Sustainability Report

THE FRR, A PUBLIC ACTOR COMMITTED TO FINANCING A SUSTAINABLE ECONOMY

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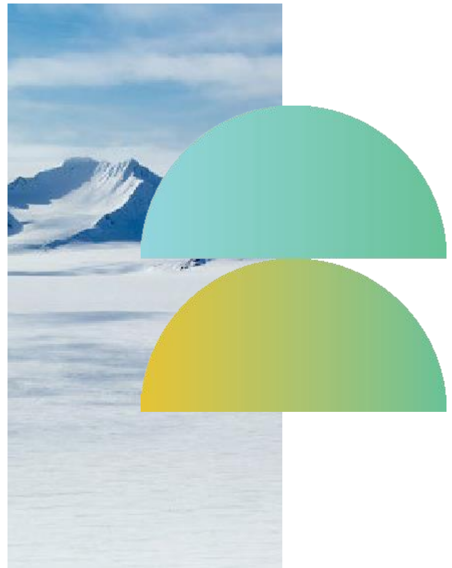


SUMMARY 2021

The 4 pillars of the SRI strategy for the period 2019-2023

1. Integration of new standards (derived from best practices and regulatory developments)
2. Extension of the responsible aspect of investment
3. **Acceleration of energy transition**
4. Action on the financial management ecosystem

FRR's EXTRA-FINANCIAL RATING

A+

PRI 2020 "STRATEGY AND GOVERNANCE"

ESG SCOPE

100%

(SHARE OF ASSETS UNDER MANAGEMENT INVESTED IN LISTED EQUITIES AND BONDS FACTORING IN ESG CRITERIA)

KEY DATES

2001
Integration of the extra-financial considerations specified in the law establishing the FRR

2006
Founding member of PRI

2014
Launch of the Low Carbon Leaders Index in partnership with MSCI and the swedish fund AP4

2019
Joined the "Net zero asset owner initiative

EQUITIES PORTFOLIO EMISSIONS

252 (TEQCO$_2$/M€ CA) WACI

Benchmark

FRR

193 (TEQCO$_2$/M€ CA) WACI

CORPORATE BONDS PORTFOLIO EMISSIONS

307 (TEQCO$_2$/M€ CA) WACI

Benchmark

FRR

213 (TEQCO$_2$/M€ CA) WACI

CARBON FOOTPRINT OF EQUITIES PORTFOLIOS (WACI - TEQCO$_2$/M€ CA)

TARGETS 2021 → 2025 : -21 %

2013 → 2021 : -49 %

CARBON FOOTPRINT OF THE CORPORATE BONDS PORTFOLIO (WACI - TEQCO$_2$/M€ CA)

TARGETS 2021 → 2025 : -37 %

2016 → 2021 : -19 %

RATING OF FRR's PORTFOLIO ESG SCORE END OF 2021

Global equities portfolio	**46.0**
Global equities benchmark	44.3

* Scores ESG / 100, source : Moody's ESG

NATURAL COST OF CAPITAL

2.8 %

FOR THE DEVELOPED MARKETS EQUITIES PORTFOLIO

3.6 %

BENCHMARK

The FRR supports

1. Climate Action 100+
2. Net Zero Asset Owner Alliance

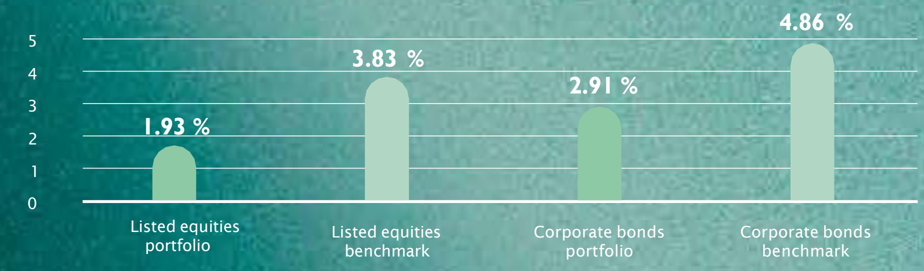
NET ZERO ASSET OWNER ALLIANCE

-20 %

EMISSIONS BY 2025

EXPOSURE OF PORTFOLIO TO FOSSIL FUELS

% ASSETS



1605

ATTENDANCE AT GENERAL MEETINGS

20 000

RESOLUTIONS

19,7%

OBJECTIONS TO RESOLUTIONS PROPOSED BY MANAGEMENT

OVERALL APPROACH OF THE ENTITY

SUSTAINABILITY POLICY

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 Fonds de Réserve pour les Retraites a strong commitment towards responsible investment:: as a public investor, and inter-generational vector of solidarity, the FRR must set the example by factoring Environmental, Social and Governance (ESG) considerations into its management process.

This preoccupation is reflected through a Responsible investment strategy 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

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RESPONSIBLE INVESTMENT STRATEGY

To make real its commitment as a responsible investor the FRR began laying the groundwork in 2003. This commitment is formalised it every 5 years via strategies demonstrating its growing ambition in terms of responsibility and the desire to advance and support the participants in its ecosystem (management companies, businesses, index suppliers, extra-financial research providers). These strategies which bring together the general principles, concrete objectives, stages and resources are presented by the Executive Board to the Supervisory Board which approves them 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 extra-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 issuers in which they invest. It has also adopted an overall policy for the exercise of voting rights.

The 4 pillars of the SRI Strategy for the period 2019-2023

1. Integration of new standards (derived from best practices and regulatory developments)
2. Expansion of responsible aspect of investment
3. Acceleration of energy transition
4. Action on asset management ecosystem

IMPLEMENTATION OF RESPONSIBLE INVESTMENT STRATEGY

Factoring ESG criteria into the decision-making process for awarding new management mandates

Management of the FRR's portfolio is entirely delegated. Implementation of the FRR's responsible investment strategy essentially relies upon managers selected through requests for proposals. Bid selection questionnaires systematically include a section concerning the human and technical resources devoted to ESG/Climate aspects. They include questions in particular on the experience of the ESG management and research teams, the information sources relied upon, the ability to adapt engagement and voting policy to the FRR's specific requirements. The more specifically climate-related questions concern, for example, how the manager implements the TCFD's recommendations, the scope for which the following information is available: GHG emissions, GHG emission reserves, companies contributing to energy and ecological transition, physical risks, transition risks, 1.5 °C/2 °C alignment of the portfolio, companies exposed to the coal sector, companies developing new thermal coal capacity..

Since 2020 the FRR has launched requests for proposals for credit mandates which, in addition to ESG criteria, include decarbonisation targets. By the end of 2021, optimised management and credit mandates, representing 43% in total of the FRR's assets, included decarbonisation targets. In order to monitor a mandate's ESG criteria, the FRRs managers are required to submit half-yearly ESG reports. These reports cover the items listed above with a commentary provided at least once per year, at a management committee meeting.

Overall share, as a percentage, of assets under management factoring in ESG considerations, of the total assets managed by the entity

The FRR's management mandates require managers to have regard to its responsible investment strategy in their management process, by in particular systematically incorporating ESG analysis into the issuer selection process across all asset classes.

TABLE OF ASSETS FACTORING IN ESG CRITERIA (END OF 2021)

Asset classes	AUM	Total percentage of assets
Equities and non-listed assets	11 443 777 749.88 €	43.85%
Corporate bonds	9 679 047 415.68 €	37.09%
Sovereign bonds	4 115 324 076.46 €	15.77%
Total	**25 238 149 242.03 €**	**96.72%**

Regarding cash management and certain open-ended CIU (around 5% of AUM at end of 2021), where it is not possible to fix ESG criteria at management level, the FRR integrates this aspect into the process for the selection of the manager and its proposed mandate. For the purpose of implementing the SFDR regulation, the FRR has produced an inventory categorising these open-ended CIU : of 61 CIU, 20 fell under SFDR article 8, 5 under article 9 and 35 under article 6. The remaining CIU was uncategorised

EXTRA-FINANCIAL PORTFOLIO ANALYSIS

Extra-financial analysis of the portfolio is a two-stage process:

- upstream: managers conduct extra-financial analysis when selecting issuers and whilst they are held in the portfolio;
- downstream: the FRR arranges extra-financial, and also Climate, analysis to be performed by two service providers selected periodically by invitation to tender (Moody's ESG Solutions and S&P Trucost).

Upstream extra-financial analysis

This extra-financial analysis employs various methodologies and resources deployed by the managers. The main extra-financial criteria assessed as part of the tender process include:

- ESG analysis: the information resources and sources, a detailed description of the analysis and rating methodology and its implementation in the investment process, the indicators used, the data quality control process as well as the dialogue and engagement policy;
- a focus on the topic of climate change, for which additional information is requested on the following matters:
  - GHG emissions;
  - GHG emission reserves;
  - companies contributing to energy and ecological transition ;
  - physical risks;
  - transition risks;
  - 1.5 °C/2 °C alignment of the portfolio
  - companies exposed to the coal sector;
  - companies developing new thermal coal capacity;
  - green share.

The managers also have regard to the exclusion criteria put in place by the FRR, concerning :

- 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 the France, in particular those on non-conventional weapons and tobacco (see page 18), 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, which are particularly damaging to the climate (see page 67).

ESG analysis reporting requirements

For the purpose of monitoring portfolios invested in different asset classes and different geographical zones, further information requested by the FRR as from the end of 2021 has been added. Indeed, additional reporting information, both quantitative and qualitative, on ESG actions undertaken is now required.

Firstly, managers must supply monthly reports confirming their compliance with the FRR's various exclusions.

Since 2020, the FRR requires qualitative reporting on ESG aspects that must include at least the following items :

- 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 in particular investments in the eco-technologies sector ("clean technology") or those contributing to energy transition, dialogue or engagement with issuers on extra-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 extra-financial research analysts, external or internal, for each security under the management mandates.

Finally, the various managers must exercise voting rights in compliance with the "Voting Guidelines" published on its website by the FRR. Regular reporting on voting is also required.

In addition to the above, other information may be required to be incorporated as part of ESG reporting during the life of the Mandate following regular discussion held between the Manager and the FRR.

Downstream extra-financial analysis

The extra-financial analysis carried out for the FRR by Moody's ESG Solutions (MESG) includes several components :

- ESG performance analysis;
- assessment of controversies;
- identification of issuers potentially falling within the FRR's exclusion criteria.

Analysis of ESG performance[1]

Companies are assessed with reference to 6 areas:

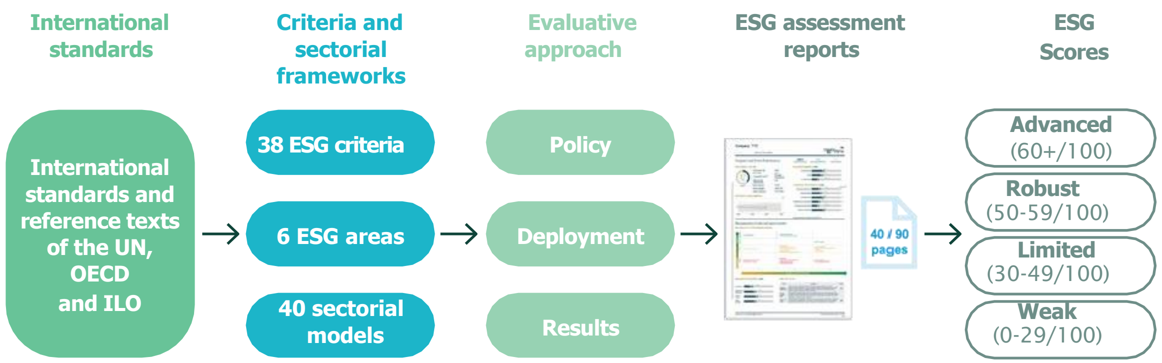
- Environment;
- Human resources;
- Human rights;
- Societal engagement;
- Market behaviour ;
- Corporate governance.

Each assessment is based upon both:

- 38 sustainable performance criteria, derived from international standards, reflected and distributed within MESG's 6 areas of analysis ;
- the company's sectorial environment.

Each company is rated on a scale from 0 to 100 which reflects management's commitment to assessing sustainability issues (policies, measures and results) and to report on them from a risk control perspective.

ESG METHODOLOGY



An ESG assessment methodology developed on the basis of international standards and reference texts. ISO 9001 certified research methodologies and processes

1. Summary of analysis produced by Moody's ESG Solutions

The ESG criteria used are as follows:

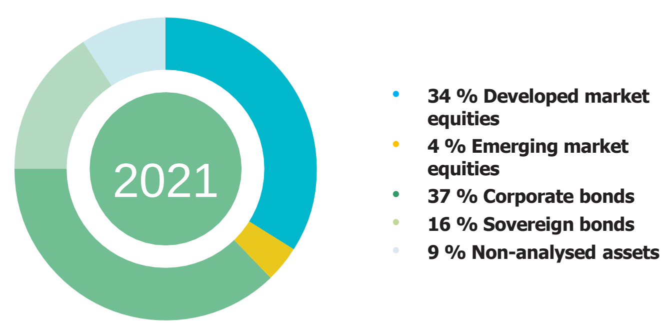
ESG CRITERIA SPLIT INTO 6 AREAS

Environment	Market behaviour	Human Resources
Environmental strategy	Product safety	Social dialogue
Pollution prevention and control	Consumer information	Employee participation
Sustainable goods and services	Customer relations	Reorganisations
Biodiversity	Long-term relationship with suppliers	Career development
Water	Supply chain environmental standards	Compensation systems
Energy	Supply chain labour standards	Health and safety
Atmospheric emissions	Corruption	Working hours
Waste management	Anti-competition	
Local pollution (noise/vibration)	Lobbying	
Transport		
Impact of product use and disposal		

Human rights	Corporate governance	Social engagement
Fundamental human rights	Board of Directors	Socio-economic development
Fundamental labour rights	Audit and internal controls	Social impact of goods and services
Non discrimination and diversity	Shareholders	Philanthropy
Child labour and slavery	Executive pay	

At the end of 2021 ESG analysis covered 76% of assets, with: 86.1% of the overall portfolio invested in equities, 86.7% of the portfolio invested in corporate bonds and 99.7% of the portfolio invested in Sovereign bonds. Assets not analysed included non-listed assets and cash assets (23% of the assets), and issuers for which the provider does not yet produce analysis, such as non-listed assets.

PROPORTION OF ASSETS COVERED BY ESG ANALYSIS AT END OF 2021



Portfolio ESG score

Analysis of the FRR's Global Equities portfolio at the end of 2021 highlights an average ESG score of 46/100 an improvement compared to the end of 2020 (43.9) and 1.7 points above its benchmark. This performance can be ascribed to the implementation of its responsible investment policy in the FRR's mandates.

This trend varies between geographical zones, with improvement in North America and Emerging Countries catching up to a certain extent, with however a deterioration in the Asia-Pacific zone (-3.6) and Europe (-3). However Europe's ESG performance is at a much higher level than other geographical zones (53.1).

Regarding the corporate bonds portfolio (excluding sovereigns) the average ESG score has fallen slightly from 45.7 to 45.5, whereas that of its benchmark has improved (from 45.3 to 47.3). This is the result of a slight fall in the average ESG scores across all geographical zones, other than emerging countries (to be seen in perspective since they only represent around 1% of assets at end 2021).

In 2021, a number of these portfolios were the subject of a new request for proposals, more ambitious in terms of ESG management.

Finally, the sovereign issuer bonds portfolio (OAT and sovereign debt) achieved at end 2021 an average ESG score of 74, substantially consistent with that of its benchmark.

Beyond this analysis carried out each year by Moody's ESG Solutions, the FRR's teams have at their disposal an ESG research database enabling them to analyse portfolios periodically. These are used at management committee meetings and form the basis for discussions with the managers on potential divergence and/or improvements.

CONTROVERSY ASSESSMENT[2]

Controversy risk management levels are categorised into 5 performance levels:

- advanced;
- robust ;
- limited ;
- weak ;
- Warning List.

The performance level is based on 3 factors:

- severity of the controversy (minor / significant / high / critical)) ;
- handling by the company of the controversy (non communicative / reactive / preventive / proactive) ;
- frequency with which the company is confronted with controversies (isolated / occasional / frequent / persistent).

A company may be placed on the "Warning List" if it is involved in a controversy of critical severity and/or a controversy of high severity frequently or persistently combined with a lack of reactivity (non communicative).

Controversy analysis covers the 6 areas of ESG analysis. Controversies relating specifically to Climate fall under "Environment".

In 2021, 96% of the consolidated portfolio capitalisation (equities and bonds) was analysed. Analysis was conducted on 3,441 of the 5,624 companies in the portfolio. Moody's ESG Solutions identified, in the FRR's equities and bonds portfolios, 137 companies involved in one or more controversies of critical or high severity, on a frequent or persistent basis combined with a lack of reactivity on their part. This figure is increasing (128 in the previous year). As in 2020, United States companies and the financial and telecoms/media sectors remain over-represented at these controversy levels.

As a general rule, the most significant controversies are raised with managers at management committee meetings. However, if a particularly sensitive controversy comes to light, the FRR may immediately contact the relevant managers for their analysis of how the issuer in question is managing the controversy and, if appropriate, commence dialogue with that issuer.

2. Summary

IDENTIFICATION OF ISSUERS FALLING WITHIN THE FRR'S EXCLUSION CRITERIA

The FRR has established exclusion criteria relating to 3 types of activities:
- non-conventional weapons;
- tobacco;
- coal (see page 67).

Non-conventional weapons[3]

Moody's ESG Solutions provides a report on the participation of companies in the development, production, maintenance, use, distribution, stockpiling, transportation of or trade in non-conventional weapons or their key components.

Excluded non-conventional weapons include anti-personnel mines (banned by the Ottawa Convention in 1997, signed by 164 countries[4]), cluster munitions (banned by the Oslo Convention in 2008, signed by 108 countries[5]), chemical weapons (1992 Chemical Weapons Convention) and biological weapons (Biological Weapons Convention 1972). These exclusions have been implemented since the FRR was established

Each year, the FRR revises its exclusion list on approval by the Responsible Investment Committee of the Supervisory Board. This list is updated during the first half of each year and then published on the FRR's website. Today, it is 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 2021, 15 companies identified in the FRR's investment universe are placed on the exclusion list

Company	Country
Anhui Greatwall Military Industry Co., Ltd.	China
Anhui Military Industry Group Holding Co. Ltd.	China
Aryt Industries	Israel
Bharat Dynamics	India
China Aerospace Science & Technology Corp.	China
Hanwha Aerospace	South Korea
Hanwha Corp	South Korea
Kcp	India
Lig Nex1	South Korea
Lockheed Martin	United States
Northrop Grumman	United States
Premier Explosives	India
Solar Industries India	India
Textron	United States
United Engine Corp. Jsc	Russia

Tobacco

The tobacco exclusion is based on the 2003 WHO Framework Convention on Tobacco Control, signed by France. This is the first treaty negotiated under the auspices of the World Health Organization. It is an evidence-based treaty that reaffirms the right of all people to the highest attainable standard of health. The Convention represents a fundamental development in that it develops a strategy to regulate addictive substances. Unlike previous drug control treaties, the Framework Convention affirms the importance of demand reduction strategies as well as supply reduction strategies. This exclusion has been implemented by the FRR since 2016.

3. Summary of the analysis produced by Moody's ESG Solutions
4. Except notably the United States, Russia, etc.
5. Except notably the United States, Russia, etc.

CLIMATE ANALYSIS

Climate analysis conducted for the FRR by S&P Trucost, includes several aspects, the elements of which are reprised in the various chapters of this report:

- green share, brown share and contribution to energy transition, cf. chapter 5 ;
- carbon footprint and 1.5°C alignment, cf. chapter 6 ;
- environmental footprint, cf. chapter 7 ;
- transition risk and physical risks cf. chapter 8.

climate analysis of portfolio assets is conducted as follows:

CLIMATE ANALYSIS TABLE

Asset class	Physical risks	Transition risks / Opportunities	Alignment
Listed equities and corporate bonds	Score / 7 climate hazards	Green share / Brown share	Carbon footprint and 2° C alignment
Sovereign bonds	_	_	Carbon footprint
Non-listed assets	_	_	_

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 with respect to 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). Moreover, the FRR has chosen to support dialogue with companies through collaborative initiatives, in liaison with its mandate and fund managers and also, when necessary, directly with the companies themselves.

GLOBAL INITIATIVES	ENVIRONMENTAL INITIATIVES	SOCIETAL INITIATIVES	GOVERNANCE INITIATIVES
PRI Principles for Responsible Investment	CDP	Women's Empowerment Principles	ICGN International Corporate Governance Network
French Public Investors Sustainable Development Goals (SDGs) Charter)	Climate Action 100+	Investor statement on the Bangladesh accord	EITI Extractive Industries Transparency Initiative
FIR Forum pour l'Investissement Responsable	IIGCC	Statement on Tobacco	
	Net-Zero Asset Owner Alliance		
	French public investors climate charter		

Global Initiatives

PRI – 2005

The FRR is one of the founding members of the UN's "principles for responsible investment".

In early 2005, the Secretary-General of the United Nations invited some of the world's leading institutional investors, including the FRR, to jointly define a number of principles to promote the incorporation of socially responsible investment practices into asset management. After six working sessions and with the help of experts representing the various stakeholders (companies, NGOs, researchers, etc.), the "Principles for Responsible Investment" (PRI) were officially signed in New York and Paris in spring 2006.

Today, the PRI reflect the shared values of a group of investors characterised by a long-term investment approach and diversified portfolios, including insurers and reinsurers, pension funds or other public or private institutional investors. They are fully compatible with the FRR's Responsible Investment strategy. The PRI are fundamental to the growth of responsible investment: at the end of 2021, there were more than 3,800 PRI signatories, representing a total of around 110,000 billion euros in assets under management.

The FRR's commitment to responsible investment is recognized by the PRI, which has awarded[6] it the highest rating (A+) for strategy and governance.

French public investors Sustainable Development Goals (SDGs) Charter – 2019

The French public financial institutions and operators, of which the FRR is a member, already committed since December 2017 to implementing six principles set forth in the Public Investors Climate Charter, henceforth commit to ensuring that their responsible investor approach and their activities are consistent with all aspects of sustainable development (environmental, social, economic prosperity and governance), as stated in the 17 Sustainable Development Goals (SDGs) adopted for 2030 by United Nations Member States in September 2015.

Within the framework of the Charter, public investors undertake to implement, in their investment policy and in the day-to-day conduct of their operations, the following 5 common principles :

- **Principle n° 1 : Integrate the SDG into their investment strategy;**
- **Principle n° 2 : Ensure that their internal operations comply with the SDG;**
- **Principle n° 3 : Disseminate best practices;**
- **Principle n° 4 : Assess the impact of their operations on the SDG;**
- **Principle n° 5 : Report on the implementation of these principles.**

Forum for Responsible Investment (FRI) – 2018

The Forum for Responsible Investment was created in 2001 at the initiative of fund managers, specialists in social and environmental analysis, consultants, trade unionists, academics and citizens. Since then, they have been joined by investors, including the FRR in 2018.

The aims of the FRI are to promote Socially Responsible Investment (SRI), to ensure that more investments factor in social cohesion and sustainable development aspects.

With other SIFs (Sustainable Investment Forum), the Forum for Responsible Investment – the French SIF is a founding member of the European network: Eurosif.

Initiatives addressing environmental issues

CDP - 2006

Supported by the United Nations Environment Programme (UNEP), CDP is one of the most important international initiatives on the environment and climate change. With the desire to improve information on the behaviour of companies regarding the environment, their energy consumption and the effects of climate change, the FRR gave its support to the CDP in 2006, and subsequently to the CDP WATER and CDP FOREST.

The CDP has become a key player in the standardization and gathering of environmental information from companies. At the end of 2021, it was backed by 680 investors representing 118 billion euros in assets, and more than 13,000 international listed companies responded to their questionnaires on climate change, water and forests.

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Climate Action 100+ - 2017

Climate Action 100+ is the largest collaborative initiative on engagement in climate change. At the end of 2021, this initiative was supported by more than 615 signatories, representing more than 59,000 billion euros in assets under management.

This initiative is at the heart of the battle against climate change of the Net-Zero Asset Owner Alliance, of which the FRR is a member. Indeed, Climate Action 100+ is an investor-led initiative aiming to mobilise more than 166 of the world's largest greenhouse gas emitters representing 80% of industrial emissions that are critical to meeting the goals of the Paris Agreement to reduce their emissions, expand climate-related financial information and improve their governance on climate risks. It makes sense, therefore, that the Net-Zero Asset Owner Alliance relies in part on this initiative to achieve its engagement objectives.

By engaging with these companies, Climate Action 100+ investors are catalysts for companies' transitioning to net-zero emissions.

The initiative was launched and is led by its investor members who determine the engagement strategy to be pursued with each company. For the day-to-day management of the initiative, and indeed for engagement purposes, the investors are assisted by five investor networks: Asia Investor Group on Climate Change (AIGCC), Ceres, the Investor Group on Climate Change (IGCC), the Institutional Investor Group on Climate Change (IIGCC) and the Principles for Responsible Investment (PRI).

6. 2020 rating, which is the latest available.

Net-Zero Asset Owner Alliance - 2019

In November 2019, the FRR joined the Net-Zero Asset Owner Alliance. This alliance brings together **71** global investors, **representing 9400 billion euros in assets**, which commit to moving their investment portfolios by 2050 towards net GHG (Greenhouse Gas) emissions compatible with a maximum temperature increase of 1.5°C above pre-industrial temperatures, having regard to the best available scientific knowledge, including the conclusions of the IPCC (Intergovernmental Panel on Climate Change). Members also undertake to report regularly on progress, including by setting interim targets every five years in accordance with Article 4.9 of the Paris Agreement.

In order for members to discharge their fiduciary duties, manage their risks and achieve their investment return targets, this commitment must be part of a holistic ESG approach, including, but without limitation, climate change.

Members aim to meet this commitment, in particular by advocating and engaging with businesses and industry, and also through public policy, for a low-carbon transition taking into account the associated social impacts.

IIGCC
Institutional Investors Group on Climate Change

Institutional Investors Group On Climate Change – IIGCC - 2015

The IIGCC is a forum for investors working together to combat climate change. The IIGCC offers its members a collaborative platform for engagement that encourages public policies, investment practices and corporate behaviours to have consideration for the long-term risks, and opportunities, associated with climate change.

Despite their outspoken support for climate policies, numerous listed companies are indirectly involved in lobbying against these very same climate policies through their professional bodies. This dialogue focuses on this inconsistency and aims to improve the transparency of listed companies' lobbying activities by demanding more transparency from energy companies on their global warming-related lobbying efforts. By the end of 2021, this initiative had received the support of more than 370 investors, representing 45,000 billion euros in assets under management.

French public investors climate charter - 2017

The FRR signed this charter in December 2017. All French public financial institutions and operators have decided to adopt an approach aimed at ensuring the compatibility of their activities with the objectives of the Paris Agreement.

The signatories have made the following commitments:

- Principle n° 1: having regard to climate issues in investment decisions;
- Principle n° 2: Contributing towards the financing of the transition to a low-carbon economy ;
- Principle n° 3: Structured dialogue with stakeholders;
- Principle n° 4: Dissemination of best practices;
- Principle n° 5: Issuance of dedicated financial instruments. (this principle does not apply to the FRR);
- Principle n° 6: Transparency and accountability.

For the record, the FRR has also, over the years, supported many other climate initiatives, including :

- 2014 : Signing of the PRI Montréal Pledge, Support for the Portfolio decarbonization Coalition, Signing of the declaration on climate change within the framework of the UN Climate Summit;
- 2015 : Support for the ACT – ASSESSING LOW-CARBON TRANSITION initiative ;
- 2017: Co-production of the report "2 degrees of separation: Transition risk for oil & gas in a low carbon world" with AP7, Carbon Tracker, Legal & General IM, PGGM, PRI and PKA. This report discusses how companies assess future capital and production expenditure, as well as decision-making governance;
- 2017: The FRR supported with AFD, CDC, Natixis, Mirova, CCR, CDG Capital, Erafp, EDF and BNP Paribas the development, through Carbone 4, of the CRIS (climate risk impact screening) method. This method covers 7 direct climate hazards, 9 indirect climate hazards, 60 sectoral vulnerability profiles and 210 sovereign vulnerability profiles.

Initiatives addressing societal issues

Supply chain risk management in the textile sector – PRI - 2014

Despite the efforts made by companies in the sector, poor working conditions and human rights violations remain persistent problems in the supply chain. With this in mind, seven French institutional investors, including the FRR, decided in 2014 to launch a collaborative initiative, led by Mirova, on supply chain risk management in the textile sector.

The main objectives of the commitment are to improve transparency, map social risks, develop long-term relationships with suppliers and participate in sectoral initiatives. This last point was strengthened in 2017.

Statement on tobacco - 2017

53 investors, health systems, pension funds and insurers, representing 3.8 billion dollars in assets under management, signed a communiqué addressed to World Health Organization (WHO) representatives and national health ministers who openly support stronger tobacco control regulation.

Declaration encouraging companies to sign the Women's Empowerment Principles - 2019

Convinced that diversity is a decisive factor in companies' operational and financial performance, the FRR, on 17 September 2019 and with the support of UN Women, signed a joint declaration promoting gender equality within companies. This initiative aims to bring together numerous investors to call upon a wide panel of listed companies around the world, to be more transparent in this area and to encourage them to sign the Women's Empowerment Principles. This is a set of 7 principles, the result of an alliance between UN Women and UN Global Compact, to which companies can sign-up to promote gender equality in their professional environment..

Gender initiative - 2019

On 7 November 2019, the FRR signed the Gender initiative. This declaration, coordinated by Mirova and co-signed by 66 investors representing a total of 4,000 billion in assets, is supported by UN Women and the United Nations Global Compact and aims to promote gender equality in companies.

Initiatives addressing governance issues

International Corporate Governance Network (ICGN) - 2014

ICGN is an international organization of governance professionals whose goal is to inspire and promote international standards of corporate governance. These improvements help companies perform more sustainably and increase transparency.

For this purpose, the ICGN has various committees which reflect upon adopting best corporate governance practices. Having for 6 years sat on the Board of Directors of ICGN, the FRR has been involved in defining rules of good conduct the practical implementation of which is evident in the request-for-proposal mandate contracts.

Extractive Industries Transparency Initiative (EITI) - 2009

This initiative aims to increase the transparency and accountability of operators in the extractive industries sector through verification and publication in full of payments made by companies and income received by governments in connection with the exploitation of mineral, oil and gas resources. By supporting the EITI, the FRR invites all companies in the sectors directly or indirectly concerned, of which it is a shareholder, to join, and encourages those that have already committed to support the initiative to play an active role in its implementation.

KEY MILESTONES

2001
Factoring in of extra-financial considerations under the Law establishing the FRR

2003
1st call-for-tenders To select managers incorporating ESG criteria

2005
SRI strategy - period 2005-2008
Publication of "Voting Guidelines"

2006
Founding member of PRI
CDP Membership
Approach to assessing the entire portfolio having regard to extra-financial criteria

2007
Funding the "Sustainable Finance and Responsible Investment" Chair
Support for the PRI-FIR Academic Research Prize

2008
SRI strategy-period 2008-2012

2009
Joined CDP water
Support for the Extractive Industries Transparency Initiative (EITI)

2013
SRI strategy period 2013-2017

2014
Membership of the International Corporate Governance Network (ICGN)
Support for an initiative on supply chain risk management in the textiles sector

2014
Creation of Low Carbon Leaders indices in partnership with MSCI and the Swedish fund AP4
Signing of the UN Summit Declaration on Climate change

2015
1st RFP passive decarbonised mandate

2017
Signing of French public investors climate charter
Joined CDP FOREST, CA100+ and IIGCC

2017
Signing of declaration addressed to WHO members and health ministers supporting stronger tobacco control regulation

2018
Support for the United Nations Environment Programme Finance Initiative (UNEPFI)
Commitment to follow TCFD recommendations*
Membership of the Forum for Responsible Investment (FRI)

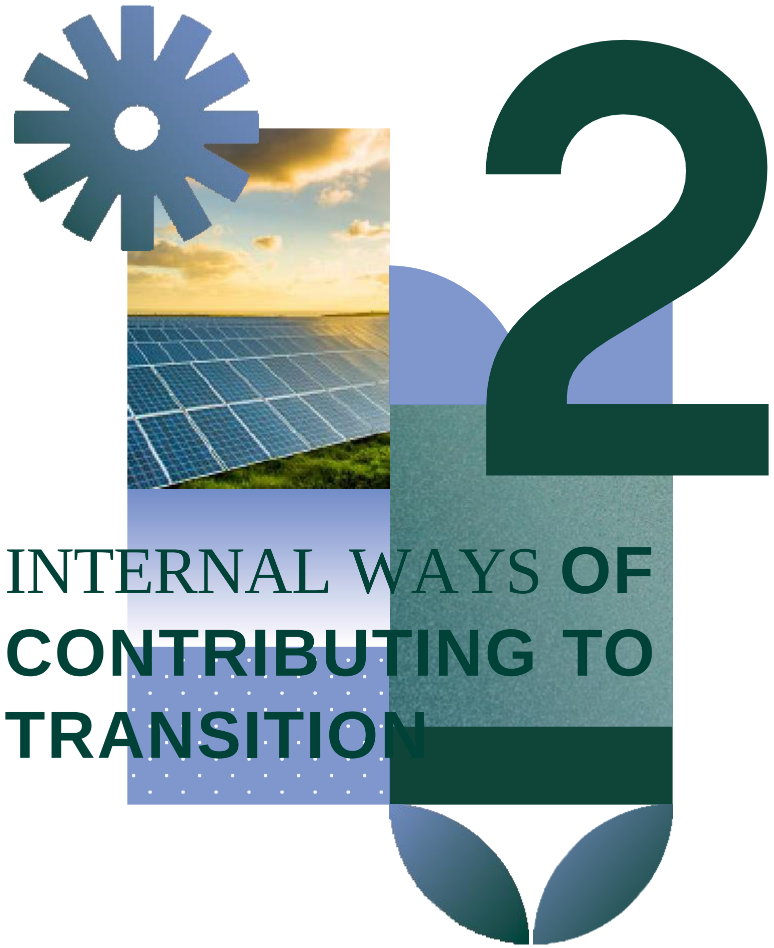
2019
SRI strategy 2019-2023
Commitment to support a fair transition*

2019
Signing of French public investors SDG charter
"Women's Empowerment Principles" collaborative initiative
Signing of "Gender Initiative" declaration

2019
Membership of "Net zero asset owner initiative"

2021
1st RFP decarbonised bonds portfolio management
Signing of "Bangladesh Accord" declaration
Support for engagement action on TotalEnergies' presence in Myanmar

* SDG : Sustainable Development Goals.
* TCFD (Task Force on Climate-related Financial Disclosures) : working group on financial transparency of climate-related risks .
* Fair transition: having regard to social aspects in decisions related to energy transition



INTERNAL WAYS OF CONTRIBUTING TO TRANSITION

All assets are managed by delegation. Most of the resources used to deploy the FRR's RI strategy are at manager level. As indicated on page 10, the manager selection process includes a very significant component dealing with their resources dedicated to ESG in general, and Climate in particular.

Investment Directors are involved at all stages during the life of a mandate (defining ESG objectives, selection, monitoring...) and report yearly to the manager selection Committee on ESG indicators within their scope. Furthermore, a Responsible Investment monitoring Committee is responsible for implementing the guidelines laid down by the Supervisory Board for the prevention and control of extra-financial risks in the FRR's portfolios.

Monitoring of the effective implementation of the RI strategy, originally carried out by the Executive Board, is now integrated into the Delegated Management and Responsible Investment Department, within the FRR's Finance Department. The aim of this organisational change is to strengthen ESG integration at operational level.

This Department has a Responsible Investment Manager "Chargé de Mission", who is an expert in ESG analysis (19 years of experience). A junior analyst has also been recruited, to improve exploitation of ESG data.

The FRR relies on the resources of a number of specialist agencies:

- analysis of extra-financial risks and opportunities of the FRR's portfolio: portfolio analysis and supply of an extra financial risk database – lot 1 Moody's ESG Solutions (ex Vigeo Eiris) and lot 2 ISS Europe ;
- measurement and analysis of the environmental footprint of the FRR's portfolio : lot 1 – assessment of portfolio climate risks, lot 2 – contribution to energy transition and lot 3 – analysis of environmental impacts and physical risks: S&P Trucost.

In 2021, the budget earmarked by the FRR towards ESG/Climate data and analysis totalled more than 211 k€.

CONTRIBUTION TO FINANCING RESPONSIBLE INVESTMENT RESEARCH

The FRR supports the FRI (Forum for Responsible Investment) and sponsors its annual Award. It has also funded the Sustainable Finance and Responsible Investment Research Initiative (FDIR) of the Toulouse School of Economics and École Polytechnique since 2007.

The FDIR research initiative conducts research around three main topics:

- assessment of long-term ESG performance and risk;
- corporate governance
- shareholder engagement.

Over the past 15 years, the work carried out under this initiative has contributed to the emergence of new valuation models that take into account the long-term environmental and social consequences of corporate behaviour. It has also helped strengthen the dialogue between academic and industrial partners, and share the knowledge gained with students, the academic community and society at large.

FDIR partners have selected four priority research projects for the period 2019-2022:

1. “Employees as directors”, a project that aims to answer two questions: Should non-managerial employees be involved in the governance of the companies that employ them? Does the presence of employees on the board of directors have an impact on the value of the company or on its extra-financial performance ?
2. “Employee involvement in corporate decisions”. This project, complementary to the one above, studies the determining factors and impact on the quality of governance of involving employees in corporate decisions.
3. “Carbon pricing under deep uncertainty”. The aim of this project is to study various ways of taking into account the uncertainty of the future environmental benefit of green investments, given the current cost of these investments.
4. “Impact assessment and SRI: Why and how investors use impact indicators?” The aim of this project is to analyse the development of reasons behind and determining factors underlying impact measurement, and to understand why and how investors use different impact measurement methodologies.

In 2021, the budget allocated by the FRR to all organisations and bodies supporting ESG/Climate initiatives totalled more than 144 k€.

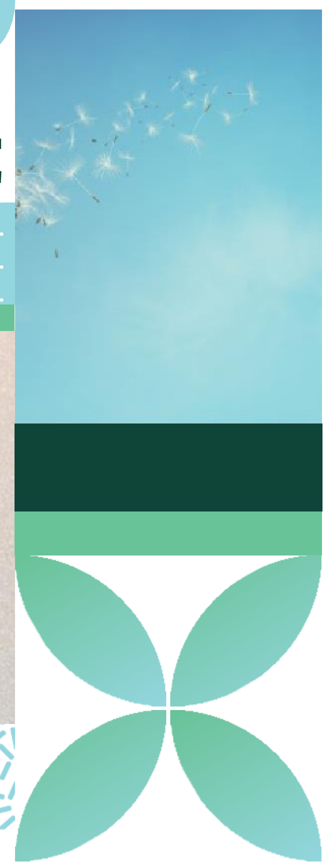
COLLABORATION WITH EXTRA-FINANCIAL DATA PROVIDERS

For several years, the FRR has been working with index providers to ensure that they incorporate extra-financial criteria when constructing the indices. This work led in 2014 to the creation of the Low Carbon Leaders indices with MSCI and the Swedish fund AP4. The FRR continues this work with the various index providers and, in 2021, most of the customized smart beta indices used by the FRR incorporate into their construction methodology a carbon emission control mechanism to ensure that they remain at a level close to the capitalization-weighted index.

The FRR also works with management companies and extra-financial data suppliers to improve ESG data calculation methods and practices. With regard to ESG optimised mandates in particular, ESG data quality is key. Indeed, in recent years, the FRR has opened a dialogue between management companies and index providers with a view to harmonising coal share calculation methodologies in relation to a number of major players in the local authority services sector. These various engagement initiatives have led to greater consistency on the part of data providers in terms of methodology to better take into account the operations of the companies analysed. For example, the methodologies for consolidating the results of a subsidiary with those of its parent company, or considering inter-company payment flows, are today better understood by a number of coal data suppliers. This results in responsible management more consistent with companies’ economic reality.

ESG CLIMATE GOVERNANCE

3



GOVERNING BODIES

Factoring sustainability criteria into its management decisions is at the heart of the FRR's identity. Indeed, since 2001, the founding texts of the FRR (Article L.135-8 of the Social Security Code) specify that "*The Executive Board reports regularly to the Supervisory Board and records in particular the manner in which the general investment policy guidelines have taken into account social, environmental and ethical considerations*".

Supervisory Board

The FRR's Supervisory Board approves the Responsible Investment strategies, Voting Policy and “Climate” objectives presented to it by the Executive Board. It also oversees their implementation and the achievement of the “Climate” objectives.

Responsible Investment Committee (RIC)

This committee, established in 2008, is composed of the President of the Supervisory Board, a member of the panel representing employee trade union organisations, and a member of the panel representing employer trade union organisations. It may in addition be supported by two qualified external persons and, where necessary, service providers. As at today’s date, there are two expert members:

- Jean-Claude Javillier, aggregate professor in the Faculty of Law. He has taught Labour Law and comparative industrial relations at the International Labour Office (International Labour Organization, Geneva) and has held the posts of Director of the international labour standards Department, then chief Adviser at the International Institute for Labour Studies. He has published various books and articles in the fields of labour and professional relations, and global governance;
- Jean-Pierre Hellebuyck was vice-chairman of AXA Investment Managers and Chief Investment Officer of AXA Investment Managers. He was also chairman of the corporate governance committee at the Association française de la gestion financière (AFG). He is the author of several reports on governance and financial management.

This Committee is responsible for ensuring that the guidelines established by the Board for the control and prevention of extra-financial risks in the FRR’s portfolios are implemented. In particular, it verifies annually the list of issuers excluded due to their involvement in non-conventional weapons (cf. page 18).

This Committee reports on its work at least once each year to the Supervisory Board.

Directoire

The Executive Board prepares the Responsible Investment strategies, Voting Policy and “Climate” objectives, seeks the opinion of the Responsible Investment Committee on its plans and presents them to the Supervisory Board.

The Executive Board reports, at least once per year, to the Responsible Investment Committee and to the Supervisory Board, on the implementation of the Responsible Investment strategy, the Voting Policy and the “Climate” objectives.

The reports provided to the RIC and the Supervisory Board cover extra-financial analysis of the portfolio, assessment of controversies, monitoring of issuers to which the exclusion criteria may be relevant, climate analysis and indicators for monitoring climate objectives, as well as engagement initiatives conducted and the exercise of voting rights.

Finance Department

The Finance Department establishes the ESG criteria for selection of managers and their management proposals, with a special emphasis on climate.

The Finance Department then ensures that the managers properly implement the Responsible Investment strategy, the Voting Policy and the defined ESG/ Climate criteria. It conducts a two-level verification:

· 1st level analyses based on ESG/Climate reports supplied by the managers, at least twice per year, and examined at Management Committee meetings;

· 2nd level analyses, based on the assessment reports supplied by two service providers: Moody's ESG Solutions for extra-financial portfolio analysis and S&P Trucost for the climate and environmental audit.

Operations and risks Department

The operations and risks Department is responsible for monitoring compliance with the various exclusions.

ESG Committee

An ESG Committee, led by the chief ESG officer, meets on a monthly basis. The Executive Board members and all of the FRR's various Departments attend this ESG Committee, which forms the backbone of the FRR's ESG activities. It ensures that all Departments are involved in reflecting on ESG matters, in preparing the various documents, including those intended for the RIC.

Managers

The managers must take the FRR's Responsible Investment Strategy into consideration in their management by, in particular, systematically incorporating ESG analysis into the issuer selection process, across all asset classes. They also exercise all voting rights at shareholder general meetings for equities held in the portfolio, in accordance with the FRR's Voting Policy guidelines.

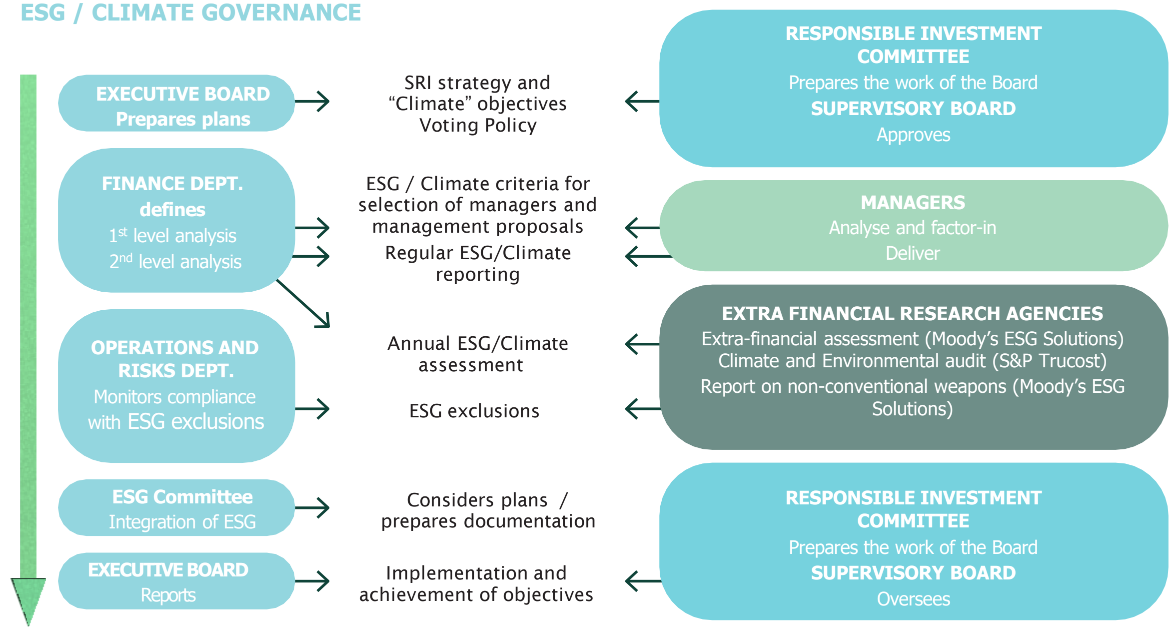
They submit regular reports on these matters, which are discussed at all half-yearly management committee meetings.

Extra-financial research agencies

As mentioned on page 29, two extra-financial research agencies selected periodically by invitation to tender carry out on behalf of the FRR a full annual analysis of the portfolio:

- Moody's ESG Solutions conducts an ESG performance analysis, an ESG-related controversies assessment and identifies issuers that may fall within the FRR's exclusion criteria ;
- S&P Trucost conducts a Climate analysis, which involves several elements: Green share, brown share and contribution to energy transition, carbon footprint and 2°C alignment, environmental footprint, assessment of transition risks and physical risks.

ESG / CLIMATE GOVERNANCE



INTEGRATION OF SUSTAINABILITY CRITERIA WITHIN REMUNERATION POLICY

The members of the Supervisory Board and the Responsible Investment Committee do not receive any remuneration.

Members of the Executive Board and the Finance Department are given annual targets with respect to implementation of the responsible investment strategy.

Regarding the integration of sustainability criteria within remuneration policy, two Executive Board members are given specific responsible investment targets in their annual mission letter. As for the FRR's personnel, part of their remuneration is conditional on achieving annual targets. Indeed, 20% of the finance director's target bonus is conditional upon implementation of the FRR's responsible investment policy.

These targets are set at Finance Department team leader level. Indeed, 30% of the target bonus of the Head of the Delegated Management and Responsible Investment Department is based upon investing in accordance with the responsible investment strategy and 25% of the target bonus of the Head of Asset Allocation is based upon integration of responsible investment at strategic allocation level. At team level, in addition to the Responsible Investment Head of Mission 80% of whose target bonus is conditional on specific ESG targets, the ESG-related target bonus weightings of Investment Directors are set between 10 and 20% depending on their scope.

ENGAGEMENT STRATEGY, VOTING POLICY AND REPORTING

4

The FRR's engagement strategy is based upon four main pillars:

1. shareholder dialogue conducted at shareholder general meetings and based upon the FRR's Voting Guidelines;
2. dialogue targeted at portfolio issuers, identified as posing a risk with respect to their ESG/Climate practices. These issuers enter into a Dialogue Programme conducted by managers at the FRR's request;
3. A priority topic: energy and ecological transition. For reasons of greater efficiency, this topic is addressed essentially through collaborative initiatives, in cooperation with other investors and market bodies;
4. a financial management ecosystem initiative, directly led by the FRR.

VOTING GUIDELINES

The FRR's responsible investor approach involves adopting a shareholder position at all 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 with respect to 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 in its management mandates, in accordance with the asset allocation strategy adopted by the Supervisory Board, 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 accordance with its founding documents, the FRR's voting rights are exercised by the active managers it has selected and in the FRR's sole interests.

The guidelines on the exercise of voting rights 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

To assist monitoring, the FRR is in the process of rating the quality of governance of its developed market equities portfolio.

This new and analytical approach enables the FRR to better understand the essential components of governance of this portfolio.

This process conducted through its active managers, has enabled it in 2021 to participate in 1605 shareholder general meetings and to vote on more than 20,000 resolutions in the countries comprised in its developed markets equities portfolio. Its managers took part in 90% of voting general meetings.

The FRR's Managers voted on resolutions put to the vote by management at general meetings at a ratio of 80.93% FOR and 19.07% AGAINST.

In 2021, most of the votes against management concerned resolutions on remuneration (27% of votes compared to 25% in 2020). The election and appointment of directors (12% of votes against, as in 2020), and transactions affecting a company's share capital (20% of votes against).

Managers pay attention not only to the volume, but also the quality of the information supplied and transparency. Note also that a significant number of resolutions concerned transactions on share capital designed to allow companies heavily impacted by the Covid-19 pandemic to recapitalise. Of the resolutions put forward in 2021 on this type of transaction, 20% of votes were against.

The FRR pays close attention to how boards of directors, and similarly the executive committees of the companies of which it is a shareholder, consider extra-financial, especially social, societal and environmental issues, the TCFD recommendations and board diversity.

The trend that began in 2020 of putting forward "Say on climate" resolutions has developed significantly with 11 resolutions put forward in 2021.

Results of voting under ESG-optimised equity index management mandates

The ESG-optimised equities compartment is a significant compartment that represents 3.4 Bn€ at 31/12/2021 and which establishes a responsible management policy in order to meet the various sustainability objectives imposed upon activation of the mandates.

However, the FRR's desired responsible management policy also applies when voting at shareholder general meetings. The year 2021 was once again marked by the Covid-19 pandemic and its impact on business operations and attendance at General Meetings.

The vast majority of GM are held remotely, the format preferred by companies. Managers however remain cautious about this new form of conducting GM, the main preoccupation being to maintain dialogue between the company's management and its shareholders. Generally, meetings were not delayed beyond 30 June as had sometimes been the case in 2020.

The managers participated in 1063 General Meetings and voted on nearly 18,000 resolutions including almost 275 shareholder resolutions. On average, the managers voted against nearly 25% of the resolutions under review, an increase of 20% compared to the previous year.

Votes against mostly related to remuneration during a difficult period from an economic and corporate point of view for companies. In terms of voting on remuneration, the managers were opposed to more than 40% of these resolutions for certain mandates. Votes against also concerned the election of directors considered as not sufficiently independent or having too many directorships, or authorisations for share capital increases extending beyond 26 months.

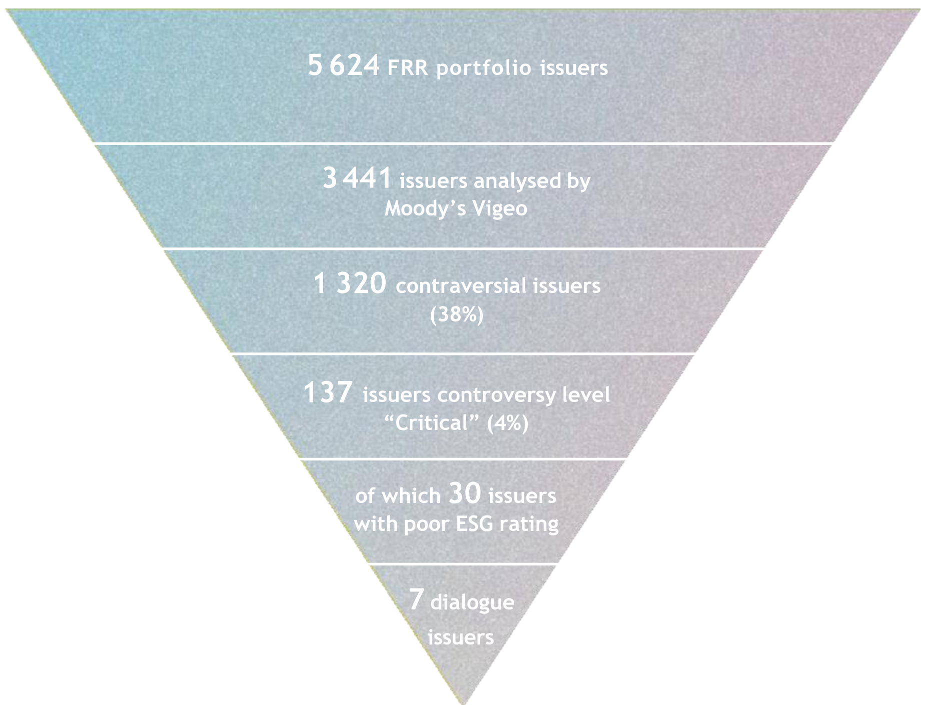
One of the major themes in 2021 was also energy transition and issuers' decarbonisation trajectory. Managers therefore carefully considered companies' energy transition plans and commitments. They supported shareholder resolutions demanding more transparency and for information reports on these matters to be supplied. Indeed, one manager for example supported more than 95% of Climate-related shareholder resolutions.

SELECTION OF ISSUERS FOR THE FRR'S DIALOGUE PROGRAMME

The process for selection of issuers to enter FRR's Dialogue Programme is based upon identifying companies posing the highest level of ESG risk. The assessment of this risk level relies upon Moody's ESG Solutions' analysis. The aim of this analysis is to identify companies accused of failing to comply with international standards, and to assess the degree of risk posed by these allegations and the quality of the relevant companies' responses. The companies selected are those that present both a bad ESG score and a "Critical" controversy severity level. The ESG assessment requires a score 1.2 times below the regional sectorial average (US, Europe, Asia-Pacific). Indeed, the FRR's view is that it is not necessary to focus its attention on companies that have already made significant progress. Finally a qualitative analysis is used to choose issuers from amongst them to participate in the Dialogue Programme.

The scope, which was initially limited to equities mandates, has now been extended to the new bonds mandates. For efficiency reasons, finance companies and public enterprises are not included in this programme, given the complexity of the challenge and the anticipated lack of results delivered by a dialogue programme.

At the end of 2020, the process for selection of issuers to enter the Dialogue Programme for 2021 resulted as follows:



RESULTS OF ENGAGEMENT INITIATIVES 2021

As part of its Dialogue Programme, the FRR engaged in dialogue with 6 of its managers on 7 controversial companies of which 3 (Alphabet, Facebook and Tyson Foods) had already been engaged in dialogue in 2020, and 4 were added to the scope in 2021: Corteva Inc, Fletcher Building ltd, Uber technologies Inc and Wynn Macau ltd.

Following this 2021 dialogue campaign, it appeared that most of the FRR's managers had already entered into dialogue with these businesses on the controversies identified by Moody's ESG Solutions. They considered that the controversies identified, this year, had a moderate financial impact, thanks in particular to the companies' appropriate responses on ESG matters. Furthermore, the controversies are analysed and properly controlled by the managers. This confirms the solid results of the 2020 dialogue programme. Indeed, not since 2019 has there been a minority of responses of a quality below that expected by the FRR. The appeals made not only by the FRR, but also by its peers, have most likely contributed to industry progress on these matters.

In addition to the issuers identified by the FRR, the managers also engage in dialogue independently with companies held in the portfolio. Indeed, in 2021, for ESG optimised equity index management mandates, dialogue was commenced or continued on nearly 750 occasions, with more than 300 issuers by the ESG optimised equity index mandate managers.

This dialogue mainly concerned energy transition and corporate governance. Compliance with international standards and controversies were also discussed by managers with the relevant companies. These engagement actions were essentially in the form of participation in collective initiatives, however 17% of these engagement actions (or around 130 initiatives) involved direct dialogue initiated or continued by management companies.

In parallel, the FRR has been involved in supporting two engagement actions:

one concerning health and safety issues in the textile and garment sectors, the other concerning Total's operations in Myanmar.

Textile and garment sectors

The FRR co-signed the "Investor Statement on the Bangladesh Accord" in April 2021.

Eight years have passed since the Rana Plaza industrial complex collapsed in Bangladesh, killing 1,134 garment workers and injuring 2,600. This terrible tragedy has drawn attention to the widespread human rights abuses in the garment sector, as well as the inability of the Bangladesh government and companies sourcing their supplies from this sector to create workspaces that protect and respect workers' lives and mitigate risks for businesses and their investors.

Immediately after the collapse, the International Center on Corporate Responsibility (ICCR) formed the Bangladesh Investor Initiative, comprising 250 institutional investors with more than 4.5 billion dollars in assets under management, to incentivize global companies, which source their supplies in Bangladesh, to become directly involved in transforming the Bangladesh garment sector by taking the following four measures:

1. signing-up to the legally binding Agreement on building fire and safety;
2. committing to strengthening local unions and ensuring a living wage for all workers;
3. publicly disclosing all their suppliers, including those from Bangladesh; and
4. ensuring that appropriate grievance mechanisms and effective remedies, including compensation, are put in place for affected workers and their families .

In the years since the Agreement was signed, substantial progress has been made, but much remains to be done to completely eliminate risks to worker safety. This is the reason why, in 2021, a coalition of investors decided to publish a new declaration.

Following this statement, negotiations between brands and retailers culminated in an important agreement establishing the International Accord for Health and Safety for a period of two years, in Bangladesh and in other countries.

The International Accord for Health and Safety in the Textile and Garment Industry is a legally binding agreement, valid for 26 months, designed to improve safety in garment factories.

The clothing brands and retailers that signed the international Accord commit to supporting an independent CSR, which has already put health and safety programmes in place in Bangladesh. The CSR is a private initiative of Bangladeshi industry, global brands and Bangladeshi trade unions. Brands and retailers commit to developing country-specific health and safety programmes based on the principles of the 2013 and 2018 accords and feasibility studies. The new accord will be implemented through the International Accord Foundation in the Netherlands.

By 18 January 2022, 162 companies, mainly European enterprises of all sizes, had signed the agreement..

Total Energies operations in Myanmar

The FRR has also supported engagement regarding the presence of TotalEnergies in Myanmar, and the risks in terms of respect for human rights and the physical risks related to the operations of the Group in Myanmar, especially since the military coup d'état on 1 February 2021.

The engagement action, initiated by a relatively small number of investors, was pursued by delivering a letter, signed by 35 investors, representing more than 3 trillion euros in assets under management. Joint pressure from civil society and investors has since borne fruit, with the Group announcing, in January 2022, its withdrawal from the zone, both as an operator and as a shareholder.

Focus on "Climate" related engagement initiatives

2021 was a year of growth, impact and influence for Climate Action 100+, the most significant investor engagement initiative on climate change. With the arrival of 70 new investors in 2021, Climate Action 100+ now has more than 615 signatories. That represents 65,000 billion dollars in assets under management.

These investors engage with 166 of the world's largest listed private issuers and drive corporate climate action in line with the global target of net-zero emissions by 2050 or sooner.

The strength of Climate Action 100+ is its global focus on results and the spirit of partnership between investors and companies. In addition, there was a marked increase in investor appetite for climate action in Asia last year, broadening the impact and influence of the initiative in that region of the world.

Throughout the year, the initiative's investors engaged in dialogue with companies to encourage them to set short-, medium- and long-term emission targets, to disclose their lobbying activities and also the expertise of their board of directors on climate matters. The progress made by investors thanks to Climate Action 100+ is symbolic of how times have changed and reinforces the seriousness with which major investors are dealing with climate change as a financial risk.

The initiative has been picked up by the financial media around the world, including the Financial Times, Reuters, Bloomberg, the Wall Street Journal, Forbes and the Sydney Morning Herald, which have covered the initiative's key achievements. Climate Action 100+ is regularly cited in articles to demonstrate the power of cooperation and engagement and how it is effectively driving unprecedented change in some of the largest corporate issuers.

Climate Action 100+ is coordinated by its five founding investor networks: AIGCC, Ceres, IGCC, IIGCC and PRI. It is led by the Climate Action 100+ global steering committee, which includes five investor representatives and the leaders of the investor networks. The strategy is deployed by the staff of the investor network who work closely with investors and support them in their engagement initiatives with the target companies.

Investor engagement, through the initiative, has resulted in the target companies expanding their climate ambitions. It relies on an assessment that is carried out each year, based on ten indicators combined within the Net-Zero Company Benchmark. These indicators relate to:

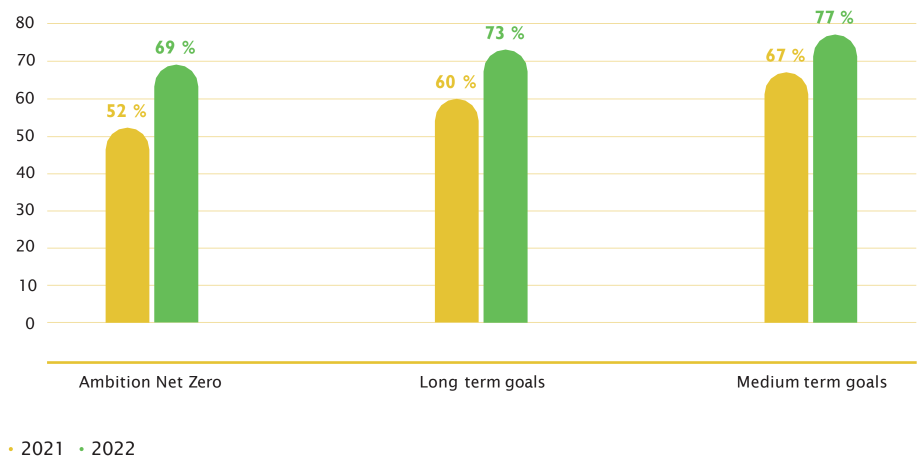
1. the company's "Net Zero" ambition by 2050 (at the latest);
2. long-term emission reduction targets;
3. medium-term emission reduction targets ;
4. short-term emission reduction targets;
5. decarbonisation strategy;
6. alignment of investments with this strategy;
7. climate engagement policy;
8. climate governance;
9. fair transition;
10. following the recommendations of the TCFD.

Note that the fair transition indicator has yet to be assessed, but will be so in the near future. Indeed, the related assessment questionnaire was prepared during the year 2021.

The Net-Zero Company Benchmark report published in March 2022 shows contrasting results: whilst the fundamental indicators are progressing well, those reflecting more immediate implementation remain mixed. Indeed, the number of companies that currently have a "Net Zero" ambition, with long- and medium-term goals, is clearly increasing. Climate-related governance and reporting in line with TCFD recommendations are at high quality levels (90% and 89% respectively).

However, the frequent lack of detail on the implementation of these objectives gives cause for concern: only 49% of companies have set short-term targets. Moreover, whereas 49% of companies have published a decarbonisation strategy, only 17% have quantified the proportion of emission reductions for each of its key components. And only 5% of companies have expressly committed to aligning their investment plans with their long-term goals.

PROGRESS OF THREE OF THE NET-ZERO COMPANY BENCHMARK INDICATORS



"SUSTAINABLE" INVESTMENTS AND INVESTMENT IN FOSSILS

« SUSTAINABLE » INVESTMENTS

The idea of "sustainable" investments, or financing of "green" activities, has been the subject of lengthy debate. At European level, this has led to the development of a classification of economic activities with a favourable impact on the environment, referred to as "Green taxonomy". This harmonisation was made necessary by the desire to nudge investments towards these "green" activities.

An activity is classified as sustainable if it meets at least one of the following six objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of aquatic and marine resources ;
- transition towards a circular economy;
- pollution control;
- protection and restoration of biodiversity and ecosystems.

The activity must contribute substantially to one or more of the six objectives, without significantly prejudicing the other objectives (principle of "Do no significant harm"[1]). It is also required to comply with social standards and to comply with the technical assessment criteria set forth in delegated acts. For example, the generation of electricity by a hydroelectric powerplant can be "sustainable" if it is a "run-of-the-river" installation, with no artificial reservoir, and if its power output is greater than 5 W/m^2, in particular.

In 2021, the European taxonomy covers more than 90 economic activities in the EU. In 2020, these represented between 1% to 2% of the revenue of listed companies (Source: European Commission, Adelphi Institute).

Presented in 2018 as part of the sustainable finance action plan, the "Taxonomy" Regulation was adopted by the European Union in 2020. The text is part of the objective of carbon neutrality by 2050, defined in the European Green Deal. After two years of discussions – notably on the issue of nuclear and gas as activities necessary for transition, the European Commission adopted, in February 2022, a Delegated Act which is currently being considered by the European Parliament and Council. If approved, it would come into force in 2022.

Under the regulation, companies would have to indicate the proportion of their revenue, investments and expenditure represented by sustainable activities within the meaning of the taxonomy, and for institutional investors the proportion of their assets represented by these activities.

Pending the availability of this data, the FRR has identified its investments in activities supporting energy transition, with reference to the following categories:

- "equities" management strategies consistent with the Paris Agreement;
- credit mandates with decarbonisation goals ;
- "Green" bonds ;
- Infrastructure investment contributing to energy transition;
- thematic investments.

1. Source : Carbon neutrality: the European taxonomy in six questions| Vie publique.fr (vie-publique.fr)

ASSETS CONSIDERED AS SUPPORTING TRANSITION AT END OF 2021

Asset class	Amount	As total % of assets
Actions consistent with the Paris Agreement	7 621 529 520.59 €	29.2%
Credit mandates with decarbonisation goals	8 407 020 521.43 €	32.2%
Of which “green bonds”	563 726 488.02 €	2.2%
Infrastructure contributing to energy transition	345 628 372.81 €	1.3%
Thematic investments	219 015 009.46 €	0.8%
Total	**16 593 193 424.29 €**	**63.6%**

Progress in sustainable investment during 2021

In 2021, the FRR continued to expand its investments in support of energy transition:

Investment in ESG equity replication strategies

The FRR has, for several years, been investing in equity replication strategies that incorporate decarbonisation goals (from -30 to 50% compared to benchmark) but also aim to favour companies that make a positive contribution to energy transition. This is reflected in existing portfolios by quantified goals, compared to benchmark, for increasing the share of green technologies in portfolios or overweighting companies a significant proportion of whose activity derives from renewable energy in an equity compartment that represented 3.4 Bn€ at the end of December 2021. At that time, the share of green technologies in the portfolio was 8% compared to 5.3% for the compartment’s benchmark, an increase of 50%. Furthermore, companies a significant proportion of whose activity derives from renewable energy are overweight by almost 60% in the portfolios.

There are in addition other objectives whose aim is to improve scores for climate change or over-exploitation of resources of portfolios compared to their benchmarks.

Launch of the first request for proposals consistent with the Paris Agreement

In 2021, the FRR launched a new request for proposals to replace the existing ESG equity replication strategies. With this new RFP, the FRR’s aim was to be much more ambitious on climate in order to align these strategies with the multiple commitments made on in this area. This is why this new request for proposals aimed to select equity strategies consistent with the Paris Agreement.

This ramping-up of the climate aspect of strategies meant incorporating new goals without however abandoning those set out in the previous request for proposals. Indeed, this request for proposals contains objectives for reducing carbon emissions compared to the benchmark, overweighting the green share, improving ESG ratings but also absolute goals in terms of reducing greenhouse gas emissions, reducing physical and transition risks and indeed overweighting companies on a trajectory towards achieving 1.5˚C.

In order to incorporate these new objectives, it is necessary to develop new optimisation criteria such as the integration of scope 3 in order to better understand the carbon emissions of a company and therefore its impact on its environment, developing methods for calculating avoided emissions (to estimate a company’s positive contribution towards reducing the carbon emissions of the company as a whole) or indeed devising methodologies for calculating the temperature of the portfolio and therefore of the companies it contains. This work also requires management companies to collaborate with research groups and providers of extra-financial data with the aim of advancing all stakeholders on these matters.

The request for proposals resulted in the selection of 3 managers which demonstrated great expertise in index replication and the incorporation of extra-financial (including climate) criteria and a desire to continue to advance climate aspects by working externally with data service providers and working groups and, internally, by gearing-up dedicated research teams to develop new ESG criteria.

Launch of requests for proposals for credit mandates with decarbonization goals

In 2020, the FRR launched a request for proposals for a euro-denominated corporate bonds active responsible management mandate. The contract description contained for the first time the expression “responsible management” for a bonds mandate. This underlined the FRR’s commitment to incorporate, whatever the asset class, a responsible management dimension. The FRR expressly stated in this request for proposals that selected applicants must in managing the mandate have consideration for climate change issues such as in particular reducing CO2 emissions, contributing to ecological and energy transition and alignment of the portfolio on a 1.5˚C trajectory. This request for proposals, for an amount of 5.8 Bn€ resulted in the selection of 10 managers which began managing their portfolio in October 2021 with the target of a 30% reduction in emissions by 2024. All EUR credit portfolios are already showing a reduction in CO2 emissions compared to their starting level and are in line with the trajectory for reduction to which the FRR committed under the NZAOA initiative. At 31/12/2021, the reduction in carbon emissions for the HY EUR compartment is -28% compared to the benchmark level upon activation of the mandates, and -41% for the euro-denominated quality bonds compartment.

Note also that this request for proposals included strict requirements in terms of engagement in dialogue on climate issues.

Green bonds

The FRR’s financing of energy transition is also reflected in practical terms by investment in Green bonds in dedicated Investment Grade Credit and High Yield Euro and US Investment Grade mandates.

At 31 December 2021, Green Bonds represented an amount of 564 M€ which is equivalent to 2.16% of the FRR’s total assets and 6.21 % of credit mandate assets.

More specifically, 8.9% of the assets of the Euro Investment Grade Credit mandates falls within this bonds category compared to 7.2% in 2020 and 8.8% for their benchmark. The weighting is 3.3% for US Investment Grade Credit mandates like the previous year, whereas the benchmark has only 1.9 %.

Finally, the new Euro High Yield mandates hold 5.4% of green bonds compared to 5.2% for their benchmark.

The FRR's green bonds portfolio mainly finances projects related to green buildings and renewable energy.

Investment in infrastructure contributing to energy transition

During 2021, a new infrastructure financing fund was selected for a commitment of 30 M€. This is the second vintage for a management company that is already a partner in this asset class.

The FRR's commitment on non-listed funds specialising in infrastructure totals 484.5 M€, now deployed across 9 funds.

Requests for proposals have amounted to 172.8 M€ and certain funds have made distributions totalling 47.4 M€ with coupons of 12.6 M€.

Almost all of the investments of these funds concern projects related to Ecological and Energy Transition, among which the most represented sectors are renewable energies, methanization, hydrogen, hydroelectricity, biomass and biogas.

The remainder of these projects concerns sectors of major social utility such as telecommunications (more specifically optical fibre, offering access for all to digital data) and social infrastructure (hospitals and universities).

Assets located in France and directly financed by French infrastructure development entities represent nearly 50% of these investments.

The FRR contributes to the financing of many infrastructure projects through various funds. By way of illustration the following are some of the examples:

Ultra-fast electric charging stations

As part of its commitment to financing infrastructure contributing to energy transition, the FRR has since November 2020 contributed 80 M€ to the equity financing (33.75 M€) of the French company NW Groupe in connection with its investment in the INFRAGREEN IV fund managed by Rgreen Invest.

This partner specializes in the renewable energy sector through the development and construction of renewable energy generation projects. The group has developed more than 100 MW of photovoltaic and wind power plants, including 45 MW with storage.

Its second specialist area is the development and operation of innovative electricity storage solutions, including JBox, to meet the challenges of energy sustainability and grid requirements through its subsidiary NW Joules.

NW Groupe requested RGREEN INVEST to accelerate the large-scale deployment of its innovative storage solution "JBox" which is in the form of a "Plug & Play" container integrating a storage system, power electronics and a delivery point ("POD") with a unit power of around 1.25 MW, the purpose of which is to offer various types of combined services by way of system services, electricity network flexibility and fast charging of electric vehicles, controlled remotely.

At the dawn of the European Commission's decisions to end combustion engines by 2035, and the acceleration already underway in hybrid and electric vehicle sales, this integrated ultra-fast storage and charging solution is an innovative and essential response to these developments.

The FRR, as a major investor in this fund dedicated to energy transition, was invited on 22 October 2021 to the inauguration of the first ultra-fast charging station (IECharge) coupled with a storage unit (JBox) which will allow a network of 600 electric charging stations to be deployed in mainland France by 2023.

These high-power charging points can charge up to 300 kilometers of autonomy in ten minutes (a 3.7 kW domestic socket would take 21 hours to give a 300 km charge).

This launch took place in Vezin le Coquet in Ille-et-Vilaine, in a rural area demonstrating the need for a network of charging solutions throughout the territory. Present at the inauguration, in addition to the managing director of the company NW Groupe, financial partners and local officials, was Barbara Pompili, Minister for Ecological Transition, Jean-Baptiste Djebbari, Minister delegate to the Minister for Ecological Transition, responsible for transport, and Jean-Louis Borloo, President of Fondation Énergies pour le Monde, where Bertrand Piccard, the head of the Fondation Solar Impulse proclaimed this innovation as the ultimate clean and cost-effective solution to the environmental crisis.

Green Hydrogen

The role of hydrogen in energy transition

To achieve the objectives of energy transition, France is now focused on the production and use of low carbon and renewable hydrogen. So far mainly used in chemistry or refining, this energy vector could help decarbonize various industrial sectors, store electricity or supply the transport sector. However, a number of obstacles need to be removed before hydrogen technologies can be deployed.

To date, hydrogen has two main uses: first, it serves as a base material for producing ammonia (fertilizer) and methanol; Second, it is used as a reagent in the process for refining crude oil into petroleum products, fuels and biofuels.

Nevertheless, its potential uses are many and hydrogen is promising for decarbonizing a number of sectors and supporting energy transition.

Indeed, energy storage in the form of hydrogen compensates for the unreliability of renewable energies (wind and solar) by optimizing electricity output capacity.

With the development of a renewable electricity mix in mind, electrolysis will, when the electricity grid is in surplus (in other words when power generated is greater than energy consumed), enable hydrogen to be stored for as long or short a period as is required.

The available hydrogen can be reused in a fuel cell to make electricity or injected directly into gas networks

SWEN Capital Partners, manages on behalf of the FRR the non-listed assets SWEN Impact Fund for Transition (SWIFT). SWIFT is the first European infrastructure fund dedicated to renewable gases. It invests directly in anaerobic digestion, renewable hydrogen, as well as gas and LNG refueling infrastructure for the maritime and terrestrial transport sector.

The FRR has invested 34.5 M€ in the SWIFT fund which has made a commitment in LHYFE in July 2021 in the form of a 24.99 M€ convertible bond.

Established in 2017 in Nantes, Lhyfe is a producer and supplier of green and renewable hydrogen for the mobility and industry sectors. Its manufacturing sites offer access to renewable hydrogen in industrial quantities, and entry into a virtuous energy model. Lhyfe raised 70 M€ in financing between 2019 and 2021.

Lhyfe inaugurated on 1st October in Bouin (Vendée), the world's 1st site for the industrial production of renewable hydrogen from wind turbines and seawater. An inauguration boosted by financing to the tune of 50 M€ from Banque des Territoires, Swen Capital Partners (a FRR manager), and its long-term partners2.

This Vendée site is the first in the world to produce renewable hydrogen from wind energy on an industrial scale. Lhyfe already has about sixty projects throughout Europe.

<u>The Bouin production site: a technical feat and a world first</u>

At the Port-du-Bec in Vendée, a few metres from the ocean, Lhyfe now produces in industrial quantities (up to 1 ton/day, presently 300kg) the 1st renewable hydrogen in the world to be manufactured using an electrolyser powered directly by wind turbines: a technical feat.

This hydrogen will supply 4 service stations, including at La Roche-sur-Yon. Around fifty heavy goods vehicles will be able to operate on renewable hydrogen in Loire-Atlantique, Sarthe and Vendée initially, then in other French départements, thanks to the Vallée Hydrogène Grand Ouest (VHyGO) project. Beyond serving local authorities, the hydrogen produced by Lhyfe is also a real decarbonisation opportunity that other stakeholders are seizing. Indeed, the first kg of hydrogen produced will be used to power:

- buses, bin lorries and fire engines in La Roche sur Yon, Vendée
- forklifts at Lidl's logistics depot near Nantes;
- buses and commercial vehicles in Le Mans ;
- heavy construction machinery in the port of La Turballe.

This second fundraising of 50 M€ will enable Lhyfe to strengthen its deployment and R&D teams by 30 M€, both in France and internationally.

Lhyfe has 60 employees and will more than double its workforce in 2022. 20 M€ will be allocated to finance the company's 60 projects throughout Europe.

The fundraising is combined with a partnership that aims to finance all the sites developed in France, including those of the VHyGO project (including Lorient, Brest and Dieppe).

The partnership with SWEN Capital Partners will lead to international deployment: following the first international projects revealed in Denmark last spring (GreenLab, 600,000 m2 industrial complex), and a more recently disclosed project in Portugal, more announcements will be made, notably in Italy, Germany and the United Kingdom.

Lhyfe previously received via Bpifrance a grant under the Investments for the Future Programme (PIA) for its feasibility study, then obtained support from the Deeptech Plan and also export insurance.

“Yes, my friends, I believe that water will one day be used as fuel, that hydrogen and oxygen, of which it is formed, used alone or simultaneously, will provide an inexhaustible source of heat and light of an intensity that coal cannot match", wrote Jules Verne in his novel The Mysterious Island in 1874.

2. Noria, Ovive (Groupe Les Saules), Ouest Croissance, Océan Participations et la SEM Vendée Énergie.

EXPOSURE OF THE PORTFOLIO TO FOSSIL FUELS

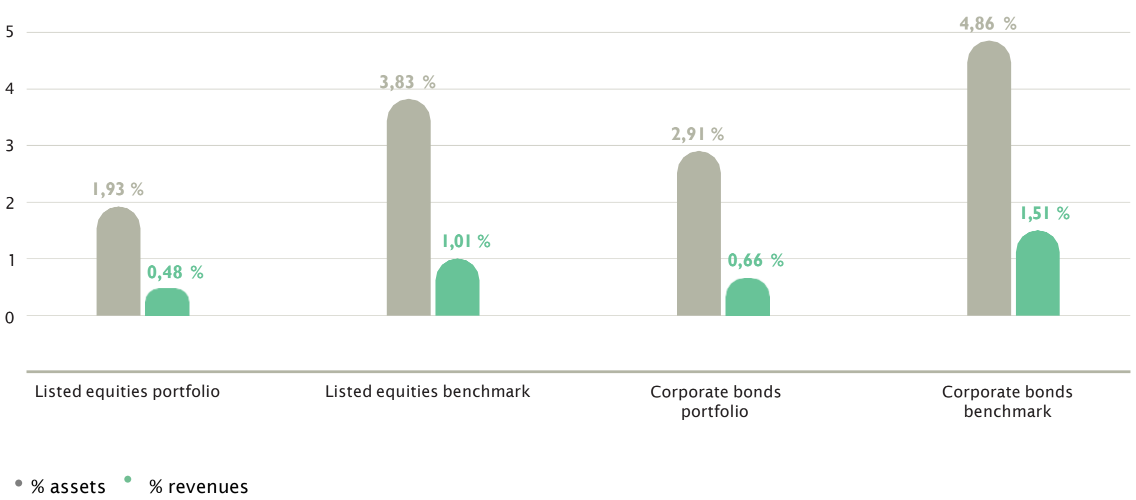
The portfolio's exposure to the assets of companies whose business relies on fossil fuels is analysed to assess the proportion of assets invested in “stranded assets” or “blocked assets” . These activities pose a potential risk of impairment as a result of regulatory developments associated with governmental commitments to limit global warming to between 1.5 and 2 °C.

In the analysis, conducted by S&P Trucost, account is taken not only of the fossil fuel exploitation activities, but also the associated support operations (exploration, drilling...), and the electricity generation activities derived from these fossil fuels.

This exposure is determined with reference to:

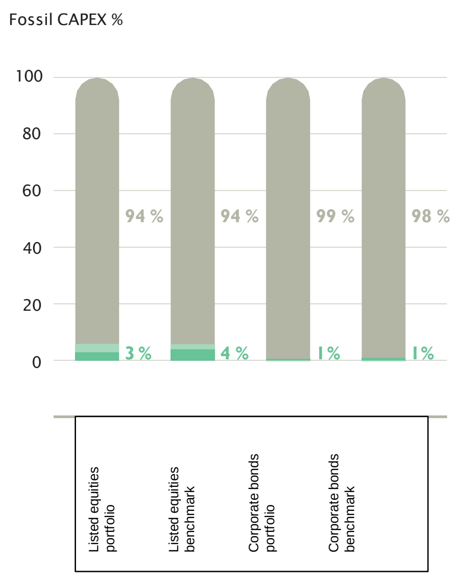
- the proportion of assets exposed to these activities;
- the proportion of the companies' revenues derived from these activities.

EXPOSURE TO THE ASSETS OF COMPANIES WHOSE ACTIVITIES RELY ON FOSSIL FUELS – Source : S&P Trucost



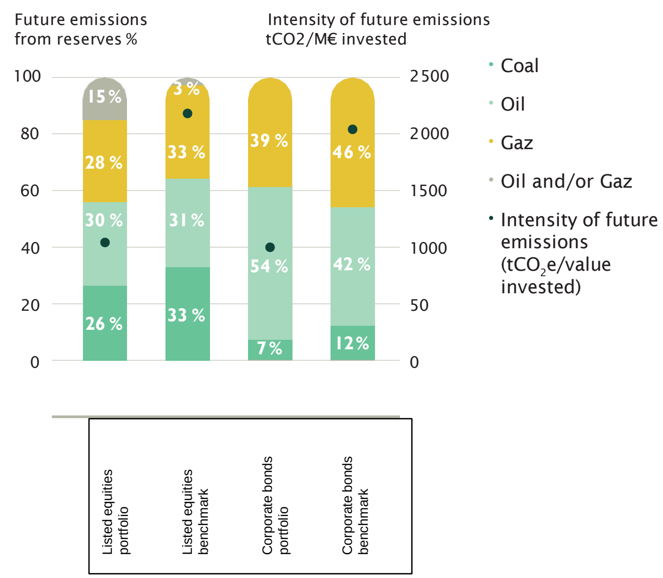
In order to better understand risk of blocked assets, S&P Trucost also measures future carbon emissions derived from fossil reserves and also capital expenditure (CAPEX) associated with fossil fuel operations, such as exploration and extraction. For these two indicators, S&P Trucost only takes into consideration reported (not estimated) data. The intensity of future emissions derived from reserves is also reported. It is calculated by dividing the emissions allocated to the portfolio by the value invested.

CAPITAL EXPENDITURE ON FOSSIL FUEL OPERATIONS



FUTURE CARBON EMISSIONS DERIVED FROM FOSSIL RESERVES

– Source : S&P Trucost



At the end of 2021, the exposure of the equities and corporate bonds portfolio to fossil fuels is significantly below their benchmark.

In terms of assets, at the end of 2021 this represented :

	In M€	as % of total assets
Listed equities portfolio	1 108	4.70 %
Corporate bonds portfolio	510	7.64 %

6 STRATEGY OF ALIGNMENT WITH THE PARIS AGREEMENT

the FRR was established, the Supervisory Board and the Executive Board have expressed the Fonds de Réserve pour les Retraites' strong commitment to responsible investment which it has implemented through 5-year strategies. These strategies are defined by growing ambition in terms of responsibility and the desire to advance and support the progress of operators in its ecosystem.

In November 2019, the FRR joined the Net-Zero Asset Owner Alliance (NZAO), an initiative bringing together the principal investors undertaking, in line with the Paris Agreement, to deploy the resources necessary to achieve carbon neutrality in their investments and in the economy by 2050 and to report regularly on their achievements at various stages.

The FRR's responsible investor policy is based on a holistic vision of ESG and is deployed in a realistic and pragmatic manner as part of a process of constant improvement based on regular feedback. Participation in the actions and commitments of the NZAO is thus part of a global process encompassing all other aspects of Responsible Investment.

Membership of the Net Zero Asset Owners Alliance commits FRR to alignment with the Paris Agreement, employing three levers :

- adopting ambitious greenhouse gas emission reduction targets for portfolios;
- carrying out 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+ (see pages 42-43);
- continuing to contribute to the long-term financing of energy transition (cf. pages 48 to 53).

Paris Agreement

At COP21 in Paris on 12 December 2015, Parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a historic agreement to combat climate change and accelerate and scale up actions and investments needed for a sustainable, low-carbon future. The Paris Agreement builds on the Convention and, for the first time, brings all nations together around a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with increased support to help developing countries achieve this. Indeed, it charts a new course in the global effort on climate.

The central goal of the Paris Agreement is to strengthen the global response to the threat of climate change by keeping global temperature rises well below 2°C higher than pre-industrial levels. and pursue efforts to further limit the temperature increase to 1.5°C. The Accord also aims to boost the ability of countries to cope with the impacts of climate change and to make financial flows compatible with low GHG emissions and a pathway resilient to climate. To achieve these ambitious goals, together with appropriate mobilization and allocation of financial resources, a new technological framework and increased capacity must be put in place, thereby supporting the efforts of developing, and the most vulnerable, countries in accordance with their own national goals.

PORTFOLIO GREENHOUSE GAS EMISSION REDUCTION TARGETS

Net Zero Asset Owner Alliance members adopt targets for reducing portfolio emissions over five-year periods, common to all members. The first stage covers the period from 2019 to 2025.

For the FRR, this is the continuation of a long-standing process that has already seen its emissions fall by 40%. between 2013 and 2019 in the equities portfolio. The FRR has decided to pursue its ambitions and set itself the aim of reducing by 20% the emissions of its developed market equities and corporate bond portfolios. **This goal is absolute and not relative to the benchmarks**. Note that the FRR holds no real estate assets at the end of 2021.

Portfolio	Target	Timetable	Scope	Scientific framework
Equities	152 $TeqCO_2$/M€ Revenue*	End 2025	Listed equities	Target Setting Protocol NZAOA / IPCC 1.5°C scenario
Corporate bonds	158 $TeqCO_2$/M€ Revenue*		Corporate bonds	

*WACI (TeqCO2/M€ revenue) Direct emissions and direct suppliers
Source : S&P Trucost

METHODOLOGY USED TO ESTIMATE PORTFOLIO GREENHOUSE GAS EMISSIONS

Carbon footprint

In 2007, the FRR calculated, for the first time, 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 some of its portfolios, the FRR measures annually the carbon footprint of its mandates and funds.

The FRR regularly studies developments in methodology and data reliability: S&P Trucost provides it with an estimate of the carbon footprint of its portfolio using a variety of calculation methods: per million in revenues generated, per million in euros invested and by Weight Average Carbon Intensity (WACI). The decision to use WACI is the culmination of a thought process and studying market developments. The FRR began by using the intensity by market capitalisation method, then the intensity by enterprise value method, before opting for the WACI measurement to determine its portfolio emission reduction targets. Moreover this measurement is the preferred method in the TCFD recommendations and the workings of the Net Zero Asset Owner Alliance.

Carbon footprints are calculated within the scope of direct emissions and direct suppliers, and standardised using a financing rate calculated with reference to EVIC (Enterprise Value Including Cash).

Global Scope 3, although highly suitable being the only one to take emissions throughout the entire value chain into account, is not yet in use. Indeed, the FRR regularly studies developments in the quality of this data. As of today, the lack of standardisation in corporate disclosure and in the reliability of estimates means that it is not possible to obtain a level of quality sufficient for use in relation to a portfolio.

Scope 1,2 and 3 : ADEME definitions

- Direct GHG emissions (or SCOPE 1): Direct emissions emanating from stationary or mobile installations situated within the organizational boundary, i.e.: emissions from sources owned or controlled by the organization, such as combustion from stationary and mobile sources, industrial processes excluding combustion, emissions from ruminants, biogas from landfill centers, refrigerant leakages, nitrogenous fertilizers, biomass, etc.

- Indirect energy emissions (or SCOPE 2): Indirect emissions associated with the production of electricity, heat or steam imported for the activities of the organization.

- Other indirect emissions (or SCOPE 3): The other emissions indirectly produced by the activities of the organization which are not accounted for under Scope 2 but which are linked to the overall value chain, such as: the purchase of raw materials, services or other products; employee travel; upstream and downstream transportation of goods; management of waste generated by the activities of the organization; use and end-of-life of sold products and services; immobilization of goods and production equipment , etc.

Estimated portfolio greenhouse gas emissions at end of 2021

At the end of 2021, the carbon footprint was available for 77% of assets, with: 98% of overall portfolio assets invested in equities, 79% of overall portfolio assets invested in corporate bonds and 99.8% in government bonds. The assets for which no carbon footprint is currently available are : unlisted assets and cash (23%).

Carbon footprint of the equities portfolio

The graph below shows the change in the carbon footprint of the Global Equities portfolio in tonnes of CO2 equivalent per million euros in revenue.

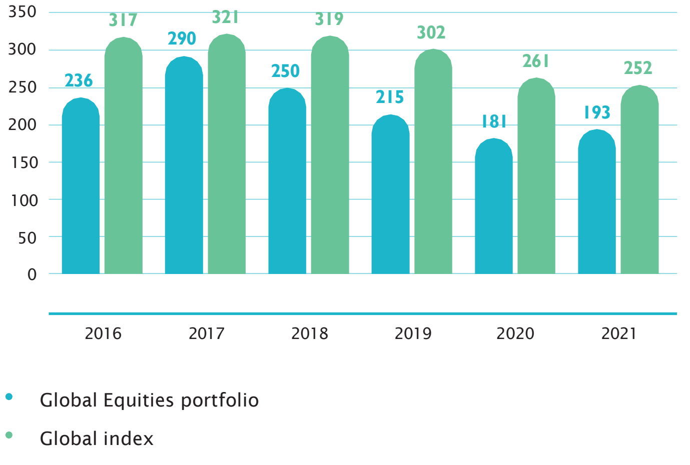
At the end of 2021, the weighted average carbon intensity (WACI method) of companies in the FRR's Global Equities portfolio was 193 tonnes of CO2 equivalent per million euros in revenue. It was 23% lower than that of the FRR's benchmark. From 2016 to 2021, the carbon footprint of the FRR portfolio's representative benchmark decreased by 20% whereas that of the FRR's portfolio decreased by 18% (around 4% per year).

It can be seen that the FRR's Global Equities portfolio emits less than its benchmark and that the rate of decarbonization fluctuates at around 4% per year on average. This is consistent with the IPCC's under 2°C scenario decarbonisation rate but is insufficient to achieve the 1.5°C target. However, a slight increase in mandate carbon footprints was seen across all equities compartments between 2020 and 2021. This was especially evident for the emerging markets (+14%).

The table below compares the total decarbonisation of the FRR's portfolios between 2016 and 2021. It shows a strong trend in the decarbonization of the Developed Equities portfolio compared to the Emerging Equities portfolio whose emissions have even increased over the period. The decarbonisation of the Global Equities portfolio is therefore derived from investments managed under mandates over which the FRR controls the investment process

WACI CARBON INTENSITY (TeqCO2/M€ Rev.) GLOBAL EQUITIES PORTFOLIO DIRECT EMISSIONS AND DIRECT SUPPLIERS

– Source : S&P Trucost



Change in intensity (C/R method)	2016-2021
Global Equities Portfolio	-21 %
Composite Equities Index	-7 %
Developed Market Equities Portfolio	-23 %
FRR Developed Markets Equities Index	-11 %
Emerging Markets Equities Portfolio	8 %
FRR Emerging Markets Equities Index	26 %

Source : S&P Trucost

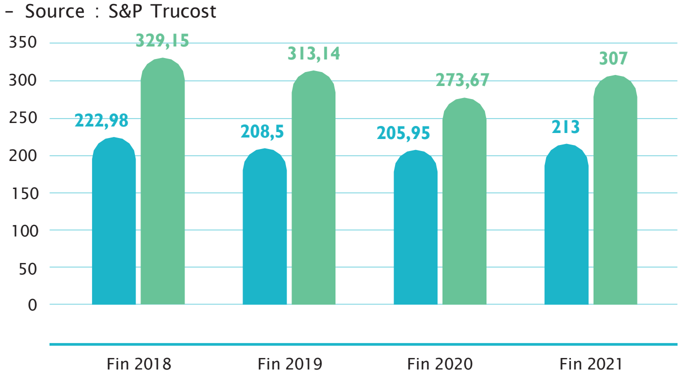
Carbon Footprint of the corporate bonds portfolio

The graph, below, shows the change in the carbon footprint of the Corporate Bonds portfolio in tonnes of CO2 equivalent per million euros in revenue.

At the end of 2021, the carbon footprint of the FRR's corporate bonds portfolio equalled 213 tonnes of CO2 equivalent per million euros in revenue. From 2018 to 2021, the benchmark's carbon footprint fell by 6.7% whereas the portfolio's decreased by 4.5%. Although still well below the benchmark (-31%), a slight increase in the carbon footprint of the corporate bonds portfolio occurred between 2020 and 2021 attributable to the US quality bonds compartment the mandates for which were due to expire. With the renewal of these mandates at the beginning of 2022, quantified decarbonisation targets have therefore been imposed in line with the FRR's commitments as part of the Net Zero Asset Owner Alliance.

CARBON INTENSITY(WACI METHOD) OF THE CORPORATE BONDS PORTFOLIO

- Source : S&P Trucost



• FRR portfolio • FRR composite index

Carbon Footprint of the sovereign bonds portfolio

The portfolio carbon footprint analysis methodology used by S&P Trucost for sovereign assets measures the greenhouse gas exposure of sovereign assets based on total greenhouse gas emissions by country, reflecting the specific role of the public sector as a provider of key services for the economy and carbon footprint influencing legislator. Therefore, the analysis of portfolios and indices is based on national emissions rather than merely emissions relating directly to public activities. The scope covers national, imported and exported, emissions.

S&P Trucost gathers information on national emission inventories (PRIMAP) and economic output (IMF) covering 170 countries. In order to perform a footprint analysis for investors, debt securities issued by governments, regions, municipalities, central banks or (national) agencies are all linked to the country of origin. Debt securities issued by international bodies are excluded.

"Apportioning": Government financing levels can be calculated by using the value invested in each bond and the value of each country's gross general debt.
In principle, this is equivalent to calculating the level of equity ownership (listed equity investments) compared to financing level (holdings value) or the enterprise value. Once this ratio is calculated, it can be multiplied by a country's total emissions to derive the emissions "apportioned" to an investment.

"Scope" : In analysing the carbon footprint of sovereign States, the scope used may vary depending on whether a State is considered as an "economic agent" or as a "regulator". The former approach is the narrowest possible definition and views government as a business, whose Scope 1 and 2 emissions are those generated by the provision of public services and national defence. The second broader approach is to consider the emissions of the entire economy of a country, of which the State is the regulator and to which tax revenues are linked. This approach takes into account the impact a government may have on existing regulations. In its Climate analysis, S&P Trucost has adopted this second approach.

In order to provide the most complete picture possible of the contributors to climate change, emissions related to output and consumption have been taken into account for each country.

The definitions of the scopes used are presented below :

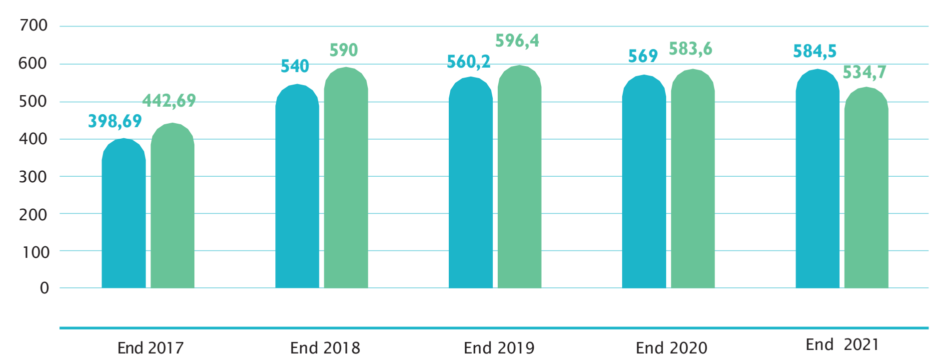
- domestic emissions: Emissions generated by goods and services produced and consumed in a given territory;
- direct imports: Emissions generated by goods and services directly imported by a country;
- direct exports: Emissions generated by goods and services produced in a country and exported to a foreign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

The following graph shows the weighted average carbon intensities of the 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 overweighting of emerging countries in the FRR's portfolio (37% for the portfolio compared to 34% for the benchmark). This is the result of asset allocation decisions within the hedging portfolio. The FRR's portfolio is +9.31% higher than its benchmark. It has also increased by +2.72% between 2017 and 2021.

CARBON INTENSITY (WACI METHOD)OF THE SOVEREIGN BONDS PORTFOLIO

- Source : S&P Trucost



• FRR portfolio • FRR composite index

2°C ALIGNMENT

Beyond portfolio carbon footprint, climate analysis includes an assessment of the portfolio's alignment with the objective of limiting global warming to less than 2°C above pre-industrial levels (or "2°C Alignment"). This involves assessing the transition trajectory of the companies in the portfolio. The analysis, carried out by S&P Trucost, takes into account past data (since 2012), as well as an estimate of future carbon footprint (up to 2025).

S&P Trucost has adapted two approaches implemented by the Science Based Target (SBTI1) initiative :

The first methodology (SDA) applies to companies in homogeneous, energy intensive sectors. It is based on the idea that all portfolio companies, regardless of sector, must converge towards 2°C emission intensities by 2050.

The method uses 2°C transition scenarios that are industry-specific, and measures a company's performance by the intensity of its emissions and levels of production (e.g., tCO_2e per GWh or per tonne of steel). Indeed, trajectories vary from one sector to another (they are for example, faster for energy and slower for cement), depending on available technologies, reduction potential, and reduction costs.

The second methodology (GEVA) applies to companies in heterogeneous, less energy intensive sectors. This approach is based on the principle that many companies have diverse business activities with no specific trajectory. For these companies, the GEVA method assumes that a reduction in carbon intensity similar to that of the economy as a whole is necessary. This intensity reduction is determined with reference to the transition year emissions intensity of each company and then measured in terms of carbon per unit of added value, adjusted for inflation, which represents their contribution to total global emissions (intensity). These results are then compared to global decarbonisation trajectories that maintain warming below 2°C.

Alignment with a 2°C scenario covered 40% of assets, 51% of overall portfolio investments in equities and 53% of overall portfolio investments in corporate bonds.

The scenarios used for assessment purposes are as follows:

1. International Energy Agency (IEA) scenarios derived from the Energy Technology Perspectives (ETP) 2017 providing SDA assessment parameters consistent with 1.75°, 2° and 2.7°C global warming;
2. RCP (Representative Concentration Pathways) scenarios as used in the IPCC AR5 report, providing GEVA assessment parameters consistent with 1.5°, 2°, 3°, 4° and 5 °C global warming.

The assessed decarbonisation trajectories incorporate historical and forward-looking data to provide a medium and long-term outlook assessment. Historical data on greenhouse gas emissions and business activities have been compiled since 2012. Forward-looking data sources are used to track likely future transition trajectories up to 2023.

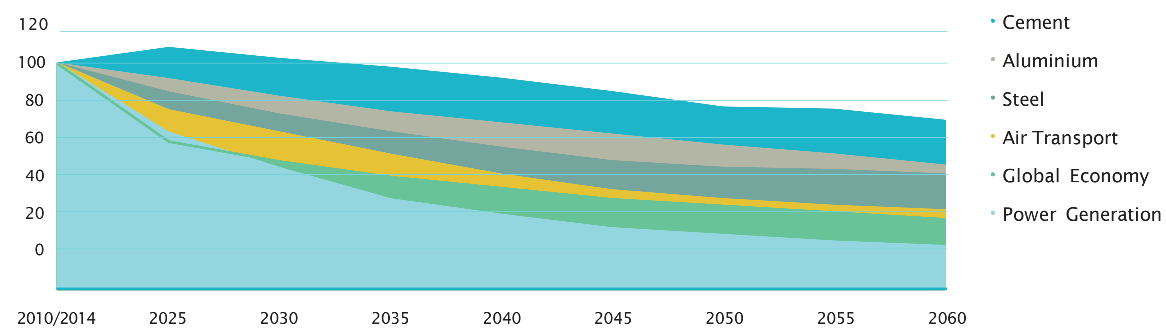
The forward-looking data used in the analysis depends on the availability of the sources specified below. They are listed in order of use:

1. emission reduction targets reported by companies;
2. data by asset for certain sectors ;
3. the historical emissions of a group of companies in homogeneous sectors ;
4. average historical emissions trends within a sub-industry.

Portfolio assesments are based on Scope 1 and 2 emissions.

The graph below highlights the various decarbonisation trajectories for the five sectors covered by the SDA approach, and that of the other sectors under the GEVA approach ("overall economy" in the legend). The single unit of intensity for each sector has been indexed to 100 for ease of comparison. The sectors in which carbon reduction technologies and/or processes are most cost-effective are expected to decarbonise more quickly and end up with lower overall intensity. For example, carbon intensity reductions are expected to be greater for electricity generation than for cement production.

SECTORIAL DECARBONISATION TRAJECTORIES– Source : S&P Trucost



1. The SBTI is a joint project of the Carbon Disclosure Project, the United nations Global compact, the World Ressources institute and the World Wide Fund

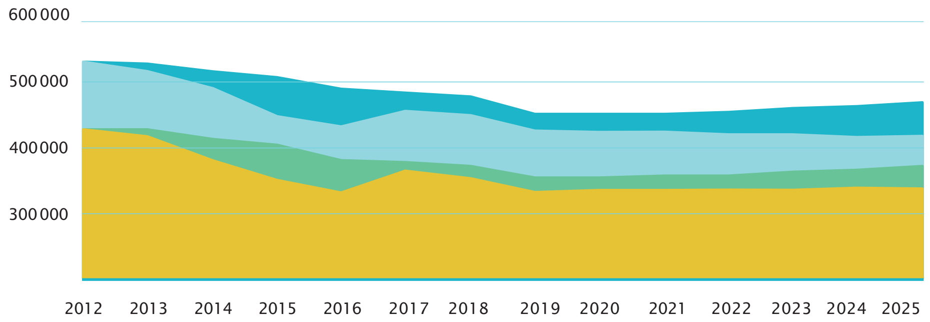
Summary of results

The graphs below show the emissions trajectory of the portfolios over the period 2012-2025 and compare it with one that would meet a 2˚C carbon outcome. The portfolio and benchmark temperatures are also indicated.

Equities portfolio

Companies in the global Equities portfolio have a more favourable average trajectory than the benchmark, but improvements are still needed to reach a below 2°C trajectory.

EMISSIONS TRAJECTORY, 2012-2025 – Source : S&P Trucost, at end 2021



GLOBAL EQUITIES PORTFOLIO 2 to 3 °C

- Global equities portfolio
- 2˚C aligned global equities portfolio

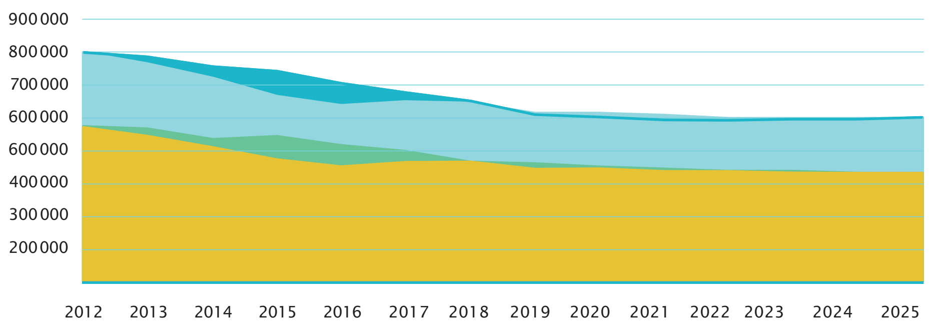
GLOBAL EQUITIES BENCHMARK

- Global equities benchmark
- 2˚C aligned global equities benchmark

Corporate bonds portfolio

Issuers in the Corporate Bonds portfolio, despite a lower level of greenhouse gas emissions than the benchmark, are still on trajectories between 2˚C and 3˚C.

EMISSIONS TRAJECTORY, 2012-2025 – Source : S&P Trucost, at end 2021



CORPORATE BONDS PORTFOLIO

- Corporate bonds portfolio
- 2˚C aligned corporate bonds portfolio aligned

CORPORATE BONDS BENCHMARK 2 to 3°C

- Corporate bonds benchmark
- 2˚C aligned corporate bonds benchmark

CHANGES IN THE FRR'S INVESTMENT STRATEGY IN LINE WITH PARIS AGREEMENT PRINCIPLES

In addition to increased financing for companies that promote energy transition (cf. pages 48 to 53), the FRR has, since 2017,decided to exclude from its portfolios companies whose thermal coal extraction operations or electricity generation from coal sourced heat or vapour exceeds a threshold initially set at 20% of their revenues have been excluded from the portfolio.

In 2018, the FRR decided to commit yet further to a low carbon intensity economy by excluding companies whose thermal coal extraction operations or generation of electricity from coal sourced heat or vapour exceeds 10% of their revenues, unless they use a carbon capture or storage process.

This exclusion extends to all asset classes. The managers are responsible for identifying the relevant issuers and excluding them from the investment universe.

However, managers may invest in companies

whose thermal coal extraction operations or electricity generation from coal-sourced heat or vapour exceeds 10% of their revenues if the purpose of this investment is to support these companies in adopting a new production model. In such case, the manager must justify its investment, in writing, within one month of its initial investment, and thereafter every 31 December.

The operations and risks Department verifies compliance with these exclusions on a monthly basis. The FRR conducts an additional verification annually via the Climate Report produced by S&P Trucost.

Since these exclusions were introduced in 2017/2018, there are no issuers active in thermal coal extraction in the portfolio at the end of 2021.

MONITORING CLIMATE GOALS

Portfolio	Carbon footprint * end 2019	Carbon footprint * end 2021	Target carbon footprint * end 2025	% 2025 goal realised
Equities	214.57	193	152	-30 %
Corporate bonds	208.5	213	158	-24 %

* WACI (teqCO_2/m€ CA) Direct emissions and direct suppliers

The Climate goals were set as part of the FRR’s membership of the Net Zero Asset Owners Alliance, and in accordance with the principles of the “Inaugural 2025 Target Setting Protocol”. The Alliance plans to review these goals every 5 years

'BIODIVERSITY' ALIGNMENT STRATEGY

Protecting biodiversity is one of the major challenges facing humanity, to the same degree as limiting global warming. **However, up to now, lack of data has hindered the implementation of specific goals.**

How companies, in the most impactful sectors, manage these issues forms part of overall extra-financial analysis. Beyond estimating the carbon footprint of the portfolios, S&P Trucost conducts an annual assessment of the overall environmental footprint of the portfolio companies and their supply chain. The scope of analysis includes the direct impacts of the company, those of its direct and indirect suppliers (including the extraction of raw materials).

The environmental variables analysed by S&P Trucost are as follows:

1. greenhouse gases: emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), fluorocarbons (FC), hydrofluorocarbons (HFCs) and nitrogen trifluoride (NF_3);

2. water samples: purchased water (i.e. water purchased from public utilities), water from direct cooling processes, and treated water;

3. waste generation: incinerated, landfill and nuclear waste (product manufacturing, nuclear combustion, industrial and medical processes), and recycled waste;

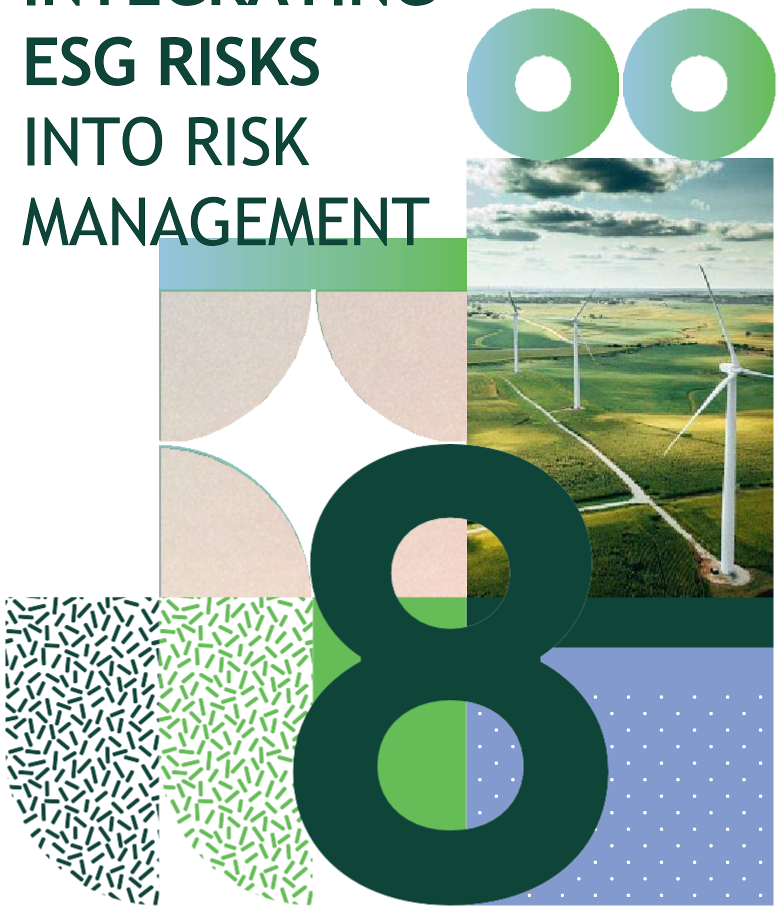
4. atmospheric pollutants: pollutants from fossil fuel extraction, acid rain precursors (nitrogen oxide, sulphur dioxide, sulphuric acid, ammonia), ozone-depleting substances (HFCs and CFCs), dust and particulate matter, metal emissions, smog precursors and volatile organic compounds;
5. soil and water pollutants: fertilizers and pesticides, metal emissions to soil and water, acid emissions to water, and pollutants from nutrients and acidic substances;
6. Natural resource use: extraction of minerals, metals, natural gas, oil, coal, and forestry and agricultural exploitation processes.

At the end of 2021, portfolio analysis found that every million euros of revenue generates a natural cost of capital of 2.8 to 6.3% (2.8% for the developed equities portfolio, 6.3% for the emerging equities portfolio). The environmental impact of the portfolios is significantly lower than their benchmarks (-21% to -32%), with the exception of the corporate bonds portfolio whose environmental impact is similar to that of its benchmark.

This assessment provides an overview of the impact the activities of portfolio companies have on the environment, and therefore indirectly on biodiversity.

In addition, the FRR's teams are monitoring the emergence of impact analysis methodologies specifically targeted at biodiversity and have engaged in dialogue with mandate management companies on this topic.

INTEGRATING ESG RISKS INTO RISK MANAGEMENT



The risks associated with climate change are twofold:

1. transition risks, meaning the risks to which companies that are heavy greenhouse gas emitters are exposed, due to potential regulatory developments, carbon market pricing, technological advances and consumer expectations :
2. physical risks related to climatic and meteorological events. These risks affect not only the direct activities of companies, but also their entire value chain.

To assess these risks, the FRR relies on the annual Climate Analysis conducted by S&P Trucost.

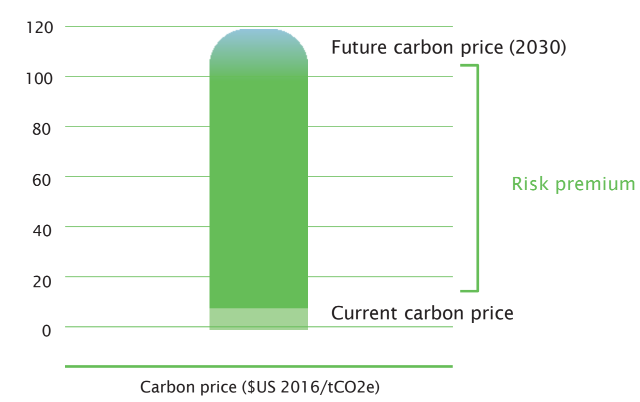
TRANSITION RISKS

Regarding transition risks, this provider has compiled a dataset on potential future carbon pricing enabling investors to manage the risks associated with a rise in the price of carbon. The degree of exposure of a portfolio to carbon price risks is determined by the "total risk premium" – an indicator that quantifies the difference between the price a company pays today for a tonne of carbon emissions and the potential future price it may have to pay under various scenarios (see chart opposite).

The carbon price risk premium varies across geographiv regions based on differences in government policy, depending on the year studied, and depending on the sector due to the differing treatment of each sector under the numerous policies for combating climate change. Its calculation helps determine the future carbon costs that companies may face. These future carbon costs are therefore determined by reference to a company's carbon footprint (tCO2e) and their risk premium.

An increase in the carbon price would have direct financial consequences for high emission companies. Companies also face indirect financial risks from the pass-through of higher carbon prices to suppliers who, in turn, seek to absorb these costs, in whole or in part, by increasing their own prices. Factors have been developed to estimate the proportion of additional costs that may be passed on from suppliers to businesses.

RISK PREMIUM – Source : S&P Trucost method



Scenarios

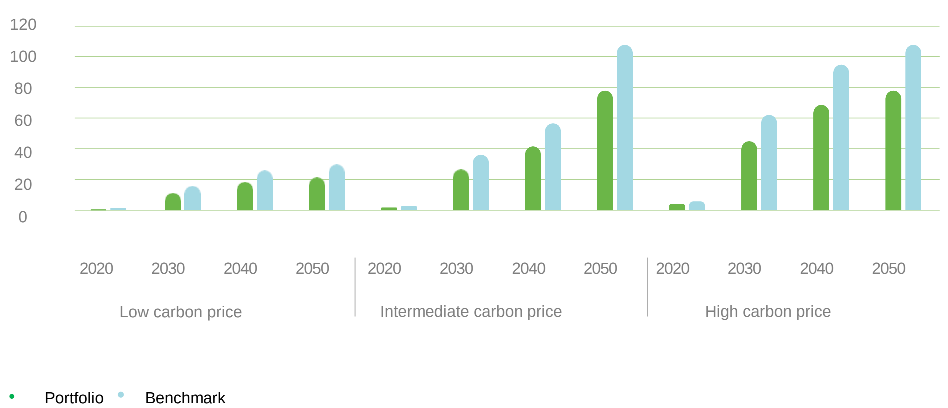
Three scenarios were used as a basis for estimating future costs :

1. Low carbon price increase: this scenario reflects the full implementation of countries' nationally determined contributions under the Paris Agreement (RCP 8.5), based on OECD and IEA research.
2. Intermediate carbon price increase: This scenario assumes that policies will be implemented to reduce greenhouse gas emissions and limit climate change to 2°C in the long term, but with delay in the implementation of measures in the short term (RCP 4.5). It also relies on OECD and IEA research as well as the viability assessments of nationally determined country contributions carried out by Ecofys, Climate Analytics and New Climate Team. It is assumed that countries whose national contributions are not aligned with the 2°C goal in the short term will boost their efforts to mitigate climate change in the medium and long term.
3. High carbon price increase: This scenario assumes that policies considered sufficient to reduce greenhouse gas emissions in line with the objective of limiting climate change to 2°C by 2100 (Paris Agreement) (RCP 2.6) will be implemented. This scenario is based on research by the OECD and IEA.

The results highlight the future carbon costs faced by companies, calculated at portfolio level : they therefore reflect the increase in risk premiums over the years studied under the various carbon price increase scenarios.

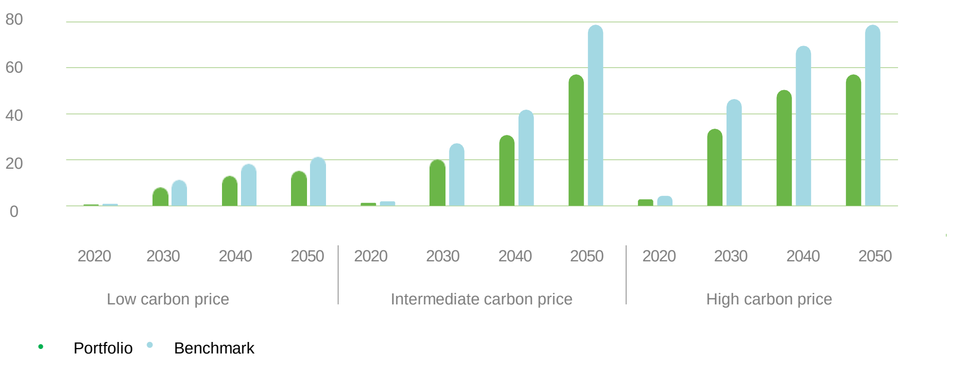
Assuming a high carbon price by 2030, the analysis of transition risks reveals, as last year, that the overall at-risk EBITDA[1] of the FRR's portfolios is lower than that of its benchmarks.

ALLOCATED" FUTURE CARBON COSTS (M€) – GLOBAL EQUITIES - Source : S&P Trucost

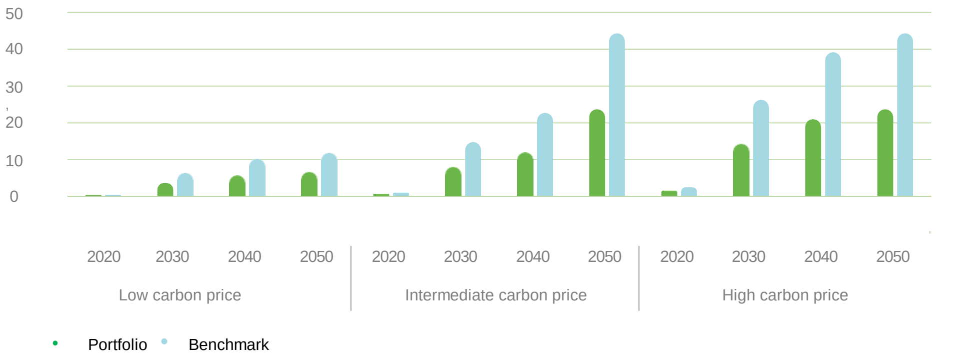


1. EBITDA: earnings before interest, taxes, depreciation, and amortization.

FUTURE "ALLOCATED" CARBON COSTS (M€) – DEVELOPED MARKET EQUITIES - Source : S&P Trucost



"ALLOCATED" FUTURE CARBON COSTS (M€)– EMERGING MARKET EQUITIES - Source : S&P Trucost



ESTIMATED TRANSITION RISK – Source : S&P Trucost

	% at risk EBITDA	EBITDA margin decrease (% points)	% change in EV/ EBITDA ratio	%assets where at risk EBITDA >10%	% assets whose margins become negative
Equities portfolio	6,43 %	-1,08 %	12,57 %	12,49 %	0,61 %
Equities benchmark	8,80 %	-1,62 %	16,49 %	14,18 %	1,46 %
Corporate bonds portfolio	7,25 %	-1,36 %	15,36 %	13,95 %	1,06 %
Corporate bonds benchmark	10,61 %	-2,09	22,42 %	18,48 %	2,13 %

At-risk EBITDA: proportion of portfolio profits exposed to higher carbon prices.

EBITDA margin decrease: reflects the change in a portfolio's profit margins relative to portfolio margins, as a result of a carbon price increase.

Change in the EV/EBITDA ratio: assessment of the impact of a carbon price increase on a company's valuation.

PHYSICAL RISKS

S&P Trucost values a company's assets based on their exposure and vulnerability to 7 climatic events: Water Stress, Fire, Flood, Heat Waves, Cold Spells, Hurricanes, and Rising Water Levels. Where asset-level data for a company are not available, the analysis is conducted with reference to the location of the head office, geographical breakdown, revenues and average physical risk levels in each country. Analysis coverage is 88% for the Equities portfolio, 92% for its benchmark, and 74% for the corporate bonds portfolio vs. 78% for its benchmark.

Companies are scored on a scale of 1 to 100 for each of the seven physical risks (a score of 100 indicates the highest risk score). S&P Trucost calculates an adjusted physical risk score that takes into account three factors:

1. the power of the climate event;
2. the location of the asset;
3. the vulnerability of the company.

The company's vulnerability factors taken into account are :

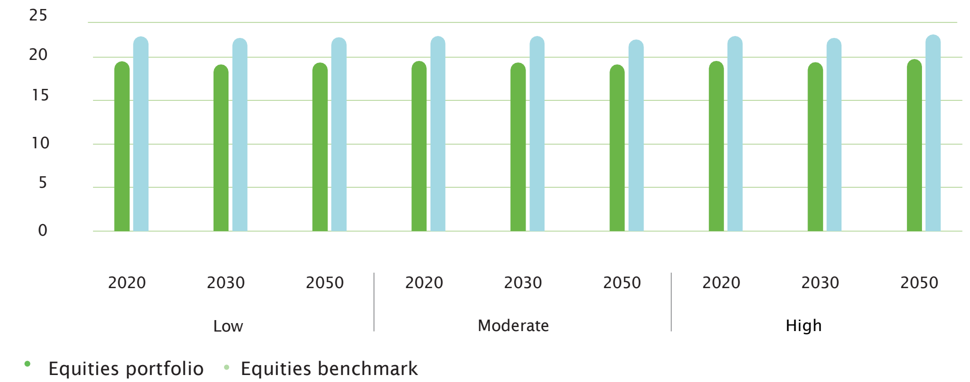
- water intensity of activities (direct or indirect) for water stress risks;
- capital intensity of companies, more likely to be affected (asset impairment, inventory loss, production disruptions, damage to infrastructure) for flood, rising water level, fire and hurricane risks;
- labour intensity, for loss of productivity due to deteriorating working conditions, associated with heat wave and cold spell risks.

Scores are construed as follows: :

- score from 1 to 33: Low risk;
- score of 34 to 66: Medium risk;
- score from 67 to 100: High risk.

Physical risk analysis shows that the FRR's portfolios are slightly less exposed to physical risks (water stress, fire, flood, heat wave, cold spell, hurricanes, and rising water levels) than their benchmarks.

PHYSICAL RISK SCORES FOR LOW, MODERATE OR HIGH GLOBAL WARMING SCENARIOS
– Source : S&P Trucost



IMPROVEMENT MEASURES

The FRR has identified several areas for improvement, for which actions are in progress, planned or to be carried out :

1. Identification of a biodiversity protection strategy

It is beyond doubt that protecting biodiversity is one of the major environmental and societal challenges. This issue has always been factored into the extra-financial analysis of issuers. However determining a strategy, trajectory and goals for 2030 still faces a number of stumbling blocks including:

- the availability of internationally recognised scenarios for the period 2020-2030,
- the quality and availability of data to objectively measure biodiversity protection.

In order to make progress on this issue, the FRR will build on the work performed by the various extra-financial analysis agencies, as well as the work carried out by the Science-Based Targets for Nature (SBTN).

2. Updating of Voting guidelines and Responsible Investment Strategy

In order to adapt to regulatory developments (including the Florange Law and the Pacte Law), as well as expectations and best practices in terms of corporate governance, it is planned to update the Voting Guidelines by the end of 2022.
In addition, the FRR's Responsible Investment Strategy fixed for the period 2019-2023 is also due to be updated

3. Formalisation of an engagement strategy

Today, as described on page 37 of this report, the FRR's engagement strategy is structured around four main pillars:

1. shareholder dialogue;
2. issuer targeted dialogue, conducted by the fund managers
3. a priority area: energy and ecological transition;
4. action on the financial management ecosystem.

Convinced that engagement is a fundamental way of bringing about change in practices, the FRR plans to further formalize its engagement strategy.

Schedule

Cross-reference table for the information required under the implementing decree[1] relating to article 29 of the Energy Climate Law of 8 November 2019

Paragraph of the implementing decree	Page n° and link
1° Information on the entity's general approach	
a) Summary presentation of the entity's general approach to factoring-in environmental, social and governance quality criteria, including in investment policy and strategy.	p. 09
b) Content, frequency and means employed by the entity to inform subscribers, affiliates, contributors, beneficiaries, or clients on the criteria relating to the environmental, social and governance quality objectives factored into investment policy and strategy.	N/a
c) List of financial products referred to under articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall share, as a percentage, of assets under management factoring-in environmental, social and governance quality criteria in the total assets managed by the entity.	p. 10
d) Factoring of environmental, social and governance quality criteria into the decision-making process for the award of new management mandates by the entities mentioned in articles L. 310-1-1-3 and L. 385-7-2 of the Insurance Code.	p. 10
e) Adherence of the entity, or of certain financial products, to a charter, code, or initiative or the award of label for factoring-in environmental, social and governance quality criteria, as well as a summary description thereof, consistent with Article 4(2)(d) of the above-mentioned Regulation.	p. 21
2° Information on the internal resources deployed by the entity	
a) Description of the financial, human, and technical resources dedicated to factoring environmental, social and governance quality criteria into investment strategy by referencing them to total assets managed or held by the entity. The description should include some or all of the following indicators: share, as a percentage, of corresponding full-time equivalents; share, as a percentage and in amount, in euros, of budgets earmarked for environmental, social and governance quality data; amounts invested in research; use of external service providers and data providers.	p. 29
b) Actions taken to strengthen the entity's internal capabilities. The description should include some or all of the information on training, communication strategy, development of financial products and services associated with these actions.	p. 29
3° Information on the approach to factoring-in environmental, social and governance quality criteria at entity governance level	
a) Knowledge, skills, and experience of governance bodies, including administrative, supervisory and management bodies, in decision-making relating to the integration of environmental, social and governance quality criteria into the investment strategy and policy of the entity and entities under its control, if any. The information may include, for example, the level of supervision and associated process, reporting of results, and specialist skills.	p. 33
b) Inclusion, in accordance with Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, in remuneration policies of information on how such policies are adapted for the purpose of integrating sustainability risks, including details on the criteria for linking remuneration policy to performance indicators.	p. 35
c) Integration of environmental, social and governance quality criteria in the internal regulations of the entity's Board of Directors or Supervisory Board.	p. 33
4° Information on the engagement strategy with issuers or management companies and its implementation	
a) Scope of companies included in the engagement strategy	p. 37
b) Presentation of voting policy.	p. 37
c) Results of the engagement strategy implemented, which may include in particular the proportion of companies with which the entity has engaged in dialogue, the topics covered and the follow-up actions of this strategy.	p. 41
d) Results of the voting policy, relating in particular to the tabling of and voting on resolutions on environmental, social and governance matters at general meetings.	p. 39
e) Investment strategy decisions, in particular on sector divestments.	N/a
5° Information on European taxonomy and fossil fuels	
a) Share of assets concerning activities that meet the technical screening criteria defined in the delegated acts relating to articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (UE) 2019/2088, in accordance with the delegated act adopted pursuant to article 8 of that regulation.	p. 47
b) Share of assets in companies active in the fossil fuel sector, within the meaning of the delegated act pursuant to article 4 of that regulation.	p. 54

1. Article D533-16-1 of the monetary and financial Code

6° Information on the strategy of alignment with the international goals of limiting global warming specified in the Paris Agreement referred to above, consistent with the Article 4(2)(d) of the same regulation	
a) A quantitative target for 2030, reviewed every five years until 2050. This objective must be reviewed no later than five years before its expiry. The target includes emissions of direct and indirect greenhouse gases, in absolute value or intensity, relative to a base scenario and reference year. It can be expressed by measuring the implied temperature increase or by the volume of greenhouse gas emissions.	p. 58
b) Where the entity uses an internal methodology, information on it to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy…	p. 59
c) Quantification of results using at least one indicator.	p. 60
d) For entities managing index funds, information on the use of the European Union's "climate transition" and Paris Agreement benchmarks as defined in Regulation (EU) 2019/2089 of the European Parliament and of the Council dated 27 November 2019.	N/a
e) The role and use of assessment in the investment strategy, and in particular the complementarity between the chosen assessment methodology and other indicators on environmental, social and governance quality criteria used more broadly in the investment strategy.	N/a
f) Changes in the investment strategy consistent with the strategy of alignment with the Paris Agreement, and in particular the policies established for the phase-out of coal and non-conventional hydrocarbons, specifying the adopted exit timetable and the share of total assets managed or held by the entity covered by these policies.	p. 67
g) Possible actions to monitor results and changes made.	p. 67
h) Frequency of assessment, the provisional update timetable and relevant factors of change selected.	p. 67
7° Information on the strategy for alignment with long-term biodiversity goals	p. 69
8° Information on steps to factor environmental, social and governance quality criteria into risk management	p. 71
9° Where the entity does not publish some of the information referred to in III- 1° to 8° bis, it shall, where appropriate, publish a continuous improvement plan.	p. 77

Schedule

Cross-reference table linking the information contained in this report and the TCFD recommendations

TCFD recommandations	Page n° and link
Governance around climate related risks	
a) Supervision by the Supervisory Board and b) the Executive Board	p. 33
Strategy	
a) Climate related risks and opportunities	p. 57-67
b) Impact of climate-related risks and opportunities on investment strategy	p. 57-67
c) Resilience of the strategy and portfolio alignment with 2 °C scenarios	p. 57-67
Risk management	
a) Process for identifying and assessing climate-related risks	p. 71-75
b) Process for managing climate-related risks	p. 71-75
c) Integration into risk management	p. 71-75
Metrics and targets	
a) The measurement system used to assess climate-related risks and opportunities	p. 71
b) Scopes 1, 2 and if appropriate 3 greenhouse gas emissions and associated risks	p. 60-63
c) Objectives used to manage these risks and performance achieved	p. 67

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