The Executive Board 12 June 2015

Press Release

THE FONDS DE RESERVE POUR LES RETRAITES PUBLISHES ITS CARBON FOOTPRINT RESULTS

This survey covered the developed and emerging markets equities portfolio at the end-of 2013 and 2014, which also served to measure the impact of including the "*Low Carbon Leaders*" indices launched in the fourth quarter of 2014. The survey covers the emissions generated by the activities of businesses, their direct suppliers as well as their hydrocarbon reserves.

The FRR has opted to measure its footprint in absolute terms and in terms of intensity:

- absolute footprint is calculated for every €1000 invested[1];
- the carbon emission intensity of a portfolio is calculated by dividing the annual CO_2 emissions of a business by its annual turnover[2]. To better understand the origin of its carbon performance, the FRR distinguishes, in each sector, between sectoral effect and asset selection effect.

The FRR compares the results of its equities portfolios to those of the benchmark indices of its strategic allocation[3].

As regards absolute footprint, for every €1000 invested in the FRR's portfolio, absolute emissions total 357 $kgCO_2e$ compared to 421 $kgCO_2e$ for the benchmark index. The FRR's portfolio therefore generates 15% less carbon emissions than its benchmark index.

The results of the survey show that the carbon intensity of the FRR's equities portfolio, at the end of 2014, amounted to 419 tonnes of CO_2 equivalent per million euros of turnover and that the carbon intensity of the portfolio is 12% less than the FRR's benchmark index.

The portfolio's carbon intensity footprint decreased by 4% between 2013 and 2014, resulting in a significant improvement in performance relative to the benchmark, both with respect to developed or

1 *This ratio is expressed in kg of CO2 equivalent (kgCO2e) for every €1,000 invested.*

2 *This ratio is expressed in tonnes of CO2 equivalent (tCO2e) per million euros in turnover.*

3 *20 % MSCI Emerging Markets + 40 % FTSE Developed All Cap Excluding Eurobloc + 40 % FTSE Eurobloc All Cap.*

emerging market equities. This relative performance is the result, in particular in the developed markets, of the investments made in 2014 in low carbon intensity indices.

These good results can be explained essentially by the effect of asset selection in each sector which, furthermore, improved between 2013 and 2014. This improvement is particularly evident for the emerging markets portfolio, in sectors such as "Utilities" and "Basic Resources".

The inclusion in the FRR's portfolio of businesses whose revenue derives from extractive industry carries a significant risk of a fall in value of its assets in the event of a change in the law and/or increase in operating costs. 209 businesses have exposure to fossil fuel reserves and represent 6.67% of the total value of the portfolio. This percentage puts the FRR's overall portfolio at a lower level of exposure than that of its benchmark index (7.75%) or the MSCI World All Countries Index (8.37%). Furthermore, this exposure decreased between 2013 and 2014.

The FRR shall pursue its analysis and initiatives with a view to reducing over time the carbon intensity of its portfolio and exposure to fossil fuel reserves, thus enabling it to steer and reduce its portfolio risks. A new request for proposals, focusing on this theme, for an equity index tracker mandate shall be launched during the course of 2015.

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The FRR is an administrative public establishment of the State established by law in 2001. With a Supervisory Board and an Executive Board, it is responsible for managing the funds that were allocated to it up until 31 December 2010 to build up reserves contributing to the pensions systems' long-term future.

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