate risk compartment was 9.9%, and 3.5% for the hedging compartment (compared respectively to 11.2% and 4.3% in 2023). Intermediate risk assets contributed 87.7% to the Credit CvaR (compared to 75.3% in 2023), with liability hedging assets contributing 12.3% (compared to 24.7% in 2023).

Counterparty risk concerns the risk of managers trading forward financial instruments OTC with bank counterparties (swaps, forward exchange). This is greatly reduced by implementing various measures: minimum rating of authorised counterparties, margin calls, use for foreign exchange purposes of the clearing services of CLS Bank⁹, limits per counterparty. At the end of 2024, the FRR's overall risk exposure to counterparty risk was 117 M€ (compared to 530 M€ at the end of 2023), derived from forex hedging.

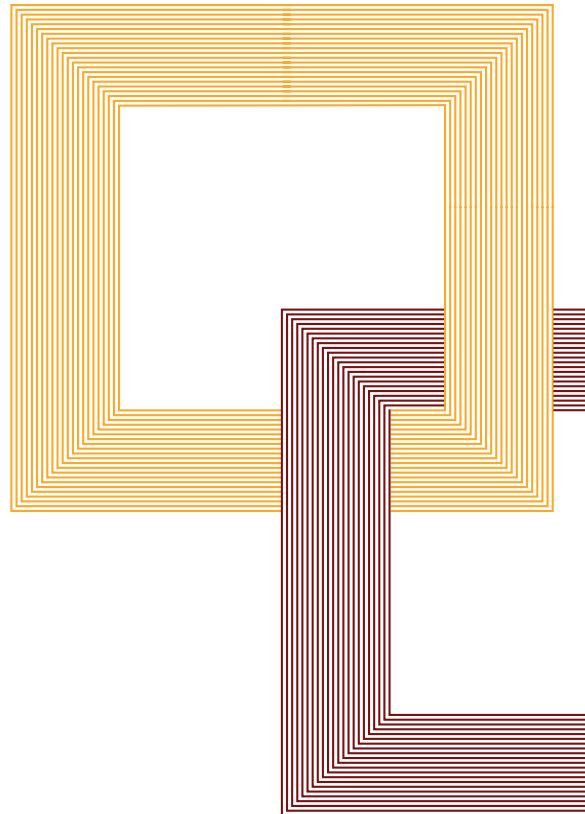
7 • This is an average of the portfolio assets by rating weighted by the one year cumulative default rates observed between 1983 and 2024 for this same rating.

8 • Credit CvaR takes into account historic probabilities of issuer rating migration by sector whereas market CvaR only considers changing credit spreads (assuming stable credit quality) to assess risk.

9 • "Continuous Linked Settlement": clearing and settlement system that reduces counterparty risk.

Signature risk diversification ratios: The regulations applicable to the FRR contain specific ratios relating to diversification of portfolio signature risk on debt and equity issuers. In addition to these ratios, the FRR has, since 2011, set an internal limit on its maximum exposure to a single signature (issuer or OTC transaction counterparty) of 3.5% of the FRR's net assets, excluding sovereign issuers, for which special limits have been set depending on the issuer's rating, and excluding investment funds which have a limit of 5% of net assets. Since the Order dated 24 May 2016, the applicable regulatory issuer or counterparty concentration limits also take into account indirect positions held via collective investment undertakings (investment funds). The FRR made its positions held in investment funds transparent on a quarterly basis (work performed by an external service provider) to verify that the simulation assumptions used to determine potential exposures in investment funds were conservative. This task has been performed on a monthly basis since late 2023.

Risk on financial contracts especially derivatives: The FRR can only invest in financial contracts where there is a high level of security: its regulatory framework comprises the Monetary and Financial Code and the General Regulations of the AMF¹⁰ concerning French coordinated investment funds. The FRR therefore applies the risk monitoring principles applicable to transactions on forward financial instruments set forth in the AMF regulation of June 2018 on the methodology for calculating overall risk on investment funds. The method for calculating the commitment under a financial contract involves calculating the effective commitment under all financial contracts compared to the total net value of the fund. The commitment at the end of 2024 represents 1.84% of the FRR's assets, which is below the regulatory limit of 100%.



Extra-financial risks

Climate risk

Each year S&P Global Sustainable 1 produces a climate risk and ESG audit report, which includes amongst other things an analysis of the risks relating to climate change. These risks are twofold:

- transition risks, meaning the risks to which companies that are heavy greenhouse gas emitters are exposed, due to potential regulatory developments and carbon market pricing. S&P Global Sustainable 1 makes estimations of potential losses based on three scenarios for future trends in more or less high carbon prices. These estimates factor in both the risks associated with greenhouse gas emissions by companies and with the indirect repercussions through suppliers.

The transition risks analysis reveals, like last year, that the EBITDA at risk across all of the FRR's portfolios is below that of its benchmarks (4.12% compared to 8.48% for global equities and 7.56% compared to 14.01% for corporate bonds).

- physical risks, which may have a considerable impact on the financial markets. These physical risks combine localised risk (on-site) and risks to the value chain of the affected companies. More than 3 million assets have been linked to S&P Global Sustainable 1's CorePlus universe (+20 000 companies). These assets are then assessed with reference to their exposure and vulnerability to 7 climate events: water stress, fire, flood, heat wave, cold spell, hurricanes, and rising water levels. Following their assessment, the physical risks analysis reveals that the FRR's portfolios' exposure to these risks is relatively similar to that of their benchmarks. In a "moderate/severe" climate scenario, the potential financial impact associated with these risks is estimated at between 2.99% for equities and 3.68% for corporate bonds.

Compliance

Compliance risk is the risk of failure to comply with legislative, regulatory or contractual requirements and obligations. Monitoring the compliance of investments is an essential element of the internal control framework.

As such, the FRR:

- daily monitors compliance by the managers of delegated management mandates with their contractual obligations, in particular the FRR's exclusions policy;
- also verifies monthly that investments made via investment funds and funds are in compliance with the internal rules, thanks to the improving transparency of these vehicles ;
- ensures compliance with its regulatory ratios (diversification by issuer, exposure to markets outside the European Economic Area or non-organised markets, position limit on shareholdings in companies, position limit on investment funds, exposure to currency risk, exposure to mutual funds, the various commitment ratios).

In addition, once every year, the FRR instructs an external provider to audit the extra-financial risks of its portfolio, with regard in particular to the controversies associated with the companies held, including indirect holdings via investment funds. Where such controls reveal existing risks, the FRR may decide to dispose of its holding in the fund.

The analysis of potential incidents of failure to observe compliance rules, impact assessments, corrective measures and potential compensation claims are entered in an incident report and followed-up by the risks committee.

The FRR prohibits in particular:

- any business or investment relationship involving a country, a natural or legal person that is the subject of an international financial sanction (French, European, UN or international);
- Financial Instruments issued by companies domiciled in a country on the French list of non-cooperative states and territories (NCCTs) and on the EU list of non-cooperative jurisdictions for tax purposes;
- Financial Instruments issued by companies domiciled in a country on the FATF's list of high-risk jurisdictions;
- unless an exemption is granted on a case-by-case basis, Financial Instruments issued by companies domiciled in a country identified as a High Risk Third Country by the European Commission and/or in a jurisdiction subject to enhanced supervision by the FATF.

The criterion linking a financial security to a country that applied until 2023 was the country of domicile, this criterion was strengthened in 2024 to take into account both the country of incorporation and the country of domicile.

Regarding the fight against money laundering, the financing of terrorist activities and compliance with international sanctions, the FRR is resolutely committed to participating in the international efforts. The FRR is implementing a programme for compliance with anti-money laundering regulations founded on risk management. Money-laundering, terrorism financing and international sanction compliance risks all form part of a programme of internal mandatory training, policies, procedures, and an internal system for control of and specific due diligence on the manager and investment selection process. The FRR ensures in particular that its investments comply with this policy.

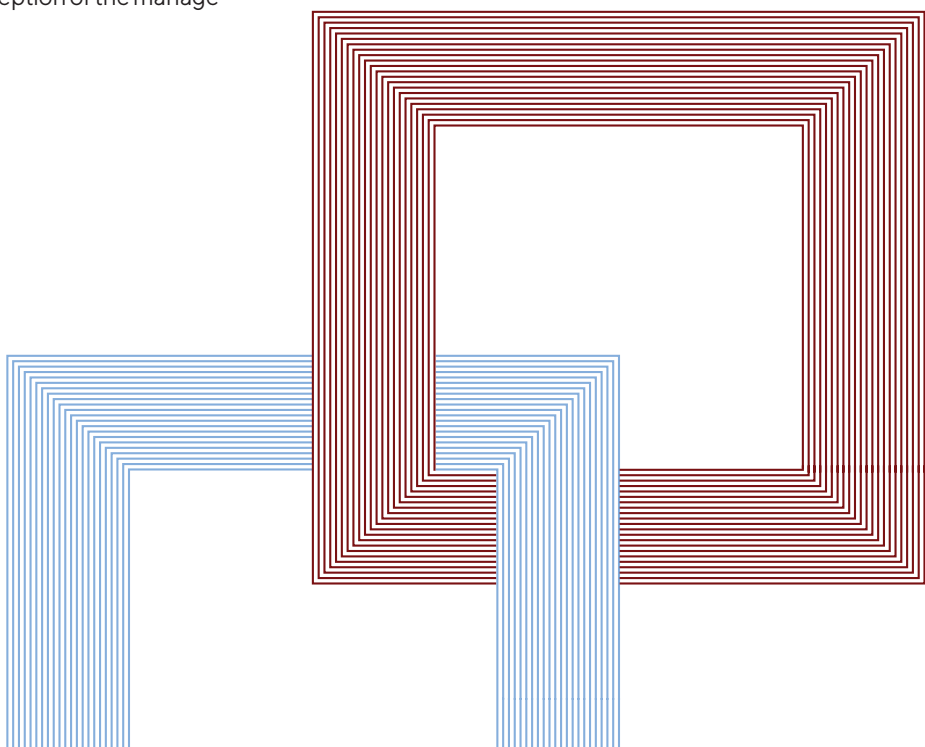
Professional ethics

The FRR takes special care to ensure that its employees comply with a very strict ethical framework which involves a programme of specific mandatory training in the form of e-learning and group sessions.

The professional ethics framework applicable to the members of the Executive Board is contained in the Social Security Code, that applicable to Manager Selection Committee and Supervisory Board members is set forth in their respective codes of professional ethics. More generally, the FRR's code of professional ethics specifies in particular that in order to satisfy the principle that conflicts of interest must be avoided, the FRR bans all its employees from soliciting or accepting, whether in a personal or family capacity, any gift, favour, service, non-professional invitation or other gift. Similarly, participation in seminars, conferences or business trips is only permitted with the express prior consent of line management. Once a company has been selected for the second round of a request for proposals or is an applicant for an open request for proposals procedure, FRR employees are prohibited from accepting meetings or one-on-one lunches, with the exception of the management committees.

Given its status and missions, the FRR has a duty of exemplary conduct in matters of loyalty, professionalism and respect for the paramount interests of its beneficiaries. The FRR Ethics Officer, who is responsible for managing the ethics system, defines the principles for prevention and action in relation to conflicts of interest. He develops and updates the conflicts of interest Database and identifies and documents with the various Departments the types of conflict of interest to which they are exposed in connection with their activities. He manages the training programme for employees and, having analysed the organisational and individual situations, approves the appropriate prevention and management systems to be implemented.

The ethical risks of conflicts of interest are also the subject of specific due diligence in the process for selection of managers and investments.



Operational risks

These are the risks associated with failed or inadequate internal processes or external events, whether of a deliberate or accidental nature or natural cause.

The FRR's operational risk management system relies on regular risk self-assessment exercises designed to establish an updated residual risks map and also on following-up on the action plans made subsequent to this mapping. The implementation of new processes (or redesign as necessary of key processes related to dematerialisation, cyber risk, business continuity or broadening the use of electronic approvals and signatures) also contributes towards upstream mitigation of operational risks. The system was further improved in 2024 to strengthen the operational security of internal processes.

In performing its mission, it is important that the FRR is able to conduct its principal activities without interruption in the event of serious incident (supplier failure, physical damage to buildings, cyber attack, industrial action, pandemic, flooding of the Seine, etc.). The various prevention, crisis management and continuity management measures (crisis management organisation and procedures, recovery site, analysis of essential supplier continuity arrangements, technological resilience including cyber events) are regularly updated and moni-

tored by the Risk Committee. Specific due diligence on the risks of business continuity of delegated management is also carried out as part of the selection process. All of the FRR's staff are remote access enabled and equipped allowing them to work and communicate securely in hybrid mode. In addition to the ability to work remotely, The FRR ensures that its continuity system remains available, particularly during an annual business recovery test held at an external site conducted by the FRR's teams in December 2024 and crisis cell exercises that took place in May and July 2024.

All significant operational incidents affecting the FRR, whether of internal or external origin, are identified and analysed on an ongoing basis. They are analysed and monitored by the Risk Committee (corrective measures, impacts, compensation, monitoring of improvement plans). In this regard, the FRR also pays close attention to following-up on any operational incidents and regulatory penalties affecting its management companies as well as its essential suppliers. In 2024, the FRR identified two significant operational incidents of external origin which, after analysis, resulted in corrective measures being taken and compensation being paid by the managers of the delegated responsible management mandates.

The background is a complex geometric pattern. It features a light blue base color. Overlaid on this are various shapes and patterns of concentric lines. A large, solid dark red shape, resembling a stylized 'C' or a thick arc, is positioned on the left side. Other areas are filled with dense, parallel lines in shades of red, purple, and yellow, arranged in rectangular and L-shaped blocks. The overall effect is a modern, abstract design.

RESPONSIBILITY
IS CENTRAL
TO THE FRR'S
MANAGEMENT

AN AMBITIOUS RESPONSIBLE INVESTMENT STRATEGY

The FRR's Responsible Investment Strategy

Factoring sustainability criteria into its management decisions is in the FRR's DNA. Indeed, since 2001, the FRR's constitutional documents state that "The Executive Board regularly reports to the Supervisory Board and describes how the general investment policy guidelines have factored in social, environmental and ethical considerations". The Supervisory Board demands from the FRR a strong commitment towards responsible investment: as a public investor, and inter-generational vector of solidarity, the FRR must be exemplary by factoring Environmental, Social and Governance (ESG) considerations into its management process. This should enable the FRR to control its reputational risk and financial risks, and even to take advantage of investment opportunities.

This preoccupation is reflected through multi-year responsible investor strategies characterised by growing ambitions in terms of responsibility, a desire to advance and support the operators in the FRR's ecosystem (management companies, businesses, index providers, non-financial analysis providers), and the desire to exert influence over the businesses in which the FRR invests through numerous engagement initiatives and adopting voting guidelines for shareholders' general meetings.

These strategies, bringing together the general principles, concrete objectives, stages and resources, are designed by the Executive Board and approved by the Supervisory Board having sought the opinion of the Responsible Investment Committee whose role is to implement the guidelines defined by the Board to prevent and control the non-financial risks in the FRR's portfolios.

The FRR has gradually laid the foundations upon which to have regard throughout its portfolio to Environmental, Social and Governance responsibility criteria in selecting its asset managers and the enterprises in which they invest. It has also introduced an overall policy for the exercise of voting rights.

In 2023, the RI strategy has been redesigned for the period 2024-2028 in order to strengthen commitment. In particular, the FRR has toughened its strategy regarding fossil fuels and decided to take more concrete action in factoring in biodiversity.

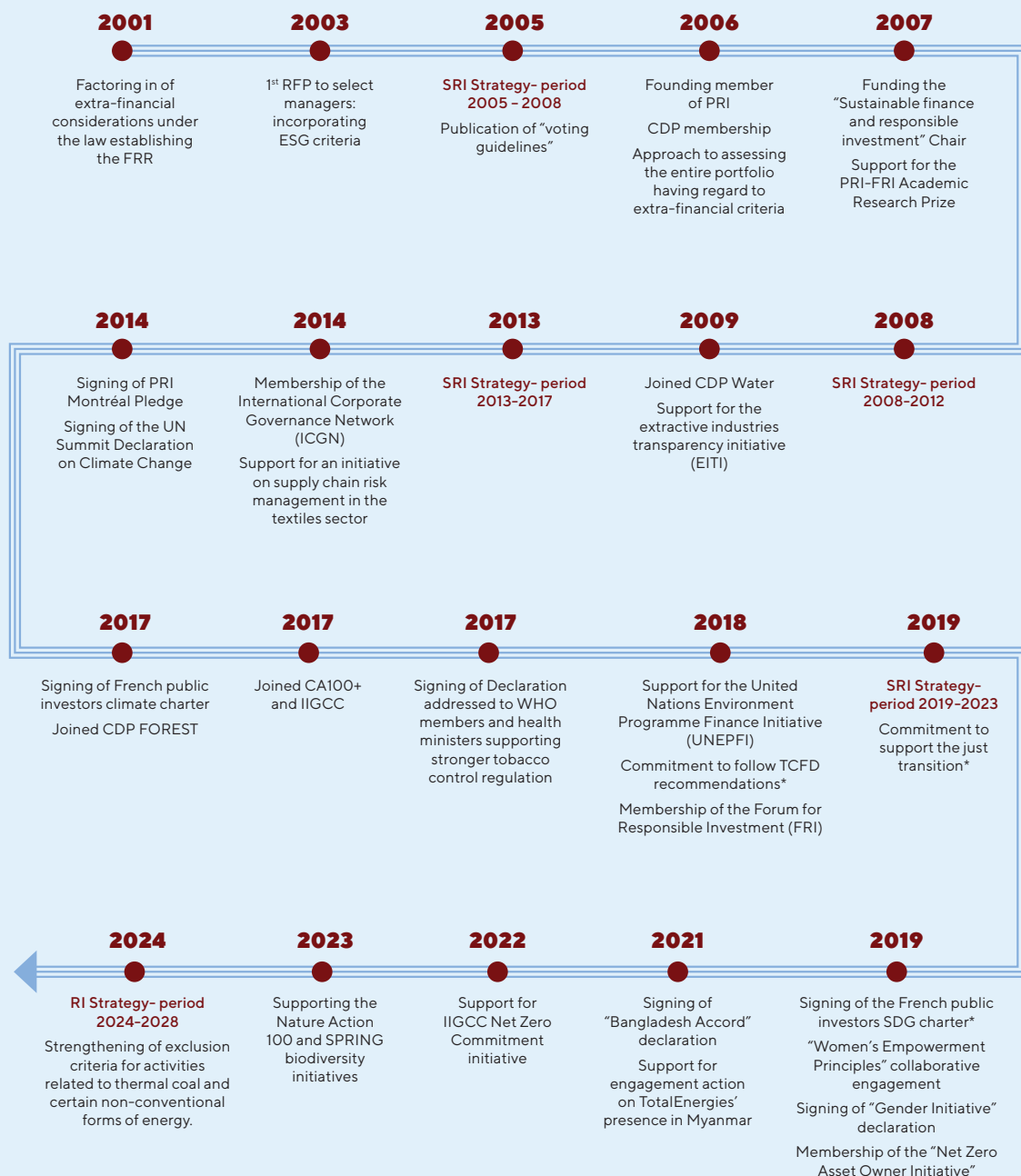
This strategy will be deployed by focusing on the following three priority areas:

- facilitating the energy and ecological transition;
- promoting social equity;
- preserving biodiversity;

and by relying on three main levers:

- directing investment;
- acting on the asset management ecosystem (managers, index providers, non-financial rating agencies, etc.);
- exerting influence over the business community.

KEY MILESTONES



* SDG: Sustainable Development Goals.

* TCFD (Task Force on Climate-related Financial Disclosures): working group on financial transparency of climate-related risks.

* Just transition: having regard to social aspects in decisions related to energy transition.

Initiatives and working groups to which the FRR is committed

The FRR's commitments

One of the main ways for institutional investors to promote sustainable development is to exert their power of influence over the issuers they help finance but also vis-à-vis their ecosystem. From this standpoint, the FRR has been involved since its inception in many engagement initiatives, both internationally and nationally. It has been among the founders of some of the

most structural of these initiatives (notably the PRI, principles for responsible investment). Moreover, the FRR has chosen to support dialogue with companies through collaborative initiatives, in cooperation with its mandate and fund managers and also, when necessary, directly with the companies themselves.

GLOBAL INITIATIVES	ENVIRONMENTAL INITIATIVES	SOCIETAL INITIATIVES	GOVERNANCE INITIATIVES
 <p>French Public Investors Sustainable Development Goals (SDGs) Charter</p> 	   <p>Net-Zero Asset Owner Alliance</p> <p>French public investors climate charter</p>  	 <p>Investor statement on the Bangladesh accord</p> <p>Statement on tobacco</p> <p>Gender initiative</p> <p>Reynolds & Gifford PRI Grant</p>	

Contribution to financing responsible investment research

The FRR supports the FRI (Forum for Responsible Investment) and sponsors its annual Award organised in collaboration with the PRI (Principles for Responsible Investment). Since 2007, it has also financed academic research on sustainable finance and responsible investment (SFRI) at the Toulouse School of Economics and the École Polytechnique.

Every three years, members of the SFRI research initiative identify priority projects. For the 2022-2025 period, three priorities have been selected:

- firstly, to know what motivates individuals to invest in responsible companies, with a study conducted on the influence of lived experience on individual investment decisions;

- secondly, how can the financial industry be organised to promote socially responsible investment? Two topics are examined: the impact of management fees on the insurance sector's ability to support long-term investment and the role of SRI labels in signalling companies' actions to investors;
- finally, what tools are available to responsible companies? Three areas of study are pursued: assessing the impact of green patents on companies' financial and environmental performance, the links between wage policy and CSR and finally the specific problems in defining a biodiversity protection strategy.

Action for energy transition

While maintaining an essential level of vigilance on all other ESG issues, responding to the climate emergency is one of the FRR's priorities. Energy transition, a major challenge for the first part of the 21st century, is therefore one of the FRR's strong commitments. Indeed, membership of the Net Zero Asset Owner Alliance supports the FRR in its path to alignment with the Paris Agreement, employing three levers:

- adopting ambitious greenhouse gas emission reduction targets for portfolios;
- conducting engagement initiatives to encourage companies to adopt strategies of alignment with the Paris Agreement, via its managers but also through collaborative initiatives such as the Climate Action 100+;
- contributing towards the financing of the energy transition, by continuing to make a long-term contribution to the creation of a net-zero economy through "transition financing".

Portfolio decarbonisation

Absolute emission reduction targets

As a member of the Net Zero Asset Owner Alliance (NZAOA), the FRR has adopted targets to reduce the greenhouse gas emissions from its portfolios, to achieve a trajectory of limiting global warming to 1.5°C.

The NZAOA's decarbonisation targets are 20% by 2024, however the FRR is aiming for a reduction of -40% between 2019 and 2025 and 60% by the end of 2029 – the reference year being 2019. This is the continuation of a long-standing approach, which had already achieved a 40% reduction in emissions between 2013 and 2019 for the global equities portfolio. The relevant emissions are direct emissions and emissions by direct suppliers.

These targets are absolute and not relative to the benchmark, it is therefore a significant reduction to which the FRR is pleased to contribute. As part of the Net Zero Asset Owners Alliance, these targets will be reviewed in five year periods.

To achieve the targets by the end of 2029, each new equities or corporate bonds management mandate is assigned different objectives depending on the geographical area and asset class. This differentiation enables the progress already made and the room for manoeuvre of the underlying companies to be taken into account.

The table below illustrates the progress of the various management compartments towards the targets adopted within the framework of the NZAOA by 2029. At the end of 2024, the equities (active and passive management) and euro bond portfolios are well on track to meet their targets:

	DECARBO- NISATION by end of 2024 compared to end of 2019	TARGET DECARBO- NISATION by end of 2024 compared to end of 2019	TARGET DECARBO- NISATION by end of 2029 compared to end of 2019
Active management developed market equities	-45%	-20%	-60%
Passive management developed market equities	-59%	-25%	-60%
Overall corporate bonds issued in euros	-38%	-30%	-60%
Overall corporate bonds issued in dollars	-18%	-7%	-60%

The different classes in the portfolio are already decarbonising at a level above their 2024 targets and are generally close to their 2029 targets. The US dollar corporate bonds portfolio is expected to make the most progress by 2029. Its lower decarbonisation level is down to management decisions, with a share of high-yield bonds that has increased from 28% to nearly 70% of

the compartment. Issuer companies in this category generally have more carbon-intensive activities than higher-quality issuers. However, these and future mandates will contain ambitious decarbonisation targets that should help to achieve the target set by the end of 2028.

Setting increasingly ambitious decarbonisation targets on renewal of management mandates

The mandates launched in 2024 included targets to reduce their carbon footprint:

- by 40% compared to the level of their benchmarks in 2024 and by 70% from the end of 2028 for French small-cap equities;
- by 40% compared to the level of their benchmarks in 2024 and by 75% from the end of 2028 for US small and large cap equities.

Indeed, under requests-for-proposals launched by the FRR, the new mandates now systematically include quantified decarbonisation targets. Initially set only for equities index replication mandates at -50% compared to the relevant benchmark, the FRR now seeks decarbonisation in absolute terms.

For example, the US dollar denominated high yield corporate bond mandates, activated in March 2023, include a decarbonisation target of -35% compared to the level of the benchmark index on the date of activation of the mandates upon transfer of the securities, as well as a target of -60% at the end of the mandate scheduled for 2028. This decarbonisation target is ambitious for an asset class where data coverage and quality is generally lower than in Europe, although it is improving, and for which the energy industry is one of the most important.

Table of decarbonisation requirements per asset class*

	GOAL AT OUTSET	FINAL GOAL
Equities index Paris Agreement	-50%	-50% by end of 2028**
European small-cap equities	-40%	-75% by end of 2028
French small-cap equities	-40%	-70 % by end of 2028
US small and large cap equities	-40%	-75 % by end of 2028
Japan equities (request for proposals ongoing)	-40%	-60 % by end of 2028
Euro investment grade corporate bonds	-0%	-65% by end of mandate (2027)
Dollar investment grade corporate bonds	-40%	-75% by end of mandate (2028)
Euro high yield corporate bonds	-0%	-65% by end of mandate (2027)
Dollar high yield corporate bonds	-35%	-60% by end of 2028

* These are decarbonisation goals compared to the benchmark index, estimated based on WACI (TEQCO₂/M€ REV) carbon intensity within the scope of direct emissions and those of direct suppliers.

**The decarbonisation goals assigned to this compartment are determined by the ESG constraints of each mandate.

Exclusion of the most pollutive companies

In addition to dialogue with companies, and financing for activities that promote energy transition, the FRR decided, as from 2017, to exclude from its portfolios companies whose thermal coal extraction operations or generation of electricity, heat or steam using coal exceeds a threshold initially set at 20% of their revenues then reduced to 10% in 2018 in order to commit even further towards a low carbon intensity economy.

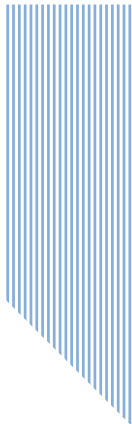
As part of its new 2024-2028 responsible investor strategy, the FRR in 2024 adopted the following new exclusion thresholds:

- more than 5% of revenue from coal;
- more than 10 GW of annual coal-fired power generation;
- more than 10 million tonnes of thermal coal extraction;
- the development of new coal-fired power plants;
- more than 20% of cumulative revenue for non-conventional fossil fuels (tar sands, operations conducted in the Arctic, hydraulic fracking and deepwater boring).

The FRR plans a total exit from thermal coal from 1 January 2030. Companies will be excluded from the 1st euro of revenue in these activities for companies whose headquarters are in the OECD area and as from 1 January 2040 for non-OECD companies, in accordance with the global warming limitation trajectories specified in the Paris Agreement.

These exclusions do not apply to green bonds satisfying the future European Green Bonds standard (or equivalent), to issues taking place after the implementation of this standard, nor where the relevant companies have published an exit plan from such activities compatible with a trajectory limiting global warming to 1.5°C.

For unlisted equities and infrastructure, no new investments will be made in new oil or gas fields. Investments in distribution and storage will be limited to existing operations, or those that contribute to the 1.5°C alignment (e.g. through the implementation of carbon capture and storage technologies).



Inclusion of criteria on fair social transition and respect for biodiversity

Fair social transition

As part of their decarbonisation strategy, companies are gradually having regard for the principles of fair social transition. The FRR contributes toward raising awareness among companies through the engagement initiatives conducted as part of CA 100+: indeed, one of the topics addressed by their annual Benchmark is fair social transition.

Some progress was made in 2024: 30% of the panel companies made commitments towards a fair transition based on well-defined principles (up 10 points compared to 2023). The number of companies committing to consider the impacts of their decarbonisation strategies on their employees (27%) also increased by 6 points.

However, progress has yet to be made on deployment plans: only 12% of companies have adopted a plan addressing both the impacts on employees and other stakeholders.

Respect for biodiversity

Up to now, the data used to analyse companies' respect for biodiversity remain highly fragmented. This is why the FRR supports the Spring and Nature Action 100 engagement initiatives, among others.

Nature Action 100 works in a relatively similar manner to the CA100+ initiative. Within eight key sectors, 100 companies have been selected for their significant potential impact on nature. The engagement is then conducted based around a set of actions necessary to protect and restore nature and ecosystems:

AMBITION: publicly commit to minimizing contributions to key drivers of nature loss and conserving and restoring ecosystems at the operational level and throughout the value chain by 2030.

ASSESSMENT: assess and publish nature-related dependencies, impacts, risks and opportunities at the operational level and throughout the value chain.

TARGETS: set time-bound goals and publish annual progress.

IMPLEMENTATION: develop a plan on how to achieve the goals and publish annual progress.

GOVERNANCE: assign oversight of the subject to the board of directors and specify the role of the management.

ENGAGEMENT: Cooperate with stakeholders to create an enabling environment for the implementation of the plan and achievement of the goals. The results of the first engagement campaign were published in 2024. They show that the majority of companies are still in the early stages of this issue. Indeed, while more than two-thirds of companies report a commitment to protecting nature, only one company mentions a comprehensive assessment of the materiality of nature-related dependencies, impacts, risks or opportunities.

Regarding targets, almost half of companies report goals and 37% also report strategies to achieve these goals.

Investment promoting the protection of biodiversity

The real estate mandate managed by Brownfields factors the protection of biodiversity into its activities, by avoiding soil artificialisation during the course of its operations. Brownfields targets urban wasteland and dense urban areas, allowing the construction of more housing

on the same surface area and avoiding consumption of natural agricultural and forest spaces.

Indeed, throughout all the sites converted since the creation of Brownfields, the total surface area of wasteland is more than 400 hectares but represents more than 900 hectares of artificialisation avoided.

A STRATEGY OF CONTINUOUS ENGAGEMENT WITH COMPANIES AND MANAGERS

The FRR's engagement through voting

The voting guidelines

The FRR's responsible investor approach involves adopting a shareholder position at general meetings. Given the global and international nature of the FRR's investments, the guidelines with regard to the exercise of voting rights involve three aspects:

- The FRR's interest in actively contributing towards improving governance in the companies in which it invests. Indeed, the aim here is to promote clarity and a balance of power between the governing bodies as well as quality in terms of the information supplied to shareholders, respect for their rights and voting integrity. This aspect is, therefore, one of the factors that contributes strongly to the sustainability of the business community, to the continuity of the

strategy they conduct, to the manner in which they exercise their responsibilities vis-à-vis all of their stakeholders. All of these elements contribute directly to their future worth.

- The fact that the FRR is a long-term investor. It has elected to prioritise, in structuring its portfolios and management mandates, an active approach based upon an analysis of the fundamental valuation prospects of the equity and debt securities issued by the various categories of issuers. It is therefore logical that this approach is also taken into account by the managers in their case-by-case implementation of the voting guideline principles, in particular when considering the appropriateness of transactions affecting a company's share capital.

- Finally, efforts to improve corporate governance, whether by the companies themselves, by the legislator or the regulatory bodies, have increased in recent years. These must continue. The active exercise of the FRR's voting rights must, however, take a pragmatic view of the actual conditions on the ground in each market, having regard in particular to issuer capitalisations, the significant differences in company law and practice in terms of corporate governance in the relevant countries.

In early 2023, the voting guidelines were updated to provide clarity on a number of topics and to reflect recent regulatory developments. The following in particular were highlighted:

- the importance of establishing within their Boards a **Committee dedicated to Corporate Social Responsibility (CSR) matters**;
- the desire to introduce a **regular vote at General Meetings on climate goals and climate reporting**;
- encouraging companies to **publish a fairness ratio**, including in countries where this is not mandatory. This refers to the ratio between the company's highest remuneration and the average and median remuneration of employees. Moreover, in order to maintain corporate cohesion within the company, the FRR proposes that the overall annual remuneration of senior executives be capped at 100 times the minimum salary in the country where the head office is located, or where there is no minimum salary, 50 times the median remuneration calculated at Group level.

- The need to analyse dividend distribution by portfolio companies:

- having regard to changes in the company's wage bill to ensure fairness between employees and shareholders over the long-term,
- in line with the challenges of energy transition and associated investments.

In accordance with its founding documents, the FRR's voting rights are exercised by the asset managers it has selected and in the FRR's sole interests.

The guidelines on the exercise of voting rights, available for consultation on the FRR's website, incorporate all of these elements and must therefore be sufficiently wide to account for jurisdictional particularities (both in France and internationally). The FRR's aim is to capitalise on managers' knowledge and ability to respect the practices prevalent in the various financial markets. Managers may also have regard to these local practices on matters that are not covered by the FRR's voting guidelines.

Exercise of voting rights

Monitoring, carried out by the FRR through its asset managers, enabled it to take part in 918 shareholder general meetings in 2024 and to vote on more than 13,000 resolutions in the countries comprised in its developed markets equities portfolio. Its managers took part in 99% of the voting general meetings.

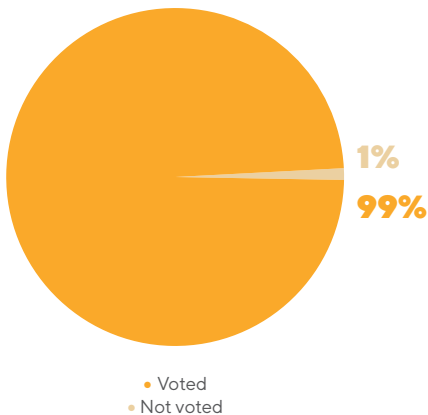
The FRR's Managers voted on resolutions proposed by management at general meetings at a ratio of 79% FOR and 21% AGAINST.

In 2024, the votes "Against" most often concerned:

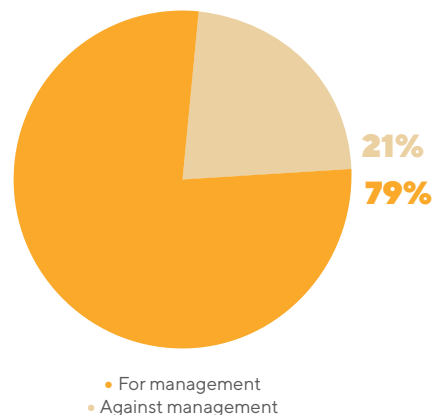
- reappointment of Board members, with topics relating in particular to the independence of members and compliance with diversity principles;
- the variable element of director compensation – with topics including the lack of correlation with business performance.

The FRR pays close attention to the factoring in of non-financial aspects, particularly social, societal and environmental, by boards of directors, to consideration of the recommendations of the TCFD and diversity not only on boards of directors, but also within the executive committees of the companies of which it is a shareholder.

Number of general meetings at which the FRR voted in 2024



Direction of voting in 2024



Reporting requirements for companies, managers and the FRR

The regulatory landscape surrounding responsible investment is developing rapidly, with the introduction of new guidelines and requirements that have a significant impact on businesses and investors. These regulations aim to increase transparency, accountability and to promote sustainable commercial practices.

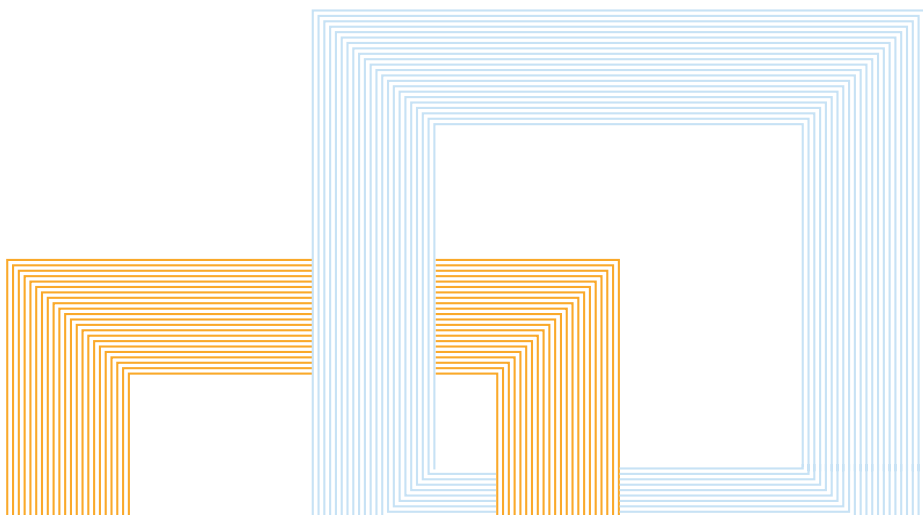
One of the most important developments is the adoption of the European Directive on the reporting of non-financial information (CSRD – *Corporate Sustainability Reporting Directive*) by the European Parliament in February 2023. The CSRD significantly expands the scope of ESG reporting requirements, obliging more companies to disclose detailed information on their environmental, social and governance performance.

In addition, the European Securities and Markets Authority (ESMA) has published guidelines clarifying ESG disclosure requirements for investment funds and sustainable investment products. The aim of these guidelines is to ensure that the ESG information supplied to investors is comparable, reliable and relevant.

These ESG regulations have important implications for businesses and investors. Businesses will need to adapt to new reporting requirements and strengthen their ESG practices to meet investors' and stakeholders' expectations. The FRR, for its part, will have at its disposal more comprehensive and comparable information to make informed investment decisions taking ESG factors into account.

The international environment demands continued vigilance on this issue:

- the European Commission is reconsidering the wording of the CSRD, CSDDD and green taxonomy with the aim of simplification. While the efforts to simplify are commendable, it is essential not to undermine the spirit of these documents. This is why the FRR co-signed the FIR's position on the draft European "Omnibus" regulation (<https://www.unpri.org/download?ac=22691>) in early 2025;
- measures relating to the protection of the environment, the fight against climate change or the promotion of diversity are to an extent being called into question across the Atlantic. How companies' practices evolve in reality will therefore be a topic to be closely monitored.

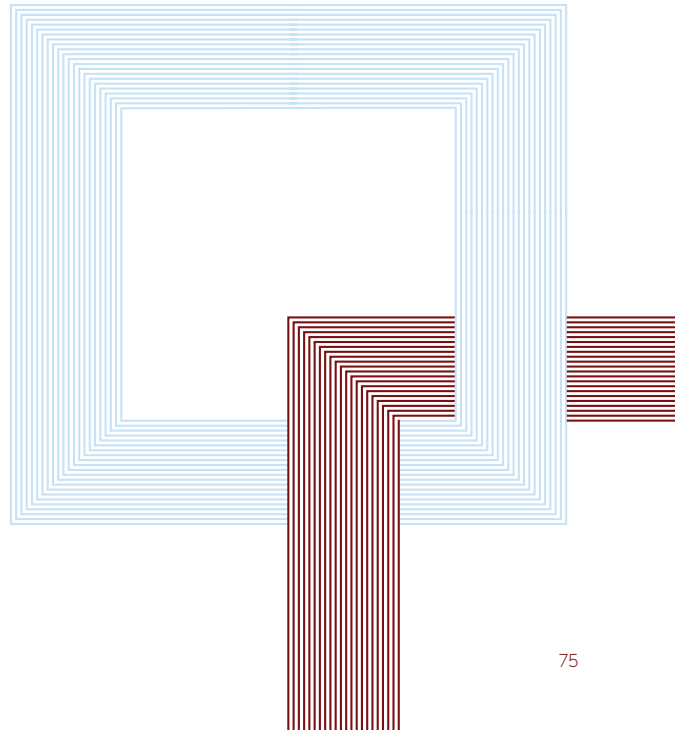


The FRR each year publishes a Sustainability Report initially in accordance with Law No. 2015-992 of 17 August 2015 on the energy transition for green growth (Article 173), and now pursuant to article 29 of the Energy and Climate Law (LEC) of 8 November 2019. This is voluntary, since the FRR is under no obligation to publish such a report. This article 29 integrates regulatory changes and experience derived from best market practices:

- the European *Sustainable Finance Disclosure Regulation* (SFDR), including in particular the incorporation of the concept of “double materiality”: concerning both the potential risks of ESG criteria on investments, and conversely the Principal Adverse Impacts (PAI) of investments on sustainability factors;
- the EU Taxonomy Regulation on sustainable activities, which partially entered into force at the beginning of 2022;
- the TCFD recommendations.

Article 29 of the LEC also contains a number of provisions specific to France:

- details on the integration of ESG factors into risk management frameworks, with a focus on climate and biodiversity related risks;
- publication of strategies to align with the temperature targets of the Paris Agreement, as well as with the long-term international objectives on biodiversity conservation;
- evolution of the “comply or explain” principle towards a requirement for a continuous improvement plan with setting of targets and corrective measures.



Climate-related engagement initiatives

At mandate level

Improving metrics is one aspect of the FRR's responsible investor policy, but it also highlights the need to encourage companies through dialogue to achieve a more virtuous trajectory. These engagement initiatives are carried out by the management companies and contribute to the sustainable approach promoted by the FRR.

The euro-denominated high yield corporate bonds mandates, launched at the end of 2021, have once again throughout 2024 demonstrated results that are extremely encouraging for a bonds asset class. Indeed, managers have taken numerous steps to engage with the issuers in their portfolio or universe, whether directly or through collaborative initiatives. Overall, there is a significant level of climate engagement, notwithstanding the managers having a good grasp on the other social and governance aspects.

The European and US Investment Grade and High Yield bond mandates also contain a specific half-yearly reporting obligation on various matters, and, in particular, on engagement initiatives conducted with certain issuers in the portfolio (the number of issuers in the portfolio engaged with, the subject of the engagement, the type of engagement whether direct or via a collective initiative, etc.).

The equities index management mandates consistent with the Paris Agreement also incorporate to a significant extent the theme of engagement with the companies in the portfolio. Indeed, the 3 managers have taken steps to engage with almost all of the companies forming their investment universe. This engagement takes the form of direct dialogue or taking part in collaborative initiatives and the topics highlighted often cover environmental issues.

Indeed, amongst others, the topics discussed include biodiversity conservation, transition towards a low carbon economy, validation of SBTi commitments or the adoption of good practices from a tax perspective.

These managers are stakeholders in numerous initiatives through engagement on the diversification of proteins, the fight against the misuse of antibiotics, particularly in animals and agriculture, the fight against environmental contamination and reducing the risks related to plastic pollution.

Since 2024, European, French and US equities active management mandates have also been under a requirement to report on engagement. From early 2025, all equity active management mandates now fall under this obligation following the future activation in February of the new Japanese equities management mandates.

At FRR level

Collective engagement initiatives

The FRR is a member of Climate Action 100+, the largest investor engagement initiative on climate change, which has more than 600 signatories. These engage in dialogue with 168 of the world's largest listed private issuers and drive corporate climate action in line with the global goal of net zero emissions by 2050 or earlier.

The 2024 report of the Net-Zero Company Benchmark shows contrasting results. Indeed, it shows that the targeted companies continue to make progress on setting net neutrality targets for 2050 or earlier. These are now 80% compared to 77% a year previously.

However, these positive developments on the stated objectives and transparency should not obscure the need to translate this into concrete steps to reduce emissions. While emission reduction targets are indeed present in the long and medium term (84% and 85% of cases), they are falling slightly in the short term (45% compared to 47% in 2023). These goals are aligned with the objectives of limiting global warming to 1.5°C for only 41% of companies over the long term (vs. 30% in 2023), 20% over the medium term (vs. 13%) and 21% over the short term (vs. 18%). These increases are encouraging, but short- and medium-term levels remain very insufficient.

The alignment of investments towards less emissions-intensive products or solutions is progressing only very slightly, with only 4% of companies (2% in 2023) and therefore remains one of the priority areas.

Engagement actions undertaken at the FRR's initiative

As part of the NZAOA, the FRR has requested two managers to engage with a selection of portfolio companies. The 26 targeted companies were selected in accordance with the NZAOA's "Target Setting Protocol" rules. This provides for the selection of at least 20 portfolio companies, with a focus on those responsible for emissions "generated by companies held in the portfolio" or those responsible for a total of 65% of the emissions generated by portfolio companies. The desired outcome of these engagement initiatives is alignment with trajectories tending towards not exceeding, or not significantly exceeding, the 1.5°C threshold.

These two managers use the analysis matrix developed by the CA 100+ initiative (the "Climate Action 100+ Net-Zero Company Benchmark"), to perform their own analysis. By using this analysis matrix, it is possible to measure as objectively as possible the positioning of the target companies, and the progress made over the duration of the engagement. It can also be used to compare companies' levels of progress on various matters: neutrality targets, decarbonisation strategy, alignment of capital allocation, climate lobbying, climate governance, just transition and compliance of disclosure with TCFD recommendations.

This engagement action was conducted for the third consecutive year in 2024. The analysis of the progress on the various topics is somewhat heterogeneous.

On the setting of carbon neutrality goals, very little has changed. In addition, the same problem applies for the companies covered by the CA 100+ initiative, with quantified goals still lacking in the short and long term.

The adoption of decarbonisation strategies is progressing slightly, but the direction of investment spending to enable this strategy to be deployed still often remains unclear.

Reporting compliance with TCFD recommendations is improving, as are the criteria for just transition.

At the level of the 26 companies involved in this engagement action, a slightly improved overall analysis is true for 8 of them whereas 7 show significant progress over the period 2022/2024. Among the latter, two profiles emerge:

- two companies that also fall within the scope of CA 100+ engagement, one of which has made progress overall and the second, already one of the “top students”, that has made progress in matters of just transition;
- five companies that are not within the scope of CA 100+ engagement, and which show an overall improvement.

Engagement initiatives on the other ESG issues

Whatever the asset class, the FRR’s management mandates, following a selection process that places ever increasing emphasis on ESG, require the FRR’s managers to factor its responsible investment strategy into their management, in particular by systematically integrating ESG analysis into the issuer selection process, and by exercising voting rights and through dialogue and reporting at biannual management committee meetings as well as in the annual reports.

Supporting companies through private equity

Since its first private equity mandates in 2007, the FRR has required comprehensive reporting from its managers, in particular by imposing a significant ESG component in order to develop, measure and verify the impact of its investments on companies and their ecosystem. In practice, the FRR strives to ensure that its managers conduct a pre-acquisition ESG assessment, draw executives’ attention to ESG issues, define areas for improvement in forthcoming years to promote a company’s development and

prepare it for the highest possible level of ESG requirements and thereby facilitate its disposal. The FRR’s requirements have been a driving force for management companies, which have increasingly developed and boosted the monitoring of ESG aspects, with the support of the executive teams in portfolio companies.

Whereas, in recent years, the main focus of intervention has been on governance, management companies have increased their action on the other two pillars, namely environmental and social. With the implementation of the SFDR regulation, management companies have been very active in deploying their ESG policies, which is recognized as a central issue for all of the FRR’s managers. Certain funds even link part of their “carried interest” to the achievement of ESG criteria.

All of the management companies are PRI signatories. The FRR analyses the assessment of the practices of these companies conducted by the PRI. Two management companies have a score below the median. However, these scores do not take into account the latest developments of these management companies. The assessment of all other management companies is higher than the median score, which reflects the best practices adopted.

Assessment on engagement initiatives in 2024 (non-climate related) at FRR level

In 2024, the FRR, jointly with ERAFP and under the aegis of the FRI, launched a pilot group to measure the effectiveness of ESG engagement.

Ever more responsible investors are seeking to influence companies to adopt more sustainable practices and change their business models. Developing a method for objectively assessing the effectiveness of engagement initiatives is an essential step in boosting their credibility. This will also help improve the criteria for selecting management companies surrounding this theme.

This ambitious project brings together experts from institutional investors, management companies and academics.

Moreover, the FRR has supported the Reynolds & Gifford PRI Grant project – this is a research grant for which Stéphanie Giamporcaro, Christophe Revelli, professor of Sustainable Finance/Impact at Kedge Business School, and a team of international researchers and practitioners are applying.

The aim of this project is:

- 1 a better understanding of the different contexts experienced between the North and the South and the role that responsible investment can play in addressing the problems of inequality and just transition.
- 2 to explore the role and usefulness of responsible investment in addressing North/South imbalances in financial allocation, financial markets and financial inclusion to achieve the SDGs.
- 3 to build a transnational network of academics, practitioners and students capable of co-creating solutions/pathways for research and collectively identified practical problems over a 5-year period.

Main engagement initiatives in 2024 (non-climate related) at mandate level

As asset management contracts are renewed, mandates now include an enhanced half-yearly reporting requirement on various matters including, in particular, engagement initiatives undertaken with certain issuers in the portfolio.

For example, through reporting and dialogue with the managers of equity index management mandates consistent with the Paris Agreement, the FRR is informed of the various collective initiatives implemented on Social and Governance matters.

Thus, the managers make the FRR aware of their engagement regarding the advancement of the data environment on corporate human rights, improvements in workers' rights and collective bargaining, pay equality, and also the fight against hunger, health and healthy nutrition.

Exclusions policy

In accordance with its strategy, the FRR has established exclusion criteria concerning:

- certain corporate practices that fail to respect universally recognized principles, such as those of the United Nations Global Compact, the Principles of Responsible Investment and good governance principles such as the International Corporate Governance Network (ICGN);
- activities that do not comply with certain international conventions ratified by France, in particular those on non-conventional weapons and tobacco, or companies whose registered office is in a country on the French and European lists of non-cooperative States and territories for tax purposes;
- coal-related activities, or certain non-conventional forms of energy, which are particularly damaging to the climate.

These controversial practices and activities were analysed by Morningstar in late 2024.

Excluded controversial weapons include anti-personnel mines (banned by the Ottawa Convention in 1997, signed by 164 countries), cluster munitions (banned by the Oslo Convention in 2008, signed by 108 countries), chemical weapons (Chemical Weapons Convention 1992) and biological weapons (Biological Weapons Convention 1972).

Each year, the FRR updates its exclusion list validated by the Responsible Investment Committee of the Supervisory Board based on a methodology whose aim is to identify companies involved in the development, production, maintenance, use, distribution, stockpiling, transport of or trade in cluster munitions, anti-personnel mines, chemical and bacteriological weapons or their key components.

In 2024, 17 companies identified in the FRR's investment universe are placed on the exclusion list:

MANUFACTURER / DEVELOPER	COUNTRY
Aerospace Long-March International Trade Co., Ltd.	China
Anhui GreatWall Military Industry Co., Ltd.	China
China North Industries Corp.	China
Compania Nationala ROMARM SA	Romania
Defense Research & Development Organization	India
Electromechanical Ordtech Ltd.	Greece
Global Industrial & Defence Solutions	Pakistan
LIG Nex1 Co., Ltd.	South Korea
Makine ve Kimya Endüstrisi AS	Turquie
Nityanand Udyog Pvt Ltd.	India
Poongsan Corp.	South Korea
POONGSAN HOLDINGS Corp.	South Korea
Rostec Corp.	Russia
SNT DYNAMICS Co., Ltd.	South Korea
SNT Holdings Co., Ltd.	South Korea
The Day & Zimmermann Group, Inc.	United States
Yugoimport-SDPR	Serbia

The background is a light blue field filled with various geometric patterns. On the left, a large, solid yellow circle is partially visible. Overlaid on this and the blue background are numerous rectangular and square blocks of varying sizes. Each block is composed of many thin, concentric lines in shades of red and purple, creating a sense of depth and movement. The lines are arranged in a way that they appear to be receding or expanding from a central point within each block.

**THE FRR'S
INVESTMENTS
HAVE A POSITIVE
IMPACT ON THE
MAJOR PUBLIC
CHALLENGES OF
TOMORROW**

A SIGNIFICANT IMPACT ON THE CHALLENGES OF RESPONSIBLE INVESTMENT

Impact on all ESG factors

ESG score of the portfolio and controversies in 2024

To ensure that its responsible management is properly implemented by the management companies to which mandates have been awarded, the FRR regularly assesses the quality of its portfolio, in particular through the ratings of the portfolio companies, both at global level and also mandate-by-mandate.

The provider responsible for measuring and analysing ESG is Morningstar France Fund Information. Its ESG Risk Ratings approach is based on a bi-dimensional architecture: exposure, which measures the degree of ESG risk to which a company is exposed, and management, which reflects the quality of the company's management of that risk. The rationale of this ESG rating methodology is that sustainability is linked to greater value over the long-term if a company's management focuses on ESG issues that actually relate to its business model and operations.

The ESG Risk Rating score attributed to the issuer can be interpreted as the ESG risk not managed by the company (exposure to material ESG risks minus the company's ability to manage these risks).

The quantitative score represents units of unmanaged ESG risk, with the lowest scores representing an unmanaged risk. Unmanaged risk is measured on an open scale starting at zero (no risk) and such that, in 95% of cases, the maximum score is below 50.

With an ESG risk score of 20.2 at the end of 2024, **the FRR's consolidated portfolio (equities, corporate and sovereign bonds) is in the lower range of the "medium" risk category** with a result close to its benchmark which has a risk score of 20.7. The change with reference to the end of 2023 is minimal (- 0.5 for the consolidated portfolio, -0.3 for the benchmark).

With a score of 19.15, the FRR's global equities portfolio sits in the low risk category and slightly below its benchmark (19.99). The FRR's corporate bonds portfolio is in the medium risk category and slightly below its benchmark (21.09 compared to 21.38). In these two categories, the portfolio's ESG risk has decreased further than the benchmark.

The breakdown of the ESG risks of the FRR's "Corporate" portfolio by pillars E, S and G highlights that the FRR portfolio's greatest exposure is in social aspects, like at the end of 2023. Indeed, 45% of the ESG risks in the global equities portfolio and 48% in the corporate bonds portfolio relate to social issues. This trend is even more marked than at the end of 2023 where these aspects scored 42% and 45% respectively. Social issues also account for the majority (54%) of the controversies impacting portfolio companies. As a reminder, the social dimension includes not only relations with employees, but also the supply chain, the quality and safety of products and services, business ethics and relations with society and local communities.

Some portfolio companies are in violation of the UN Global Compact standards in both of the equities and corporate bonds portfolios. Nevertheless, the proportion

they represent is limited: 1.14% for the global equities portfolio and 0.38% for the corporate bonds portfolio. This proportion has decreased slightly for both portfolios compared to the end of 2023 (1.4% and 0.7% respectively).

With an ESG risk score of 18.61 at the end of 2024, the FRR's sovereign bonds portfolio sits in the "low" risk category. It is marginally riskier than its benchmark, which has an ESG risk score of 18.33 at the same date. Compared to last year, there was a slight increase in the risk score of the sovereign portfolio (+1.26) as well as that of the benchmark (+1.75). France's decreased presence in the FRR's portfolio compared to last year (-5%) largely explains the increased risk rating of the sovereign portfolio. As France's rating is low-risk, its predominant weight in both the portfolio and the benchmark has a positive impact on their ESG risk scores.

Contribution to Sustainable Development Goals

The Sustainable Development Goals are an action plan adopted by all United Nations member countries in 2015. They form a call to action to eradicate poverty, protect the planet and guarantee prosperity for all by 2030.

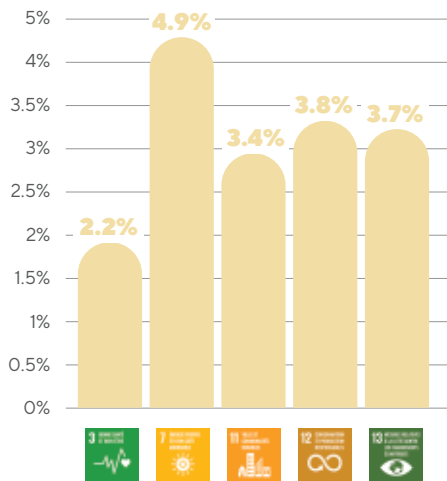
These 17 interconnected goals cover a wide range of global challenges, including poverty, hunger, health, education, gender equality, clean water, clean energy, climate change, peace and justice. The idea is to work together so no one is left behind.

Of the companies in the global equities portfolio, the 5 sustainability themes with the highest representation in the portfolio are:

- Good health and well-being (SDG 3)
- Affordable and clean energy (SDG 7)
- Sustainable cities and communities (SDG 11)
- Responsible consumption and production (SDG 12)
- Climate action (SDG 13)

SDGs to which the revenues from the companies in the Global Equities portfolio contribute the most (%)

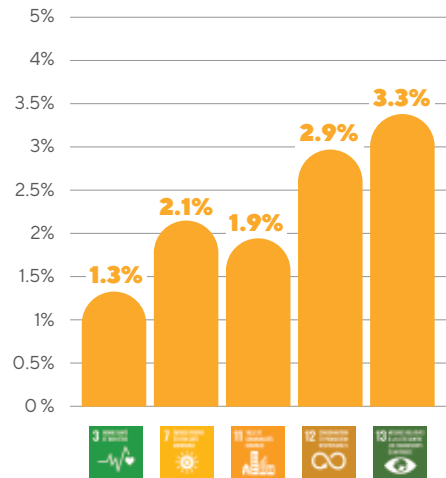
SOURCE: MORNINGSTAR FRANCE FUND INFORMATION



Compared to the end of 2023, there has been a slight increase in the contribution of portfolio companies to the Sustainable Development Goals. This increase is mainly due to methodological reasons. Indeed, in 2024, the analysis carried out by Morningstar France Fund Information covered a greater number of activities than in 2023, which helped identify more contributing companies. The 5 sustainable themes with the highest representation in the corporate bonds portfolio are identical to those in the global equities portfolio, although in a different order and with lower contribution levels:

SDGs to which the revenues from the companies in the corporate bonds portfolio contribute the most (%)

SOURCE: MORNINGSTAR FRANCE FUND INFORMATION



Impact on portfolio carbon footprint

In 2007, and for the first time, the FRR calculated the environmental footprint of its portfolio. Since then, in line with its responsible investment strategy, the commitments it has made and the decarbonisation efforts made on a number of its portfolios, the FRR now measures the carbon footprint of its mandates and funds annually.

The FRR selects via a request for proposals its service provider responsible for measuring and analysing the environmental and

climate footprint of the FRR’s portfolio: in 2023, S&P Global Market Intelligence LLC was selected for a four year period, with a possible renewal for one year.

The methodology used covers the emissions generated by the operations of companies and their direct suppliers. Carbon emissions are estimated by weighted average carbon intensity (or WACI) and expressed in tonnes equivalent CO₂ per million euros in revenue.

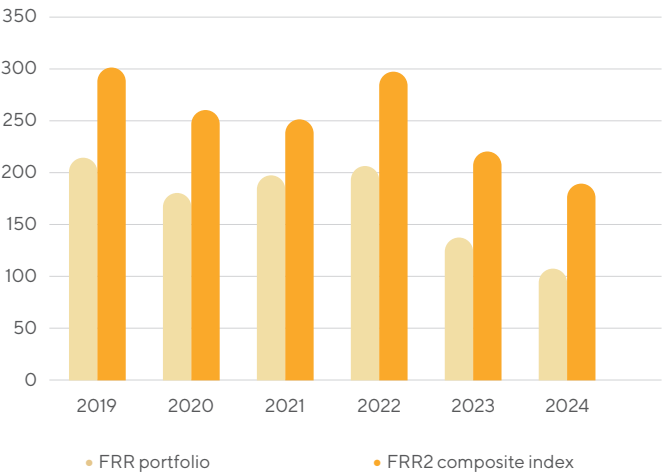
Carbon footprint of the equities portfolio

At the end of 2024, the weighted average carbon intensity (WACI method) of the companies within the FRR’s global Equities portfolio totalled 108 tonnes equivalent CO₂ per million euros in revenue. This was 43% below the FRR’s benchmark index.

From 2019 to 2024, the carbon footprint of the FRR’s equities portfolio had fallen by 50% (around 10% per year) whereas the FRR portfolio’s representative benchmark had fallen by only 37%.

Change in the carbon footprint of the global equities portfolio in tonnes equivalent CO₂ per million euros in revenue

SOURCE : S&P GLOBAL MARKET INTELLIGENCE LLC



The table below compares the total decarbonisation of the FRR's equities portfolios between 2016 and 2024. There is a marked trend in the decarbonisation of the "developed market equities" and emerging markets equities portfolio despite benchmarks retreating in particular in emerging markets.

	PORTFOLIO	BENCHMARK
Global equities	-54%	-40%
Developed Market Equities	-57%	-48%
Emerging Market Equities	-47%	-16%

Carbon footprint of the corporate bonds portfolio

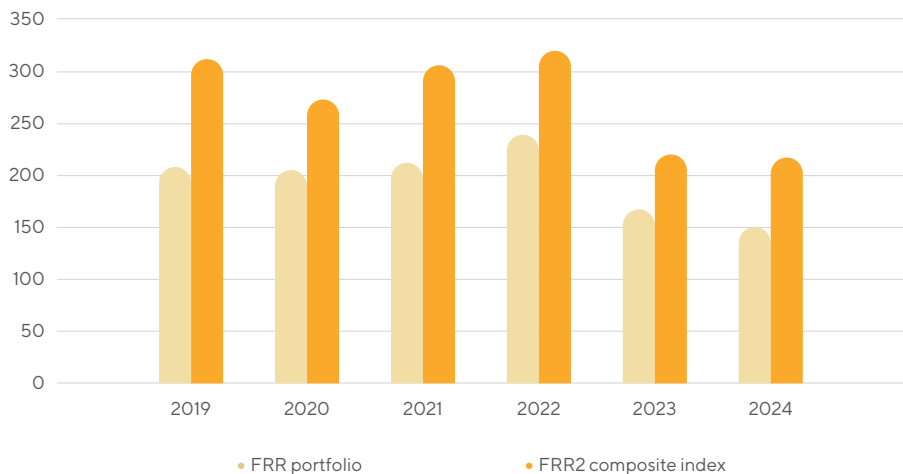
Green bonds finance projects with a positive environmental impact, such as renewable energy or green transport. As such, they may be considered as producing no net CO₂ emissions. However, it is important to note that projects financed by green bonds are not always CO₂ emissions-free. For example, a renewable energy project may generate CO₂ emissions during its construction phase. Moreover, an issuer of green bonds may have other operations that generate CO₂ emissions.

At this stage, the FRR assigns the issuer's footprint to green bonds, which is in line with the provider's methodology. This is a conservative approach. Nevertheless, the FRR requires its managers to take exposure on green bonds beyond their representative proportion in the benchmarks. These exposures therefore appear in the portfolio footprints declared by the FRR, which are, as a matter of fact, conservative.

Change in the carbon footprint of the corporate bonds portfolio

In tonnes equivalent CO₂ per million euros in revenue

SOURCE: S&P GLOBAL MARKET INTELLIGENCE LLC



At the end of 2024, the carbon footprint of the FRR's corporate bonds portfolio equalled 151 tonnes equivalent CO₂ per million euros in revenue. This is 31% lower than that of the benchmark index compared to 24% in 2023. Between 2019 and 2024, the portfolio's carbon footprint fell by 28% whilst that of the benchmark index fell by 30%. This slight difference can

be explained by the "allocation effect" due to an increase in the weight of high-yield bonds (whose activities are more intensive in terms of carbon emissions). Note that this gap has decreased significantly in 2024, since in late 2023, it stood at 9 points. This reflects the increased decarbonisation commitments made by the FRR.

Carbon footprint of the sovereign bonds portfolio

The portfolio carbon footprint analysis methodology for a portfolio of sovereign assets is based on the total greenhouse gas emissions by country, reflecting the specific role of the public sector as a provider of key services for the economy and as legislator having an influence on carbon footprint. The scope covers:

- domestic emissions: emissions generated by goods and services produced and consumed in a given territory;

- direct imports: emissions generated by goods and services directly imported by a country;
- direct exports: emissions generated by goods and services produced in a country and exported to a foreign economy.

The graph below shows the weighted average carbon intensities of the sovereign bonds portfolio and its benchmark: this indicator quantifies the average intensity of the portfolio by reference to the weighting of each country within it. It measures the

allocation of the portfolio to more or less carbon-intensive economies. The difference in the carbon intensity level of the portfolio compared to that of its benchmark can be explained by the very slight

overweighting of Indonesia among the emerging countries. This is the result of asset allocation decisions in the hedging compartment.

Change in the carbon footprint of the sovereign bonds portfolio

In tonnes equivalent CO₂ per million euros in GDP

SOURCE: S&P GLOBAL MARKET INTELLIGENCE LLC



Carbon footprint of the private equity and private debt portfolio

S&P Global Market Intelligence LLC assessed the carbon footprint of private equity and private debt portfolios for the first time in 2024. Under the WACI method, these were equal to 97 tCO₂e/M€ and 114 tCO₂e/M€ respectively. In the absence of a benchmark, these results, even though the underlying assets are different in nature, are comparable to the carbon footprints of the Global Equities (108 and 190 tCO₂e/M€ respectively) and corporate bonds (151 and 218 tCO₂e/M€ respectively) portfolios and benchmarks.

It is therefore clear that the carbon footprints of investments in unlisted assets are far lower than the corresponding listed assets benchmarks. However, these results should be interpreted with caution: carbon footprint is only currently measured for 52% of the private equity portfolio and 46% of the private debt portfolio.

Impact on energy transition and social progress

Equity mandates

In addition to the ESG scores, contribution to SDGs and decarbonisation targets which are now attached to all equities mandates, these mandates include goals and must report on other aspects relating to energy and ecological transition:

- companies in which greentech represents a significant proportion of revenue;
- companies whose temperature scenario is aligned with the Paris Agreement;
- companies participating in transition risk management;
- physical climate risk management;
- biodiversity management;
- companies deriving part of their revenue (even minimal) from coal.

The management companies for each mandate are chosen, among other things, for their ability to improve these metrics compared to the benchmark. The FRR harnesses these more comprehensive reports to improve its investments.

Bonds mandates

The bonds mandates also incorporate an approach promoting energy transition. The FRR has requested its management companies to factor these matters into their analysis of the securities and construction of the portfolio and one of the clearest results favouring energy transition is the ever greater representation of green bonds in the investment universe, whether in the portfolios for issues in Euros or Dollars, Investment Grade or High Yield bonds.

In the Euro and US Investment Grade Credit universe, Green Bonds account for 208.4 Bn€, or around 10.2% of assets under management for both these categories of corporate bonds.

More specifically, Green Bonds represent 15.9% of the benchmark for the Euro Investment Grade Credit mandates whereas the mandates themselves hold 17.7% (193.20 M€).

Green Bonds have a much lower representation in the mandates for dollar issues because they are relatively rare across the Atlantic. The benchmark for these mandates holds 1.90% in Green Bonds whilst the mandates selected under this contract hold 1.6 % at the end of 2024 (15.10 M€).

The representation of green bonds in the Euro and US High Yield universe is estimated at around 10 Bn€, compared to 208 Bn€ for the Investment Grade market. This difference between the two universes reflects the rarity of high yield green bonds, which remains an emerging market.

However, Green Bonds represent 11% of the universe of the benchmark for the Euro High Yield Credit mandates, whereas the corresponding mandates only hold 14% on average. Green Bonds are, conversely, much less well represented under the USD High Yield mandates. Indeed, the benchmark for these mandates holds 1.3% in Green Bonds, whilst the mandates selected under this contract hold 0.9% at the end of 2024.

Unlisted assets

Real estate

Certain investments made by the FRR have an inherently positive investment profile in terms of impact.

The investment made in FLI, Intermediate Housing Fund, has made a positive social impact, by enabling more than 11,000 people to be housed on a means-tested basis with a rent saving of almost 13%, or €1,313 per household benefiting.

In addition, the investment in the Brownfields fund, whose aim is to depollute and convert urban and industrial wastelands, helps towards rehabilitating polluted sites and thereby to prevent urban sprawl and soil artificialisation.

Brownfields' ecological footprint is clearly positive:

- Elimination of pollution sources likely to contaminate the various environments (soil, groundwater and ambient air);
- Converting brownfield sites into urban areas helps not only to reduce urban sprawl but also to reduce CO₂ emissions associated with travel.

By virtue of these conversions, the Brownfields fund has helped finance:

- the creation of 9,500 family housing units, of which around 40% are social sector or affordably priced
- 15 Serviced Residences totalling 2000 residential units
- 5 Business Parks totalling 331,000 m² floor area
- 2 Office Buildings totalling 10,000 m² floor area
- 1 Hypermarket
- 14* hotel with 101 rooms

Illustration of the Blanc-Mesnil operation

Located on the municipal boundary with the town of Le Bourget, the development land is the result of a project to divide the tenement buildings located at the south-west corner of the intersection of Avenue Charles Floquet with the Rue du Parc, and comprising a complex of industrial buildings.

Earmarked for demolition, these buildings derive from industrial activities that are now almost extinct and which developed there during the last century culminating in the installation of the company Société des Tubes de Montreuil, itself a result of the Eiffel construction company established on the site in the early 50s.

The project involves, once the existing buildings have been completely demolished, with the notable exception of the so-called "Eiffel" covered market located to the north-east along the Rue du Parc, developing a new residential district with a shopping street in a quality urban layout, both in terms of the architectural styling of the buildings and the attention paid to developing the public spaces. The aim is to achieve a level of excellence making this district a central urban hub combining quality housing, quality services and local shops in a landscape reflecting the town's ambition to offer its inhabitants an exemplary place to live overlooking its landscaped and urban environment.

Ultimately, 1700 new housing units were built, in spaces comprising 40% vegetation, with around 4,000 m² of shops and services, 4,000 m² of amenities (including the future school) and 5,000 m² for economic activities.

Investment in the
Brownfields fund

**15 serviced
residences**

**2,000
housing units**

**9,500
family
homes**

40% social sector
or affordably priced

**5 activity
zones**

331,000 m² floor
area

**2 office
buildings**

1 hypermarket

1 hotel

LE BLANC-MESNIL -
RE-DEVELOPMENT
OF THE "LES TUBES DE
MONTREUIL" SITE



Infrastructure

In view of the significant financing requirements for ecological and energy transition, a large majority of the investments of portfolio funds are dedicated to this area in the broad sense: they represent almost 90% of the investments in this asset class.

They concern in particular the renewable energy sectors (wind, solar, biomass and biogas,...), but also storage, which is now essential for optimising network fluidity, mobility to support amongst other things the expansion of the electric vehicle fleet, energy efficiency, waste treatment and the water sector in all its aspects.

Among the investments already in the portfolio, the French company Swish illustrates French know-how in electric mobility.

Established by the CEREL group in 2021 as a new branch and then a carve-out, SWISH is a company specialising in the development, construction, financing, operation and maintenance of charging stations for electric vehicles. It is based in France, and aims to deploy stations in neighbouring countries, beginning with Italy and Spain. SWISH will employ around 60 specialists by the end of 2026 and is targeting a 5-10% market share in the Business To Business ("B2B") segment.

The funds invested by INFRAGREEN V finance the structuring and growth of the company, but above all the development and construction of charging stations for electric vehicles.

SWISH targets the B2B segment of the Electric Vehicle Charging Infrastructure ("EVCI") market, by installing charging stations in company car parks, for use by their employees and for their own fleet. The target customers include multi-site SMEs, which are secured either by responding to requests for proposals or by a targeted sales approach.

By 2030, SWISH's goal is to deploy more than 80,000 charging points, mostly in alternating current and in France and, in a second phase, in neighbouring countries. INFRAGREEN V's investment takes the form of preference shares and convertible bonds, intended to protect the fund's interests should SWISH's financial performance disappoint. If performance is satisfactory, INFRAGREEN V's shares will capture 38.3% of the value, and the convertible bonds may increase the upside share.



SWISH RAPID CHARGING POINT

Through this commitment in Rgreen Invest's 5th Vintage Equity, the FRR is contributing, first, directly to the expansion of a small developing French enterprise ; secondly, this funding has real environmental impacts due to Swish's own operations (calculated by the management company), including:

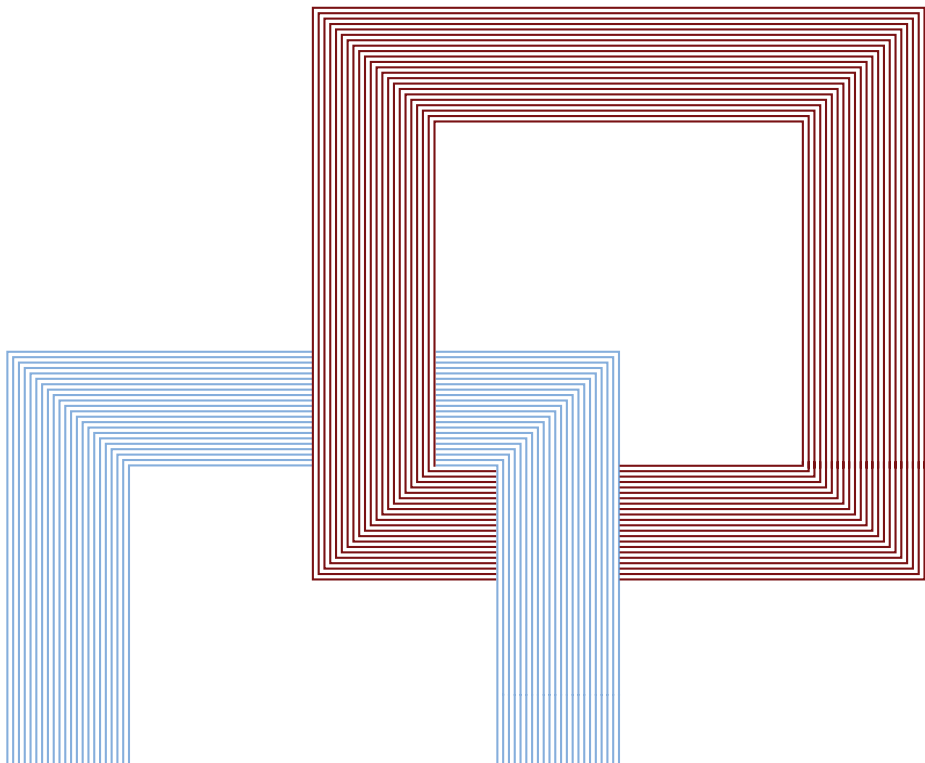
- In 2024, the electric vehicle charging stations installed and/or operated by Swish charged electric vehicles in France to the tune 1,100 MWh.

→ for comparison, this total represents more than 6.5 million kilometres driven by electric vehicles,

→ this is equivalent to a fleet of 500 electric cars powered over a year, or 8,000 Paris-Marseille journeys.

- Moreover, Rgreen Invest estimates that around 1,000 tonnes of CO₂e have been "avoided" thanks to the Swish charging stations in operation in 2024.

Important: (1) These estimates are based on the charging stations installed and/or operated, managed by Swish at the end of 2024, with the company developing rapidly. (2) These calculations are approximations in order of magnitude for illustrative purposes. The calculation assumptions and comparisons were produced by RGREEN INVEST with the help of internal and external databases (ADEME, Ministry of Ecological Transition,...). (3) The results presented herein are based on a "scope 4" avoided emissions calculation. There are also "scope 1, 2 and 3" emissions associated with charging stations (manufacturing, installation, operation), not presented here, the total being substantially lower.



Private equity

The innovation capital funds and mandates selected by the FRR finance disruptive innovations, of which a number contribute to the energy transition, such as Jimmy Energy, a French company developing a small modular reactor ("SMR") based on High Temperature Reactor ("HTR") technology to provide industrial sites with zero carbon heat and MPH Énergie, an actor in energy transition, which supports its customers in implementing low-carbon energy systems.

JIMMY ENERGY

Jimmy designs and operates modular nuclear reactors to provide industrial enterprises with carbon-free heat. By industrializing the reactor assembly process, the company hopes to deliver the equivalent of 300 MW of thermal power per year to the industry sector, i.e. 30 reactors of 10 MW. It is also developing its own fuel plant to secure supply for its reactors.

The company does not yet generate a turnover but it was authorized to lodge its start-up authorization application (DAC) this year (1st startup to obtain it) and its approach was approved by the (non-public) audit conducted by the High Commissioner for Atomic Energy.



JIMMY ENERGY MODULAR NUCLEAR REACTOR

MPH ÉNERGIE

MPH Énergie is an independent French industrial group established in 2005. As an actor in the energy transition, the group offers a comprehensive range of solutions and services for the measurement, transfer and distribution of energy. The group is focused on the energy distribution sectors in the fields of transport, industry and the environment. MPH Énergie offers a full range of fuels including biofuels, CNG and LNG, biogas, GTL and Hydrogen. As part of the development of the Green Gas Business Unit, the subsidiary Mesure Process has partnered with NEL Hydrogen Fueling Station in the construction/ completion/maintenance of turnkey

hydrogen stations in France. NEL is the leader in terms of experience and in the number of H2 production and distribution plants built globally with more than 110 H2 refueling stations since 2003. In 2023, the MPH group won the largest tender process launched to date in France. It involves the installation and maintenance of a green hydrogen station in Créteil.

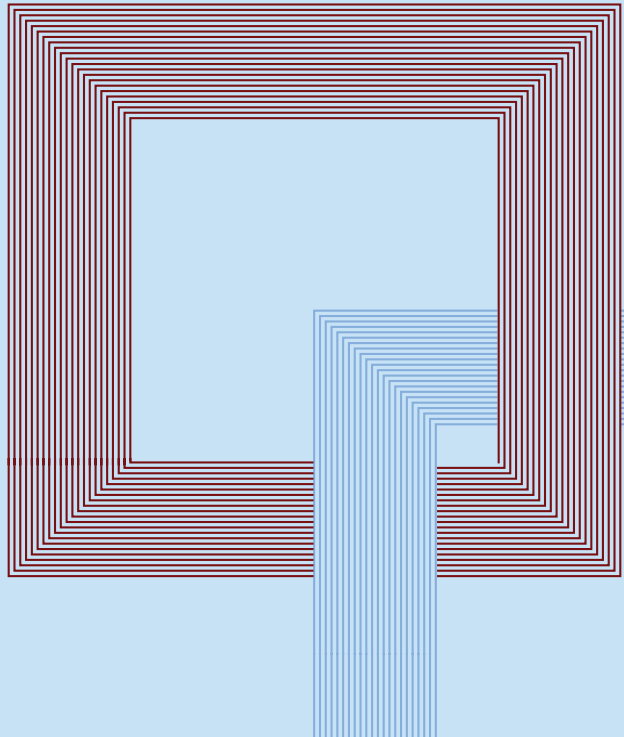
Since the manager acquired a stake in the capital in May 2021, the organisation of MPH Énergie's teams has been thoroughly reviewed. Finally, two acquisitions were made during 2024 to expand the group's gas measurement offer and thereby better position it on the industrial market.



RATP SITE 2025 - BIO-GAS REFUELLING
DEPOT - MPH ÉNERGIE

AN ESSENTIAL LINK IN THE FINANCING OF THE FRENCH ECONOMY

As of 31 December 2024, assets under management were deployed in 121 investment vehicles (mandates and funds) distributed between 79 business relationships. Of these 79 management companies entrusted with one or more investment vehicles, 50 are French and 52% of total assets under management are entrusted to teams located in France. The impact of the FRR's operations on the French ecosystem is therefore significant, however it also extends outside the national borders, with 21% to teams based in the United States, 16% in the United Kingdom being among the most represented regions that respect the FRR's demanding standards and have shown continuous improvement as contracts are renewed.



A significant proportion of assets invested in France

Acting as an instrument of solidarity between generations, a long-term investor and an actor managing public funds for the collective benefit, the FRR is increasing its efforts little by little each year to support French companies. In this way it contributes towards consolidating the equilibrium of the social security system through the jobs created and income generated by the companies it supports. At 31 December 2024, France's weighting as a proportion of the FRR's investments amounted to 31%.

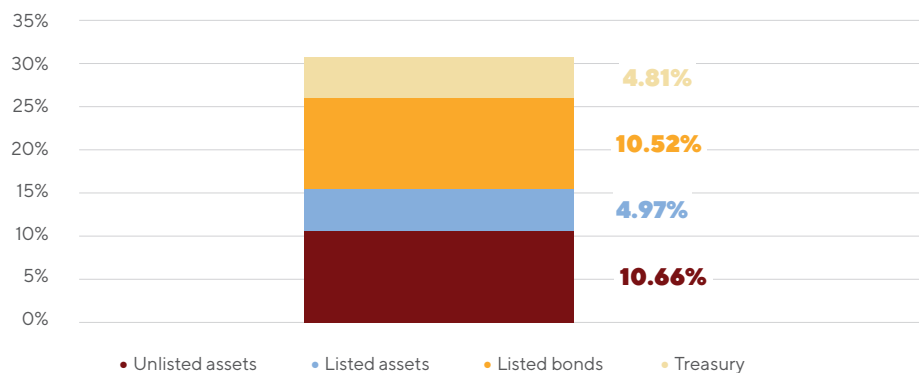
In order to pay its annual contribution to Caisse d'Amortissement de la Dette Sociale (CADES) each year, the FRR has to sell a portion equal to 2.1 Bn€ of its assets. This year, the FRR has once again reduced the size of its euro and US dollar denominated investment grade bond mandates to comply with its new strategic

allocation which takes into account the FRR's extended management timeline. No disposals were made under the French small cap mandates (nor any other equity mandates), the FRR preferring to conserve these assets under management.

At 31/12/2024, across all funds and mandates, excluding derivatives and including money market products, 75.3% of the FRR's investments are made in Europe (of which 31% in France). In terms of the distribution of the FRR's investments in France, 34% derive from investments in unlisted assets, 34 % derive from listed bonds, 16% from listed equities, 12% from monetary open-end funds and finally 3.6 % from Overlay management.

Investments in the French economy

as a proportion of the FRR's total assets



Of the 14% of the FRR's allocation invested in unlisted assets, nearly 10.7% are invested in France (2.2 Bn€) as at 31/12/2024, of which 72% in equity (1.56 Bn€) compared to 28% (614 M€) in debt.

Significant support for the French economy: getting to know companies

Index providers

Since April 2021, the FRR has integrated the model developed by the French fintech Equity GPS into its range of smart beta strategies. This company, founded in 2012, offers an innovative expert system that assesses on a daily basis the valuation and financial outlook dynamics of nearly 7,000 listed companies worldwide, representing more than 90% of the world's market capitalisation. This process helps identify pockets of market inefficiencies using a systematic and objective methodology.

The model is based on a solid academic foundation, and uses an objective methodology, incorporating 30 years of historical data. Its automated process collects, models and exploits more than 300 million items of financial data, rendered in the form of scores and graphs available daily.

To capitalize on Equity GPS's expertise, the FRR requested that a smart beta solution be created to optimize the average Equity GPS score of a portfolio of Eurozone large and mid-cap equities. This sophisticated solution incorporates liquidity and turnover constraints, as well as targets for decarbonisation and tracking error against the capitalisation-weighted benchmark. To develop this strategy, Equity GPS has entered into a partnership with the French

index provider Fair Cost Index to fulfill the index valuation and operational monitoring requirements. This provider, authorised by ESMA, produces customisable global equity indices employing transparent, unbiased, and low-cost methodologies.

Since 2021, 205 M€ has been invested in this strategy developed by Equity GPS and the outperformance compared to the capitalisation-weighted benchmark is estimated at nearly 13.5% at the end of 2024, including over 6.2% in 2024 alone.

Small-cap listed equities

At the end of 2024, French small caps, present in several mandates or funds held by the FRR (mainly French and European small cap mandates, listed compartment of the Novi 1&2 funds) represented assets under management of around 590 M€, or 2.9% of the FRR's total assets. In addition, almost 370 M€ is also invested in European small-caps, bringing assets under management in this category of equities to nearly 950 M€, equivalent to 4.7% of the FRR's total assets.

VISIT OF THE TRIGANO VDL INDUSTRIAL SITE IN TOURNON SUR RHÔNE

ANOTHER WAY TO GET TO KNOW THE LISTED COMPANIES IN THE FRENCH SMALL-CAP MANDATES

The FRR has been supporting French SME and intermediate-sized enterprises (ETI) through, among other forms, dedicated mandates for the responsible management of listed small and mid-cap equities for over 10 years now. As such, the FRR is a company shareholder for the long-term, and Trigano has been one of those historically present in the portfolios since 2014.

This company was founded in 1935 by Édouard Trigano, initially specialized in the manufacturing of tents. It then accompanied the development of tourism post-World War II and diversified from the 1960s and 70s into leisure vehicles, initially caravans, then motorhomes from 1984. It now manufactures under several brands to offer different levels in the range (Challenger, Chausson, CaravelAir, Sterckeman, Adria, Rubis or Rimor).

Trigano is present in 14 countries, employs 10,500 people and generates 3.5 Bn€ in revenue for a net profit of 308.30 M€ (end of 2023 data). Listed on the stock exchange in 1998 by its current CEO François Feuillet, the company is now 58% owned by the Feuillet family, the remainder floating. The company has developed mainly through external growth.

Amiral Gestion, one of the FRR's managers, maintains its long-standing knowledge of the companies it finances. In December 2024, a delegation from the FRR visited the largest vehicle manufacturing plant in Europe, Trigano VDL, a subsidiary of the Trigano Group. Located in the heart of the Rhône Valley vineyards in the Ardèche, in Tournon sur Rhône, this site is the group's leading industrial hub, followed by Italy, Slovenia and soon Spain dedicated to manufacturing vans, one of the group's strategic areas of development over the short-term.

The caravan and motorhome production site covers an area of 200,000 m², of which 50,000 are covered. This site alone produces 6,000 vehicles of the 13,000 sold annually. It employs 850 people, almost 100% on open-ended employment contracts.

This site has two distinct activities: one dedicated to the production of sandwich panels and floors which form the structure of the vehicles and whose operations are organized into 3 x 8 hour shifts over 5 days or even 7 days as needed. The second consists of 4 production lines (2 for caravans, and 2 for motorhomes). Overall, these operations involve 1,000 suppliers and use around 6,000 separate components.

ESG aspects are very well integrated as part of their language and this visit was an opportunity to witness how these aspects are implemented in practice.



AERIAL VIEW OF THE TRIGANO SITE IN TOURNON SUR RHÔNE

Thus, on **labour matters**:

- in order to maintain their level, staff are trained every year, in particular on the operation of machines and “live” working and also to keep up-to-date. Trigano has a campus aimed at extending the range of services offered by the group through training, and to facilitate the training of recent arrivals.
- a company project “PACTE” (Continuous Improvement through Teamwork Project) has been implemented enabling certain workshops to be redeveloped to improve working conditions: the visit revealed that staff working on the upper sections of the vehicles were now operating on raised platforms which have recently replaced the stepladders.
- the company encourages versatility in its employees whose expertise is placed on file so that the most appropriate people can be assigned when others are absent, so as not to interrupt the production line.

On **environmental matters**: several measures have been put in place:

- the commitment to limit gas and electricity consumption, by installing high-speed doors in workshops, double-glazed windows in administrative buildings, replacing traditional neon lights with LED and installing presence detectors.
- waste from the production chain is recovered or recycled by special reprocessing units.
- water consumption is optimized (e.g. damp proof testing on vehicles produced on site requires a large quantity of water that is recycled for subsequent tests to limit the impact of consumption of this natural resource).
- contracts with local suppliers are multiplying, such as for vehicle glazing.

The visit closed with a presentation of the world’s 1st production hybrid motorhome: the ElectriX sold under the Trigano group brands Chausson and Challenger. This vehicle, which has been on the market for several months, has required many adaptations over and above the powertrain including above all the need to adapt the leisure vehicle’s equipment (kitchen area and cooker hob, wheels, ...).

This type of visit builds trust between the parties, allows for more in-depth questions than at media sessions when results are published, and also enables the company’s strategic outlook to be discussed or awareness of ESG issues among small enterprise managers to be improved.



ELECTRIX HYBRID MOTORHOME,
SEEN AT THE TOURNON SUR
RHÔNE SITE

Private equity

In late 2024, a new private equity fund labelled “Tibi”, managed by the company ISAI, was selected.

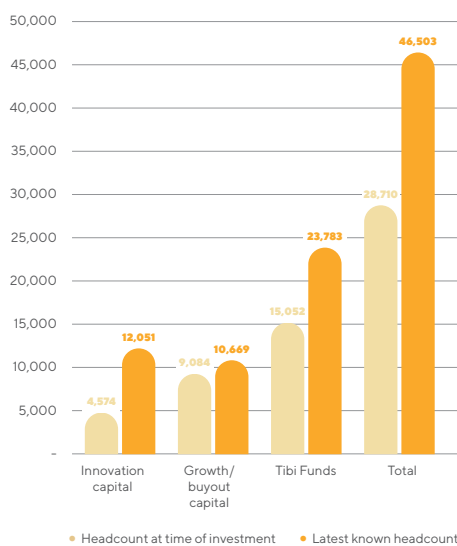
Private equity supports the growth and development of unlisted businesses, by providing the necessary capital to accompany start-up (innovation capital), to help grow (growth capital) and to contribute towards business transfer (buyout capital). This capital support helps strengthen companies in their markets and promotes

their development, particularly internationally. This contributes towards job creation and helps national champions emerge.

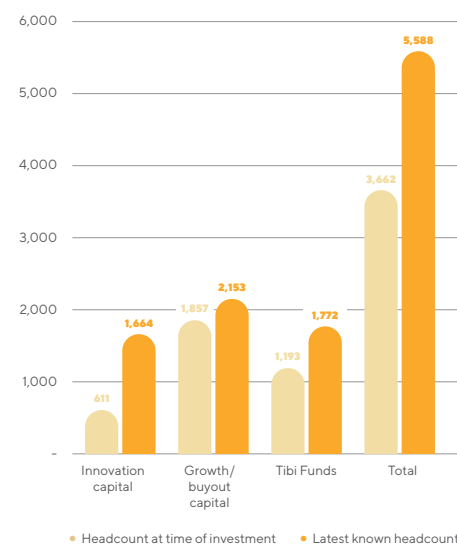
Indeed, in total by the end of 2024, more than 1.4 Bn€ was committed to private equity funds in the buyout capital, innovation capital and growth capital segments targeting French companies thereby supporting their development and job creation in France.

These programmes have helped to create jobs, as quantified below since the date of investment in the vehicles and at the end of 2023:

Change in headcount since capital investment



Change in FRR share of headcount since capital investment



This job creation has materialized through the various investments. Indeed, for example, since Omnes acquired a stake in February 2023, Jimmy Energy, mentioned above, has created 70 jobs. The same is true for MPH Énergie, which has seen its workforce increase from 144 to 230 since Isatis Capital acquired a stake in May 2021.

Note that in addition to these direct private equity investment programmes, the FRR also invests via funds of funds.

Participation in NOV funds

In 2020, following the first Covid crisis, the FRR participated in a market initiative aiming to support the French economy in two ways: health sovereignty, with the Nov Santé private equity fund and supporting the French tourism sector with the Nov Tourisme fund, which is more oriented towards investment combining equity capital and quasi-own funds.

As the economic purpose of these funds is to support the growth and development of companies in these sectors through minority equity capital and quasi-own fund investments, although with contextual nuances, the goal of the “Tourism Initiative” was to support a devastated sector, whereas the Health Initiative aimed to help strengthen health sovereignty by financing amenities, healthcare operators and biotechnology.

Indeed, the implementation of investments is conditional on targets in terms of health sovereignty, the lack of which was cruelly laid bare in the early stages of the health crisis: a major constraint of the Health project is that the disposal of the investments is prioritised towards a national preference and justified by the manager in order to reduce the risk of sale to a foreign partner.

The 2 NOV funds in which the FRR has invested have so far generated a net 1,267 jobs for the Nov Tourisme fund and 595 jobs for the Nov Santé fund as of 31 December 2023.

The Nov Tourisme fund is now in an amortisation phase whereas the Nov Santé fund is still in its investment period. Finally, these 2 funds show significant ESG commitments that can each be illustrated by an investment example:

Nov Tourisme: Investment in Paris Expérience Groupe



PARIS EXPÉRIENCE GROUP:
ELECTRIC CRUISE BOAT LE PARIS

In late 2024, the Nov Tourisme fund finalised the second divestment from its portfolio, with the disposal of its stake in PEG (Paris Expérience Groupe) to a strategic operator: Groupe ADP (Aéroports de Paris). Paris Experience Group offers visits to museums and historical monuments, sightseeing tours in the city of Paris and excursions in Île-de-France and the region, lunch and dinner cruises and private events on the Seine. The Nov Tourisme fund invested capital in the company in 2021, alongside the historical shareholders. The aim, through growth investments, was to establish the benchmark actor in sustainable tourism in Paris.

In fact, the group has made a successful profound transformation of its business model and considerably strengthened its management team and investments. The boat "Noti-club" has opened its doors at the foot of the Eiffel Tower, with an upscale offer of catering, private events, quayside entertainment and rides aboard electric boats. The success of this transformation, creating strategic value, has attracted interest from an industrial buyer, underlining the soundness and achievement of the goals set out at the time of the Nov Tourisme fund's investment.

The group has also implemented a proactive ESG policy, particularly around decarbonising the transport modes used. It has published an action plan detailing its ambitions in terms of sustainability, inclusion and local competitiveness, based on quantified objectives. These objectives are under review by the CSR steering committee set up in 2022 as part of the governance bodies. On this basis, the electrification of the fleet is largely underway, and the offer of low-carbon excursions has been expanded. The gender equality index has also improved, to now 96/100. Finally, in line with the sustainability goals promoted by Montefiore Investment, a mechanism for associating employee shareholders with the creation of value has been implemented.

Nov Santé: Novair Group

Founded in 1977, Novair is a French family-owned group recognized worldwide for its innovative on-site nitrogen and oxygen production solutions. From the ambient air, Novair generators separate gases from the air, enabling nitrogen and oxygen to be produced directly at the site where these gases are used. The main application is in hospitals, where controlling the oxygen supply chain is essential in many countries, while contributing to a positive carbon impact, since this solution eliminates the need to transport oxygen by road. On-site oxygen and nitrogen are also used in many other industries (laser cutting, water treatment...), where Novair has a presence.

With production sites and R&D centres in France, Italy, and the United States, Novair equips more than 4,500 users in 150 countries.

In a constant effort to innovate, the group recently partnered with the American company American Oxygen, which specializes in ceramic-based gas separation technology. This strategic partnership aims to launch a major innovation in 2025: the ionic oxygen generator. This new equipment, initially co-developed with NASA for space applications, produces ultra-pure oxygen (>99.99%), which widens the scope of applications to high-tech industries, such as research laboratories, aeronautics and defense, as well as the health sector. This new generation generator is completely silent and operates with no moving parts, in particular without a compressor, greatly reducing the need for maintenance.



NOVAIR MEDICAL OXYGEN GENERATORS

Novair's ION ionic oxygen generator stands out for its remarkable social and carbon impact: by producing ultra-pure oxygen on-site, it eliminates truck deliveries, drastically reducing the CO₂ emissions associated with transport, while offering an energy-efficient solution thanks to its innovative ionic technology. From a social perspective, it provides reliable and autonomous access to medical oxygen, which is essential for hospitals, especially in remote or crisis-affected areas, improving health-care resilience and supporting vulnerable populations, such as during humanitarian deployments in India or Ukraine. This twin contribution makes it an exemplary innovation combining decarbonisation and social progress.

Private debt

The FRR has committed 1,726 M€ to private debt, mainly through a selection of funds, but also under several mandates. This commitment has decreased due to the gradual liquidation of the initial funds in which the FRR invested.

Private debt investments are split into investments through senior debt funds (including unitranche funds) and mezzanine debt funds. All senior debt funds are in the investment phase and a number of these vehicles were liquidated in 2024. Since the mezzanine fund programme was launched later on, some of these funds are still in the investment period.

The FRR has targeted funds for the most part invested in the French economy (around 80%), mainly in senior debt (70% of the portfolio's private debt), and otherwise in mezzanine debt. The private debt portfolio is made up of 70% floating rate, with 65% of the transactions being secured.

Infrastructure

The FRR has committed 615 M€ to Infrastructure, solely through selected funds.

At the end of 2024, two new infrastructure equity finance funds were selected, including Rgreen Invest's 5th vintage, Ingreen V.



FINANCIAL
INFORMATION

THE FRR'S COSTS

Costs for the 2024 financial year amounted to 84.10 M€ compared to 92.20 M€ in 2023.

Among these, expenses such as staff costs, real estate costs, IT and general overheads form the FRR's recurring costs budget ("*enveloppe limitative*"). These totalled 17.84 M€, an increase compared to 2023 and represent 21% of expenditure compared to 17% the previous year. These costs are uncorrelated to assets under management and represent around 8.6 basis points of net assets. Most of the increase is derived from strengthened production linked to the implementation of the front-to-back tool during 2024.

The amount of the FRR's assessment-based budget ("*enveloppe evaluative*") is 66.23 M€, this being essentially made up of management fees, accounting for 70% of the operating costs for the financial year. In 2024, an amount of 18.21 M€ in outperformance fees were paid due to the maturing of the active management

mandates entitled European small-caps, France small-caps and US small-caps. At 31 December, the total amount of final (*in fine*) fees still outstanding under the unexpired mandates is estimated at 19.73 M€. This estimate is down around 36% compared to 2023, due essentially to the fees paid during the financial year.

As a reminder, for ease of interpretation of the financial statements, the difference between the final (*in fine*) fees estimated at year-end and the amount actually paid during the following financial year is now recognised for accounting purposes under operating income.

Back-office and custodial fees – which also form part of the FRR's assessment-based expenses – relate to services provided by Caisse des Dépôts under the terms of an agreement between the two entities. After the current custodial fee rates took effect in 2023, these have remained fairly stable (7.13 M€ compared to 6.96 M€ in 2023).

PRINCIPAL ACCOUNTING INFORMATION

Accounting and financial summary

The result for the 2024 financial year equalled 1,192 M€, an increase compared to the positive result of 1,007 M€ posted in 2023.

Financial assets, including transferable securities and cash, equalled 20.4 Bn€, fairly stable with reference to 2023 when they totalled 20.8 Bn€.

The valuation differences recorded in the balance sheet reflect the difference between the purchase price of the assets and their market value as at 31 December. These positive differences, equalling 1,664 M€ at 31 December 2024, have increased by 101 M€ compared to 2023 (1,563 M€).

The 2024 financial result is positive, reaching 1,262 M€, following the financial result of 1,073 M€ in 2023.

By analysing the financial result, the contribution of each income or expense category to the financial year's result can be assessed.

Income from transferable securities totalled 545.4 M€, in increase compared to 515.5 M€ in 2023.

Foreign exchange transactions posted a negative result of -46.1 M€, whereas these generated a result of 175.6 M€ at 31 December 2023.

Forward financial instruments posted a gain of 191.3 M€, down compared to 207.1 M€ in 2023.

Financial instrument disposals generated a profit of 640.2 M€, showing a sharp increase compared to 2023 (250.1 M€).

Finally, the result on option hedging was negative, amounting to -98.7 M€, compared to -106.5 M€ in 2023.

Balance sheet at 31/12/2024

ASSETS	2024		2023	
	GROSS	DEPRECIATION AND AMORTISATION	NET	NET
FIXED ASSETS				
Intangible assets				
Other intangible assets	7,637,176.44	-6,381,864.37	1,255,312.07	1,117,604.27
Tangible fixed assets				
Technical installations, plant and equipment	12,712.31	-12,712.31	0.00	0.00
TOTAL I	7,649,888.75	-6,394,576.68	1,255,312.07	1,117,604.27
CURRENT ASSETS				
Operating receivables	318,136.88		85,393.34	85,393.34
Miscellaneous receivables				
Financial instruments	16,395,277.71		15,427,531.25	15,427,531.25
Foreign exchange transactions	5,153,835,364.59		5,572,003,364.52	5,572,003,364.52
Forward financial instruments	201,277,212.62		206,522,887.56	206,522,887.56
Financial instruments				
Equities and similar securities	4,331,189,561.78		4,314,904,309.74	4,314,904,309.74
Bonds and similar securities	7,842,164,969.62		9,108,923,538.58	9,108,923,538.58
Negotiable debt instruments (TCN)	852,005,713.85		666,325,474.24	666,325,474.24
Undertakings for collective investment (investment funds)	6,891,692,388.08		6,297,840,360.35	6,297,840,360.35
Cash and equivalent	514,466,176.02		532,175,135.70	532,175,135.70
Prepaid expenses	0.00		0.00	0.00
TOTAL II	25,803,344,801.15	0.00	25,803,344,801.15	26,369,849,512.60
OVERALL TOTAL (I + II)	25,810,994,689.90	-6,069,584.48	25,804,600,113.22	26,715,325,599.55

LIABILITIES		
	2024	2023
OWN CAPITAL		
Allocations	1,742,655,311.70	1,742,655,311.70
Reserves	2,731,742,432.27	1,724,340,245.55
Valuation differences	1,664,230,068.15	1,562,956,519.43
Profit/(loss) for the financial year	1,191,501,285.76	1,007,402,186.72
TOTAL I	7,330,129,097.88	6,037,354,263.40
PAYABLES		
Financial payables		
CADES debt - 1 yr	1,450,000,000.00	2,100,000,000.00
CADES debt + 1 yr	11,600,000,000.00	13,050,000,000.00
Operating payables	35,995,728.40	46,401,964.29
Miscellaneous payables		
Financial instruments	27,209,884.91	11,083,082.35
Foreign exchange transactions	5,349,808,762.92	5,451,579,874.09
Forward financial instruments	11,456,639.11	18,906,415.42
Deferred income	0.00	0.00
TOTAL II	18,474,471,015.34	20,677,971,336.15
OVERALL TOTAL (I + II)	25,804,600,113.22	26,715,325,599.55

Income statement at 31/12/2024

EXPENSES	2024	2023
OPERATING EXPENSES		
External services	82,575,205.19	90,800,328.65
Management company fees	57,732,395.63	
CDC administrative management	22,463,664.00	
Other	2,379,145.56	
Duties, taxes and similar payments	81,758.36	90,685.72
Payroll tax	81,758.36	
Staff costs	1,083,959.32	999,809.42
Wages and salaries	792,318.99	
Social security contributions	291,640.33	
Depreciation and amortisation expense	324,992.20	277,152.00
Depreciation and amort. expense	324,992.20	
TOTAL I	84,065,915.07	92,167,975.79
FINANCIAL EXPENSES		
Financial expenses	1,048,251,562.30	1,530,457,417.64
Foreign exchange losses	285,975,696.77	
Forward financial instrument expenses	155,913,721.94	
Financial instrument disposal costs	415,289,344.92	
Option expenses	183,213,791.09	
Other financial expenses	7,859,007.58	
TOTAL II	1,048,251,562.30	1,530,457,417.64
EXTRAORDINARY EXPENSES		
Extraordinary expenses	0.00	0.00
On management operations	0.00	
TOTAL III	0.00	0.00
Profit/(loss) for the financial year	1,191,501,285.76	1,007,402,186.72
OVERALL TOTAL	2,323,818,763.13	2,630,027,580.15

INCOME		
	2024	2023
OPERATING INCOME		
External services	13,390,377.32	26,068,393.52
Other	13,390,377.32	
TOTAL I	13,390,377.32	13,390,377.32
FINANCIAL INCOME		
Financial income	2,310,205,321.33	2,603,792,184.64
Income	545,382,568.86	
Foreign exchange gains	239,834,736.49	
Income on forward financial instruments	347,197,699.23	
Income on disposal of financial instruments	1,055,502,170.56	
Income on options	84,528,409.01	
Other financial income	37,759,737.18	
TOTAL II	2,310,205,321.33	2,310,205,321.33
EXTRAORDINARY INCOME		
Extraordinary income	223,064.48	167,001.99
On management operations	223,064.48	
TOTAL III	223,064.48	167,001.99
OVERALL TOTAL	2,323,818,763.13	2,630,027,580.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31/12/2024

Accounting principles and methods used

The FRR's accounts are prepared in accordance with the general principles applicable under the social security entities' single chart of accounts (plan comptable unique des organismes de sécurité sociale) and the opinion n° 2003- 07 dated 24 June 2003 issued by the Conseil National de la Comptabilité (CNC), as amended by the opinion n° 2008-10 dated 5 June 2008.

The general accounting conventions have been applied in compliance with the principles of prudence, regularity, sincerity and true and fair view under the key going-concern, consistency of accounting methodologies and independent financial year assumptions.

Since the FRR's accounts are kept in euros, the FRR mandates' foreign currency position valuations are recognised at their equivalent in euros, calculated using the WM/ Reuters closing spot rates of exchange.

Transactions are recorded on the trade date. Since 30 November 2006, transactions on investment securities are recorded inclusive of expenses, in accordance with the CNC opinion dated 31 March 2006.

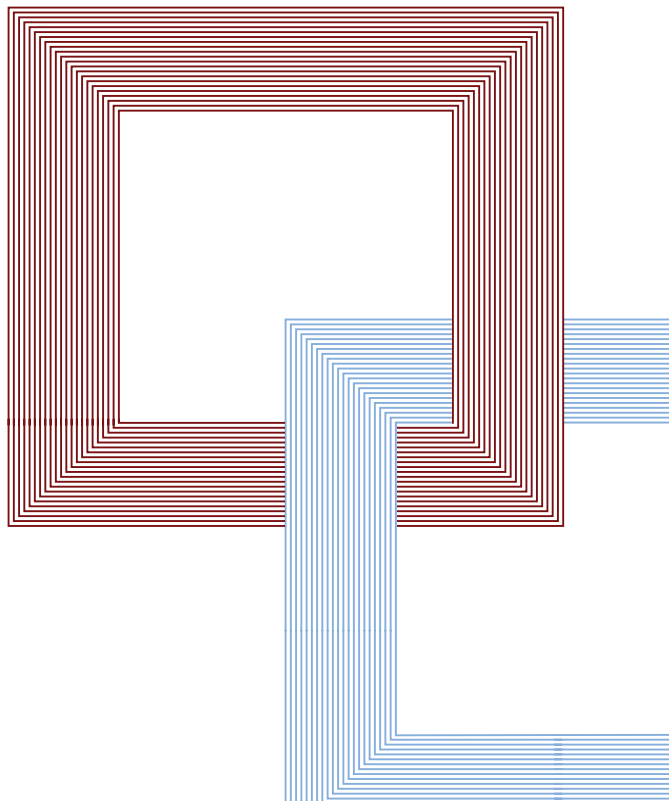
The WACP (weighted average cost price) rule is applied to determine gains or losses on transferable securities, and the FIFO (first in first out) rule, for futures.

Position valuations are determined on Friday evenings or on the last TARGET business day of the week, and on the last TARGET business day of the month, by default based on the closing price on the issuer's reference venue, on a case-by-case basis, on the principal place of listing.

If no price is available on the valuation date, the valuation is made based on the latest known price or using a preset procedure using an old rate.

Bond valuations are based upon the principle of BID quotations based on contributed prices communicated by various financial services providers.

Accrued coupons on sale or purchase, as well as end-of-period coupons, are expressed by value date; this accounting method reflects recognition of transactions as from their trade date.



French Government treasury bills or bonds (BTF and BTAN) are valued by reference to the rate published by the *Banque de France*, on the valuation date.

Negotiable debt instruments (TCN) or equivalent with low transaction volumes are valued using an actuarial method based on identical maturity zero-coupon rates, plus, if applicable, an issuer spread.

UCITS (OPCVM) are valued by reference to the latest known net asset value. ETF (Exchange Traded Funds) are valued by reference to the latest listed price.

Private equity funds are valued on the basis of the latest valuations communicated by the managers.

Unlisted asset investment funds are valued on the basis of the latest valuations communicated by the managers if below their acquisition cost, or at par if above such cost.

Forward financial instruments traded on regulated or equivalent markets and their related commitments are valued by reference to the clearing price.

Forward foreign exchange positions are valued both, by linear depreciation of the initial premium/discount and by valuation of the currency position using the WM/Reuters closing spot rates of exchange.

Swaps are valued based upon the prices submitted by the counterparty, verified by the manager, and also subject to various levels of control imposed by the FRR.

Unrealised gains or losses and latent foreign exchange differences are recognised in the balance sheet under valuation differences and do not affect the FRR's results.

Recoveries of withholding tax are recognised as and when collected.

Realised gains or losses and definitive exchange differences are recorded in the income and expenses accounts.

Tangible fixed assets are depreciated on a straight line basis over a period of 3 years.

Intangible assets, essentially the right to use the SPIRRIS software and related maintenance, are amortised on a straight line basis over 5 years.

Management company remuneration is based on a tariff scale divided into tranches for amounts of assets under management to which basis-point fees are ascribed.

Certain mandates attract variable fees for outperformance defined as the positive arithmetical difference between the performance of the portfolio and that of its benchmark. Such fees become payable at the end of the management mandate provided that the outperformance is confirmed for the relevant periods, capped in accordance with the contractually agreed limits.

Presentation of the financial statements

To facilitate a reading of the financial statements, certain items have been grouped together:

Balance sheet :

The various headings are presented in terms of net values having regard to depreciation made for fixed assets or valuation differences for financial assets and liabilities.

“Receivables” and “Payables on financial instruments” include transactions on financial instruments made by investment companies for which the amounts due or payable have yet to be paid or received (coupons due, sales or purchases pending settlement).

“Receivables” and “Payables on foreign exchange transactions” include pending transactions whether spot foreign exchange transactions or forward foreign exchange contracts.

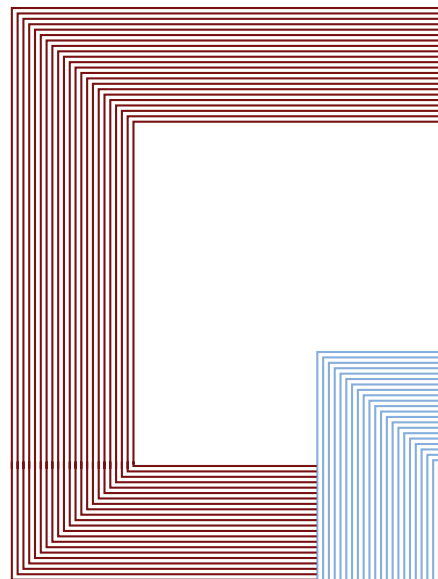
“Receivables” and “Payables on forward financial instruments” include pending transactions relating to futures (margin payable or receivable, security deposit), option premiums and swaps (amounts payable or receivable).

“Financial instruments” are divided into 4 categories: shares and similar securities, bonds and similar securities, negotiable debt instruments (TCN), undertakings for collective investment (investment funds), including private equity funds and unlisted asset investment funds. These appear in the balance sheet at their market value taking into account coupons accrued on bonds, TCN and unlisted asset investment funds.

“Cash and cash equivalent” includes all of the FRR’s cash accounts in euros and foreign currencies (valued at their price on the last day of the financial period) and accrued interest by way of remuneration on such current accounts and fixed-term (deposit) accounts.

“Own Capital” includes:

- “Allocations” meaning the balance of the funds received by the Fonds de Réserve pour les Retraites since its establishment in 1999, less the amounts allocated to CADES;
- “Reserves” representing the cumulative results generated by the FRR since its inception, less the amounts applied towards CADES debt;
- “Valuation differences” representing the latent gains and/or losses recorded across all assets as at the closing date;
- the financial year profit or loss.



Noteworthy events

For the record, the one-off, lump-sum contribution in full discharge referred to in article 19 of the law n° 2004-803 dated 9 August 2004 paid to the FRR by CNIEG, pursuant to a decision of the High Inter-ministerial Council for social security entity accounting dated 20 April 2005, recognised in the FRR's accounts as a debt, was settled in full and repaid on 31/07/2020 in accordance with the law n° 2020-992 dated 7 August 2020 on the social security debt and autonomy.

The "CADES debt" is presented as a "debts of less than one year" and as a "debts of over one year". The law n° 2020-992 dated 7 August 2020 on the social security debt and autonomy also provides that as from 2025, the FRR shall pay each year to CADES, an amount of 1.45 Bn€ towards financing the repayment of social security debt.

The additional debt of 11,600,000,000.00 € is recorded in the FRR's balance sheet under "debts of over one year" by reconciling the Own Capital "reserves" and "allocations" items.

Additional information relating to assets

FIXED ASSETS

Table of fixed assets and amortizations 2024

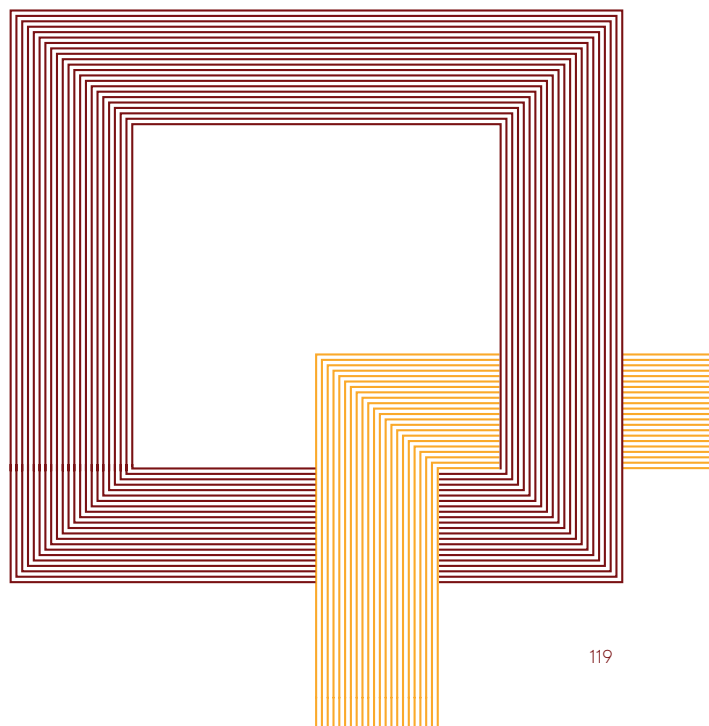
	GROSS BOOK VALUE OPENING BALANCE	INCREASE	DECREASE	GROSS BOOK VALUE CLOSING BALANCE
Intangible assets	7,173,476.44	550,000.00	-87,300.00	7,636,176.44
Equity holding	1,000.00	0.00	0.00	1,000.00
I TOTAL	7,174,476.44	550,000.00	-87,300.00	7,637,176.44
Tangible fixed assets	12,712.31	0.00	0.00	12,712.31
II TOTAL	12,712.31	0.00	0.00	12,712.31
OVERALL TOTAL	7,187,188.75	550,000.00	-87,300.00	7,649,888.75

DEPRECIATION AND AMORTIZATION

	CUMULATIVE OPENING BALANCE	DEPRECIATION/ AMORTISATION EXPENSE	DECREASE	CUMULATIVE CLOSING BALANCE	NET BOOK VALUE
Intangible assets	-6,056,872.17	-324,992.20	0.00	-6,381,864.37	1,254,312.07
Equity holding	0	0	0.00	0.00	1,000.00
I TOTAL	-6,056,872.17	-324,992.20	0.00	-6,381,864.37	1,255,312.07
Tangible fixed assets	-12,712.31	0.00	0.00	-12,712.31	0
II TOTAL	-12,712.31	0.00	0.00	-12,712.31	0.00
OVERALL TOTAL	-6,069,584.48	-324,992.20	0.00	-6,394,576.68	1,255,312.07

FINANCIAL MANAGEMENT-RELATED RECEIVABLES

RECEIVABLES		31/12/2024
Related to financial instruments		
Coupons due for collection		3,341,246.81
Sales pending settlement		12,612,921.49
Fees/rebates receivable		441,109.41
TOTAL		16,395,277.71
Related to foreign exchange transactions		
Forward purchases		570,264,621.48
Forward foreign currency receivable		4,568,745,415.67
Spot foreign currency receivable		48,751.67
Discount		14,776,575.57
TOTAL		5,153,835,364.59
Related to forward financial instruments		
Security deposits		185,874,253.40
Margin receivable		5,528,921.26
Option premium		9,874,037.96
TOTAL		201,277,212.62



FINANCIAL INSTRUMENTS

DETAILED TABLE OF FINANCIAL INSTRUMENTS AT 31 DECEMBER 2024

FINANCIAL INSTRUMENTS	TOTAL NET OF IRA	IRA	PORTFOLIO TOTAL
EQUITIES			
Eurozone European	2,488,830,999.76		2,488,830,999.76
Non-Eurozone European	221,488,201.33		221,488,201.33
America	1,137,650,715.11		1,137,650,715.11
Asia excluding Japan	0.00		0.00
Japan	483,219,645.58		483,219,645.58
	4,331,189,561.78		4,331,189,561.78
BONDS			
Eurozone European	5,019,508,159.43		5,019,508,159.43
America	2,822,656,810.19		2,822,656,810.19
	7,842,164,969.62		7,842,164,969.62
NEGOTIABLE DEBT INSTRUMENTS (TCN)			
Eurozone European	834,635,929.89		834,635,929.89
America	17,369,783.96		17,369,783.96
	852,005,713.85	0.00	852,005,713.85
UNDERTAKINGS FOR COLLECTIVE INVESTMENT (INVESTMENT FUNDS)			
OPCVM			
Eurozone European	4,811,965,657.18		4,811,965,657.18
Non-Eurozone European	0.00		0.00
America	1,769,411,794.20		1,769,411,794.20
	6,581,377,451.38		6,581,377,451.38
OTHER INVESTMENT FUNDS			
Private equity funds			
Europe	15,023,514.00		15,023,514.00
America	0.00		0.00
	15,023,514.00		15,023,514.00
Unlisted asset investment funds			
Europe	295,291,422.70		295,291,422.70
	295,291,422.70		295,291,422.70
	310,314,936.70		310,314,936.70
	6,891,692,388.08		6,891,692,388.08
OVERALL TOTAL	19,917,052,633.33		19,917,052,633.33

CHANGES IN THE VALUE OF THE SECURITIES PORTFOLIO

PORTFOLIO AT 31 DECEMBER 2024				
	ACQUISITION VALUE	VALUATION DIFFERENCE	ACCRUED COUPONS	BALANCE SHEET VALUE
Equities	3,803,696,775.69	527,492,786.09	0	4,331,189,561.78
Bonds	7,843,641,207.76	-111,293,889.76	109,817,651.62	7,842,164,969.62
TCN	837,577,302.26	5,266,010.69	9,162,400.90	852,005,713.85
Undertakings for collective investment	5,560,140,751.05	1,331,551,637.03		6,891,692,388.08
OPCVM	5,269,791,797.17	1,311,585,654.21	0	6,581,377,451.38
Other investment funds	290,348,953.88	19,965,982.82	0	310,314,936.70
Private Equity Fund		15,023,514.00	0	15,023,514.00
Other unlisted asset investment funds	290,348,953.88	4,942,468.82	0	295,291,422.70
TOTAL	18,045,056,036.76	1,753,016,544.05	118,980,052.52	19,917,052,633.33

	31/12/2023	31/12/2024
Equities	4,314,904,309.74	4,331,189,561.78
Bonds	9,108,923,538.58	7,842,164,969.62
TCN	666,325,474.24	852,005,713.85
Undertakings for collective investment	6,297,840,360.35	6,891,692,388.08
OPCVM	5,876,906,233.11	6,581,377,451.38
Other investment funds	420,934,127.24	310,314,936.70
Private Equity Fund	32,720,218.64	15,023,514.00
Other unlisted asset investment funds	388,213,908.60	295,291,422.70
TOTAL	20,387,993,682.91	19,917,052,633.33

PORTFOLIO BREAKDOWN BY RESIDUAL MATURITY

	31/12/2023	31/12/2024
< 3 months	3.22%	5.07%
> 3 months < 1 year	7.20%	7.63%
1 to 3 years	19.32%	15.30%
3 to 5 years	23.39%	28.26%
5 to 7 years	20.42%	19.49%
7 to 10 years	17.40%	13.24%
10 to 15 years	2.91%	1.52%
> 15 years	7.21%	9.49%
	100.00%	100.00%

PORTFOLIO BREAKDOWN BY TYPE OF INTEREST RATE

	31/12/2023	31/12/2024
Fixed rate	92.96%	90.96%
Index-linked rate	0.00%	0.00%
Variable rate	7.04%	9.04%
	100.00%	100.00%

BREAKDOWN OF FINANCIAL INSTRUMENTS PORTFOLIO BY QUOTE CURRENCY

CURRENCY	EQUITIES	BONDS	NEGOTIABLE DEBT SECURITIES (TCN)	UNDERTAKINGS FOR COLLECTIVE INVESTMENT (INVESTMENT FUNDS)			TOTAL
				OPCVM ¹¹	ULA INVESTMENT FUNDS ¹²	LP ¹³ AND FCPR	
AUD							0.00
CAD							0.00
CHF	15,684,590.41						15,684,590.41
DKK	6,909,712.26						6,909,712.26
EUR	2,488,830,999.76	5,019,508,159.43	834,635,929.89	4,811,965,657.18	295,291,422.70	15,023,514.00	13,465,255,682.96
GBP	154,122,185.72						154,122,185.72
HKD							0.00
JPY	483,219,645.58						483,219,645.58
NOK	11,927,501.07						11,927,501.07
NZD							0.00
SEK	32,844,211.87						32,844,211.87
SGD							0.00
USD	1137,650,715.11	2,822,656,810.19	17,369,783.96	1,769,411,794.20			5,747,089,103.46
					295,291,422.70	15,023,514.00	
TOTAL NET OF IRA¹⁴	4,331,189,561.78	7,842,164,969.62	852,005,713.85	6,581,377,451.38	310,314,936.70		19,917,052,633.33
TOTAL	4,331,189,561.78	7,842,164,969.62	852,005,713.85		6,891,692,388.08		19,917,052,633.33

11 • Of which Exchange Traded Fund

12 • Unlisted asset UCI (investment funds)

13 • Limited Partnership (LP): Venture capital fund (FCPR)

14 • IRA: Interest received in advance

CASH AND EQUIVALENT

CURRENCIES	TOTAL
AUD	1,865,117.69
CAD	0.00
CHF	51,124.32
DKK	11,661.01
EUR	311,467,751.27
GBP	606,754.24
HKD	1,892,919.05
JPY	29,747,102.26
NOK	850.30
NZD	0.00
SEK	5,448.50
SGD	402,723.72
USD	168,414,723.66
TOTAL	514,466,176.02

Additional information on liabilities

CHANGES IN PERMANENT CAPITAL

OWN CAPITAL	31/12/2023	ALLOCATION OF PROFIT/LOSS 2023	PROFIT/LOSS 2024	[+]	[+]	31/12/2024
Allocations	1,742,655,311.70					1,742,655,311.70
Reserves	1,724,340,245.55	1,007,402,186.72		1,007,402,186.72		2,731,742,432.27
Valuation differences	1,562,956,519.43			101,273,548.72		1,664,230,068.15
Profit/(loss) for the financial year	1,007,402,186.72	1,007,402,186.72	1,191,501,285.76	184,099,099.04		1,191,501,285.76
SUB-TOTAL	6,037,354,263.40	2,014,804,373.44	1,191,501,285.76	1,292,774,834.48		7,330,129,097.88
Long term debts	31/12/2023					31/12/2024
CADES + 1 yr	13,050,000,000.00				1,450,000,000.00	11,600,000,000.00
SUB-TOTAL	13,050,000,000.00	0.00	0.00	0.00	1,450,000,000.00	11,600,000,000.00
TOTAL PERMANENT CAPITAL	19,087,354,263.40	2,014,804,373.44	1,191,501,285.76	1,292,774,834.48	1,450,000,000.00	18,930,129,097.88

The profit/(loss) of financial years prior to closing date are allocated to reserves.

RECENT FINANCIAL YEAR RESULTS

	2021	2022	2023	2024
Financial year profit/loss	1,563,780,179.09	-561,982,986.51	1,007,402,186.72	1,191,501,285.76

PAYABLES

CADES DEBT REPAYMENT SCHEDULE

PAYABLES	TOTAL	-1 YR	+1 YR	OF WHICH 1 TO 5 YRS	OF WHICH + 5 YRS
CADES debt	13,050,000'000.00	1,450,000,000.00	11,600,000,000.00	7,250,000,000.00	5,800,000,000.00

Additional information on the income statement

OPERATING EXPENSES

	AMOUNT
External services	82,575,205.19
<i>Administrative management (Caisse des dépôts et consignations)</i>	22,463,664.00
<i>Investment company fees</i>	57,732,395.63
<i>Other external services</i>	2,379,145.56
<i>Of which trading fees on forward financial instruments</i>	1,368,438.53
Duties and taxes	81,758.36
Payroll	1,083,959.32
Depreciation and amortization	324,992.20
TOTAL	84,065,915.07

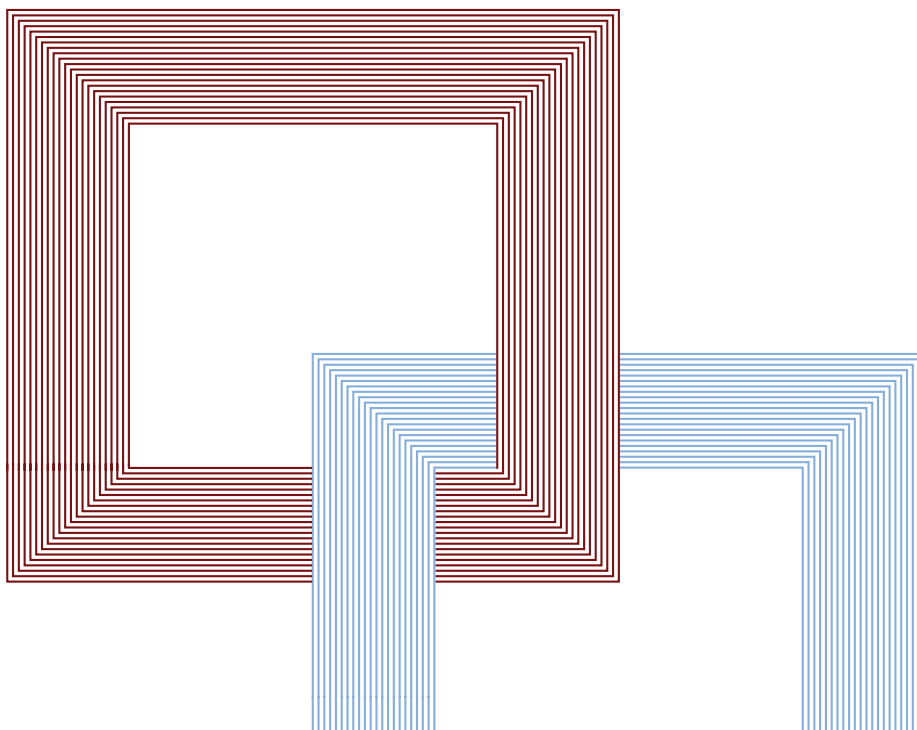
OPERATING INCOME

	AMOUNT
External services	13,390,377.32
<i>Other external services</i>	13,390,377.32

Off-balance sheet commitments

FORWARD FOREIGN EXCHANGE CONTRACTS

CURRENCY SYMBOL	CURRENCY RECEIVABLE	%	CURRENCY DELIVERABLE	%
AUD	0.00	0.00%	1,674,508.95	0.30%
CAD	0.00	0.00%	0.00	0.00%
CHF	19,355,240.48	0.42%	8,761,801.04	1.56%
DKK	8,350,310.43	0.18%	3,342,531.69	0.59%
GBP	153,028,896.06	3.35%	5,555,676.47	0.99%
HKD	0.00	0.00%	0.00	0.00%
JPY	5,666,008.46	0.12%	228,935,642.67	40.63%
NOK	10,397,790.39	0.23%	680,216.26	0.12%
NZD	0.00	0.00%	0.00	0.00%
SEK	29,749,499.25	0.65%	2,118,655.81	0.38%
SGD	0.00	0.00%	0.00	0.00%
USD	4,342,197,670.60	95.04%	312,359,424.22	55.44%
TOTAL	4,568,745,415.67	100.00%	563,428,457.11	100.00%



STATUTORY AUDITORS' GENERAL REPORT



61, rue Henri Regnault
92075 Paris La Défense Cedex



29, rue du Pont
92578 Neuilly-sur-Seine Cedex

FONDS DE RESERVE POUR LES RETRAITES

Rapport des commissaires aux comptes sur les comptes
annuels

Exercice clos le 31 décembre 2024

Forvis Mazars

Société Anonyme d'expertise comptable et de
commissariat aux comptes à directoire et conseil de
surveillance
Capital de 8.320.000 €
RCS Nanterre 784 824 153

Grant Thornton

Société par Actions Simplifiée d'expertise
comptable et de commissariat aux comptes
Capital de 2.297.184 €
RCS Nanterre 632 013 843

FONDS DE RESERVE POUR LES RETRAITES

56, rue de Lille
75007 Paris

Rapport des commissaires aux comptes sur les comptes annuels

Exercice clos le 31 décembre 2024

Aux membres du Conseil de Surveillance,

Opinion

En exécution de la mission qui nous a été confiée par le Conseil de Surveillance, nous avons effectué l'audit des comptes annuels du Fonds de Réserve pour les Retraites relatifs à l'exercice clos le 31 décembre 2024, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine du Fonds de Réserve pour les Retraites à la fin de cet exercice.

Fondement de l'opinion***Référentiel d'audit***

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités des Commissaires aux comptes relatives à l'audit des comptes annuels » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance prévues par le code de commerce et par le code de déontologie de la profession de commissaire aux comptes, sur la période du 1^{er} janvier 2024 à la date d'émission de notre rapport.

Justification des appréciations

En application des dispositions des articles L.821-53 et R.821-180 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les appréciations suivantes qui, selon notre jugement professionnel, ont été les plus importantes pour l'audit des comptes annuels de l'exercice.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

Comme il est précisé à la note 1 de l'annexe des comptes « Règles et méthodes comptables utilisées », les comptes sont établis selon les principes et méthodes du plan comptable unique des organismes de sécurité sociale et l'avis CNC n°2003-07 du 24 juin 2003 modifié par l'avis n°2008-10 du 5 juin 2008 relatif à la comptabilisation des instruments financiers du Fonds de Réserve pour les Retraites.

Dans le cadre de notre appréciation des règles et méthodes comptables suivies par votre Etablissement, en particulier de celles relatives à l'évaluation des instruments financiers en portefeuille, nous avons vérifié le caractère approprié de ces règles et méthodes et des informations fournies dans les notes de l'annexe, et nous nous sommes assurés de leur correcte application.

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux membres du Conseil de Surveillance

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du Directoire et dans les autres documents sur la situation financière et les comptes annuels adressés aux membres du Conseil de Surveillance.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité du Fonds de Réserve pour les Retraites à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider le Fonds ou de cesser son activité.

Les comptes annuels ont été soumis par le Directoire au Conseil de surveillance.

Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.821-55 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de l'Etablissement.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit.

En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;

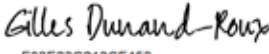
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de l'Etablissement à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle. Les Commissaires aux comptes

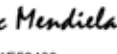
Forvis Mazars

Courbevoie, le 06 mars 2025

Grant Thornton

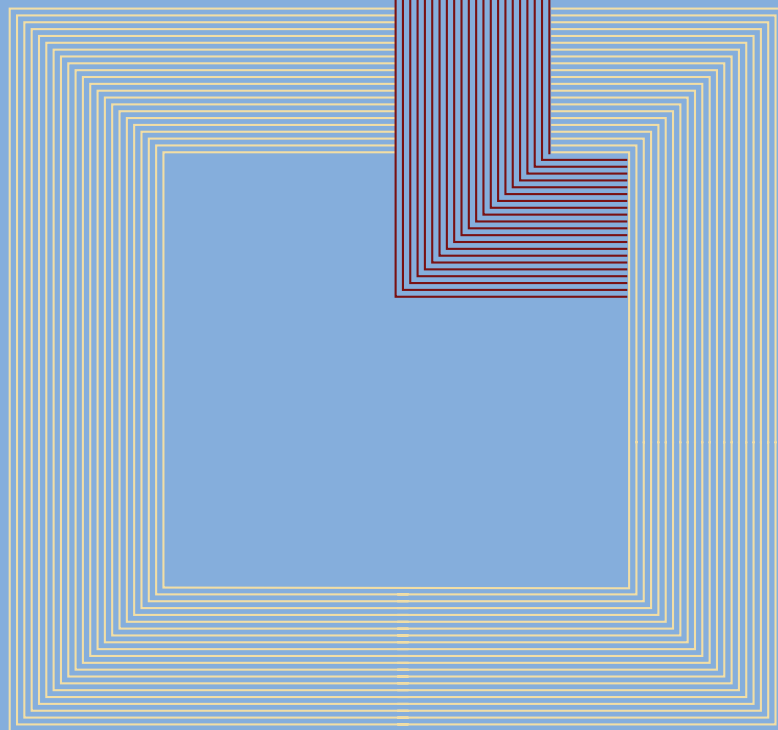
Neuilly-sur-Seine, le 06 mars 2025

DocuSigned by:

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 Gilles DUNAND-ROUX
 Associé

:

 1E59489...
 Jean-Luc MENDIELA
 Associé

DocuSigned by:

 BEFF435B13924AF...
 Leslie FITOUSSI
 Associée

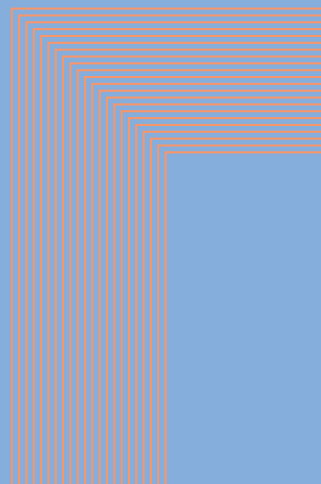


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June 2025





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