

01.
OPERATION
OF THE
RAFP
IN 2015

RAFP OR ERAFP?

Article 76 of the 21 August 2003 pension reform law created a mandatory public service additional pension scheme – known as '**retraite additionnelle de la fonction publique**', or RAFP – under the 18 June 2004 decree 2004-569.

RAFP therefore generically describes the Scheme created through this law, but not the legal entity itself.

ERAFP, or 'Établissement de retraite additionnelle de la fonction publique', is the public sector administrative entity charged with the Scheme's management.

LEGAL REFERENCES

Article 76 of the French pension reform law 2003-775 of 21 August 2003

Decree 2004-569 of 18 June 2004 on the French Public Service Additional Pension Scheme

Statutory order of 26 November 2004, as amended, implementing decree 2004-569 of 18 June 2004 on the French Public Service Additional Pension Scheme

06 EDITORIALS

- _ by Dominique Lamiot, Chairman of ERAFP
- _ by Philippe Desfossés, Chief Executive Officer of ERAFP

01.

OPERATION OF THE RAFP IN 2015

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HIGHLIGHTS

2015



05/02

A NEW INVESTMENT REGULATORY FRAMEWORK FOR ERAFP

The relaxation of the investment rules applicable to ERAFP allow it to play to the full its role of long-term investor serving the real economy, with an emphasis on investments in France and SMEs.

Second part, page 11



24/04

LAUNCH OF ERAFP'S NEW WEBSITE

The website's overhaul has made it the Scheme's main communication tool, not only in the service of beneficiaries and employers but also to raise awareness of the Scheme's long-term investment initiatives and SRI commitments.

First part, page 26



22/05

ERAFP JOINS THE PORTFOLIO DECARBONIZATION COALITION

At the same time as updating the measurement of the carbon footprint of its portfolio of large listed company equities, in joining the Portfolio Decarbonization Coalition the Scheme marks its intention to continue researching how its investment policy can contribute to the decarbonization of the economy.

Third part, page 50



01/10
**ERAFP TRIALS
DECARBONIZATION
STRATEGIES
WITH CEDRUS
AND AMLEAGUE**

ERAFP teams up with asset manager Cedrus AM and the amLeague virtual asset management platform to compare the performances of international equity managers on a single notional SRI mandate, with the objective of reducing the carbon risk exposure of virtual investments.

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09/12
**ERAFP HOSTS
THE LAUNCH OF
THE SHAREACTION-
COORDINATED
RE100 INITIATIVE**

At COP 21, ERAFP joined forces with 20 institutional investors to ask companies to commit publicly to using 100% renewable energy for their international activities by signing up to the 'RE100' initiative.

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10/12
**DECREE FOR
THE APPOINTMENT
OF THE CHAIRMAN
OF THE BOARD
OF DIRECTORS**

Dominique Lamiot's re-appointment as ERAFP Chairman enabled the board of directors, the members of which were appointed by statutory order on 26 October 2015, to set about the work scheduled for its new term, after a six-month period of vacancy.

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EDITO- RIALS



EDITORIAL OF DOMINIQUE LAMIOT, CHAIRMAN OF ERAFP

ERAFP is playing an increasingly important role in the financing of the French economy

Following a period of vacancy of its board of directors, ERAFP was able to resume normal operations at the end of 2015.

The members newly appointed by the supervisory ministers got to work immediately, enabling us - I am pleased to report - to examine within a short space of time the main subjects on which the board of directors was called upon to rule.

The fourth term of office of ERAFP's board of directors began under new circumstances governed by changes to the investment regulatory framework that were completed in March 2015. It is now our job to launch a new phase of investment diversification, in order to generate sufficient returns for our beneficiaries without impinging on our portfolio's solidity or our socially responsible investment approach.

We started a first round of initiatives in 2015, based on the directives that the board had voted in before the end of its previous term. These consisted firstly in awarding equity mandates for the Pacific region, which have made the portfolio more geographically diversified, and secondly - rounding out the equity portfolio's capitalisation profile - activating a new mandate for the management of French listed small-cap equities.

Pursuant to the board of directors' wishes, ERAFP is playing an increasingly important role in the financing of the French economy, which is reflected in its first direct investments in funds available on the market, such as the NOVI private equity funds. At the same time as putting in place the legal vehicles that will enable us to galvanise this programme, ERAFP is introducing a number of original initiatives. As a result of its investment in the Fonds de Logement Intermédiaire (intermediate housing fund), for example, active contributors unable to find housing will be offered accommodation in several hundred housing units concentrated in large cities throughout France. We

EDITORIALS

will monitor the implementation of this system, which is due to come onstream in 2016. ERAFP will invest repeatedly in operations such as this so long as they do not reduce its returns. Accordingly, it may finance other public housing projects in the year to come.

The fact that it was only recently formed means that ERAFP can make very long-term investments in structurally important economic, social and environmental projects such as these. We are lucky in this, although it does require us to be particularly methodical and assess the consequences of our decisions over the long term - in particular the impact of our investments. For now, we will adapt the tools at our disposal to enable the additional pension scheme to successfully complete all its missions over the next few years.

The first consideration in this respect is the discount rate applied to our reserves, which will reflect our allocation's transition to greater balance between bonds and variable-income assets. After ten years of existence, our SRI guidelines also need to be updated and extended to the new investments that we are making. Moreover, our agreement with Caisse des Dépôts on objectives and management between 2016 and 2020 will be key to the Scheme's smooth running and the service that its beneficiaries can expect to receive. On this basis, there can be no doubt that this new term of office will be one of increased effectiveness on behalf of our beneficiaries.

The fact that it was only recently formed means that ERAFP can make very long-term investments in structurally important economic, social and environmental projects such as these

Dominique Lamiot, *Chairman of ERAFP*



EDITO- RIALS



EDITORIAL OF PHILIPPE DESFOSSÉS, CEO OF ERAFP

At COP 21, questions such as financing the energy transition and defining the price of carbon struck a resounding chord with institutions and the public alike.

ERAFP's new challenge for the next ten years: to play a full role in the transition to a carbon-free economy and increase awareness of its action as a responsible pension scheme.

At COP 21, questions such as financing the energy transition and defining the price of carbon, which previously had been of interest mainly to specialists, essentially players involved in the fight against climate change, struck a resounding chord with institutions and the public alike. Beyond recognising the effects of climate change on our environment, society at large now understands the need to build the objective of limiting global warming to 2°C into the structure of our economy.

In exchange for the contributions that it receives from its beneficiaries, the Scheme undertakes to pay them pension benefits. This is a promise that the youngest among us will benefit from following a very long period of time. However, it is now accepted that investors must take climate change risk into account, failing which they run the risk of being unable to honour their commitments in the long term.

It is through nothing other than observance of our fiduciary duty that we have undertaken energy and climate-related initiatives, with a view to aligning our investment portfolios with international global warming containment objectives.

Article 173 of the law on energy transition for green growth, which refers specifically to ERAFP, establishes a framework that encourages French institutional investors to adopt best practice when it comes to informing the public about their environmental and social approach. In our case, these new provisions provide a stringent model for detailing what we have already undertaken as part of our socially responsible investment policy.

One year ahead of its application date, this report contains information in the corresponding regulatory publication format. Although we do not yet have all the information that would enable us to complete all the required sections, we are using this opportunity to carry out an initial review and measure the progress still to be made in order to refine

our zero-carbon-investor strategy. Moreover, this was the thinking that led us, while remaining active within the IIGCC's European contingent, to join the Portfolio Decarbonization Coalition in 2015.

While we have yet to acquire suitable tools to define this strategy in a systematic way, we are proposing new approaches. At COP 21, we entrusted amLeague and Cedrus AM with the task of setting up a virtual platform enabling asset managers to demonstrate their ability to reduce the carbon intensity of an international equity portfolio over a sustained period of time. This will no doubt lead to the emergence of innovative management strategies for this asset class.


In 2015, ERAFP also supported the Tera Neva initiative, led among others by the European Investment Bank, by investing in a 'Climate Awareness Bond', the yield on which is linked to the performance of companies that have implemented a convincing strategy to reduce global warming. At the same time, we continue to contribute to the long-term financing of the economy, notably through the creation of an unlisted asset portfolio. Thanks to the energy savings and efficiency gains that they offer, private equity and network infrastructures are perfect platforms for a zero-carbon strategy.

In 2016, in keeping with its socially responsible investment approach, ERAFP will continue to make a major contribution, in collaboration with the various other stakeholders, to speeding up the financing of the energy transition and to exceeding the objectives laid down by the Paris treaty.

At COP 21, we entrusted amLeague and Cedrus AM with the task of setting up a virtual platform enabling asset managers to demonstrate their ability to reduce the carbon intensity of an international equity portfolio over a sustained period of time

Philippe Desfossés, CEO of ERAFP



A large, stylized number '31' is rendered in a vibrant green color, serving as a background for the text. The '3' is on the left and the '1' is on the right, both with a slight shadow effect.

OPERA- TION OF THE RAFP IN 2015

RAFP'S MAIN ROLES

A UNIQUE SCHEME, OPERATIONAL SINCE 2005

Providing an additional pension to public sector employees

Thanks to the Scheme, close to 4.5 millions contributors will receive additional pension benefits. Their contributions are based largely on bonuses and are topped up by some 45,000 public sector employers. Contributions totalled €1.73 billion in 2015.

Founded on inter-generational equity


As the only French pension fund, ERAFP made inter-generational equity a core component of its governance and management. This commitment is reflected in particular through the implementation of a points-based system with a single purchase value.

Promoting public service values

Since the Scheme was set up, the board of directors has striven to put into practice its fiduciary responsibility to its contributing public sector employees and beneficiaries.

Accordingly, it has developed an ambitious programme to institute a socially responsible investment (SRI) policy founded on public service values. This policy takes into account environmental, social and governance criteria in all of the Scheme's investment decisions.

Faced with the public's increasingly high expectations of financial companies, and alongside its desire to raise awareness of its approach among the Scheme's contributors and beneficiaries, ERAFP seeks to demonstrate that investors have a role to play, in the service of public interest, in the transition to a carbon-free economy.



2015 A TRANSITIONAL YEAR BETWEEN TWO TERMS OF OFFICE OF THE BOARD OF DIRECTORS

The additional pension scheme's corporate life was marked in 2015 by a period of vacancy of its board of directors of several months starting on 4 June 2015, when its previous mandate ended. Although the board of directors had been able to reach important strategic decisions before that date, continuity is necessary for it to properly carry out its responsibility for administering the additional pension scheme with which the Parliament has entrusted it.

BOARD WORK BEFORE THE VACANCY

- **ERAFP's board of directors** met twice prior to 4 June 2015.
- **Pursuant to a decision of 5 February 2015** and in application of the technical parameter drafting guidelines, the board of directors amended the Scheme's premium rate, lowering the technical interest rate from 1.34% to 0.9%².
- **At its meeting of 26 March 2015**, the board of directors took advantage of the new regulatory leeway available to it to adjust the general orientations of its 2015 investment policy for greater diversification into equities, real estate, private equity and infrastructure investments, notably in the service of the French economy and European small and medium-sized enterprises³.




















The board's sub-committees met ten times, exclusively in the first quarter.

² The details and application procedures for this decision are detailed on page 22.

³ Details of the 2015 investment policy orientations, including their implementation, are provided on page 26.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS IN 2015

Source — ERAFP

QUALIFIED PERSONS	EMPLOYERS' REPRESENTATIVES	REPRESENTATIVES OF ACTIVE CONTRIBUTORS
Alain Dorison 	Fédération hospitalière de France 1 	Solidaires 
Dominique Lamiot 	Fédération hospitalière de France 2 	CFTC 
Pierre Mayeur 	Association des régions de France 	CFE-CGC 
	Assemblée des départements de France 	UNSA 
	Association des maires de France 	FSU 
	La Poste 	FO 
	MINEFE 	CFDT 
	Ministère de la Défense 	CGT 

ERAFP'S ACTIVITIES DURING THE VACANCY

Even in the absence of the board of directors, ERAFP's Chief Executive Officer has specific powers enabling him to ensure the institution's uninterrupted operation.

In accordance with the orientations decided on by the board, ERAFP was therefore able to duly fulfil its responsibilities as regards both pensions management and financial management. The appointment of the new board at the end of the year enabled the Chief Executive Officer to report on the decisions taken since the end of the previous term of office.

It should nevertheless be noted that the period of vacancy that occurred in 2015 followed two other periods of vacancy:

- **five months in 2008**, after an extension of the board of directors' first term of office, pursuant to a decree dated 15 May 2007, from 24 June 2007 to 31 December 2007;

- **approximately five months in 2011.**

The appointment process has not made it possible, therefore, to ensure the continuity of ERAFP's decision-making body every time the board of directors has been reappointed since the Scheme's inception.

These periods in which ERAFP lacks a decision-making body can be damaging for the additional pension scheme by delaying the board of directors' review of the items submitted to it every year, such as approval of the financial statements and adoption of ERAFP's budget. Similarly, a period of vacancy can limit ERAFP's ability to respond to unexpected events.

It is therefore desirable that the government should in the future be able to appoint the members of the board of directors avoiding any period of vacancy. This may be helped by alignment with the general reappointment process for the representative bodies of public sector employees, although even with the extension of up to six months after this reappointment process provided for by the decree of 8 November 2014 it was not possible to prevent the board of directors' vacancy in 2015.

[QR-CODE TO THE WEBSITE PAGE 'SCHEME GOVERNANCE'](#)



REAPPOINTMENT OF THE BOARD OF DIRECTORS

- **Pursuant** to the statutory order of 26 October 2015, the members of the board of directors were appointed for a new term of office.

- **By decree of the President of the French Republic** dated 10 December 2015, Dominique Lamiot was reappointed Chairman of ERAFP.

2015. ADDITIONAL PENSIONS IN BRIEF

THE RAFP BENEFIT RIGHTS VESTING SYSTEM

Legal and regulatory developments in 2015

Impacts of the pension reform law of 9 November 2010: Upon reaching the legal retirement age and provided the beneficiary qualifies for pension benefits under the basic pension scheme, he or she may apply for the additional pension benefit. The age at which the additional pension benefit becomes available was previously set at 60 and has been gradually raised to 62, in line with the change in the legal retirement age.

MINIMUM LEGAL RETIREMENT AGE DEPENDENT ON THE YEAR OF BIRTH

Source — <http://vosdroits.service-public.fr>

Date (or year) of birth	Minimum legal retirement age	Retirement possible as from
Between 1 July and 31 December 1951	60 years and 4 months	1 st November 2011
1952	60 years and 9 months	1 st October 2012
1953	61 years and 2 months	1 st March 2014
1954	61 years and 7 months	1 st August 2015
1955	62 years	1 st January 2017

Parameters defined by the board of directors.

€1.1452 purchase value of a point in 2015

€0.04465 service value of a point in 2015.

A MANDATORY, POINTS-BASED SCHEME CREATED FOR PUBLIC SERVANTS WORKING IN FRENCH CENTRAL GOVERNMENT (CIVILIANS AND MILITARY), LOCAL AND REGIONAL AUTHORITIES AND THE PUBLIC HOSPITALS SECTOR, AND MEMBERS OF THE JUDICIARY

AN ADDITIONAL RETIREMENT BENEFIT THAT TAKES INTO ACCOUNT BONUSES AND ANCILLARY REMUNERATION

4.5 MILLIONS CONTRIBUTORS IN 2015

A CONTRIBUTION BASIS MADE UP OF ALL TYPES OF REMUNERATION NOT INCLUDED IN THE CALCULATION OF THE BASIC PENSION – BONUSES, OVERTIME HOURS, ALLOWANCES AND IN-KIND BENEFITS

AN OVERALL CONTRIBUTION RATE SET AT 10% OF THE BASIS AMOUNT, SPLIT EVENLY BETWEEN THE EMPLOYER (5%) AND THE PUBLIC SERVANT (5%)

CONTRIBUTIONS THAT ARE CREDITED TO AN INDIVIDUAL RETIREMENT ACCOUNT, WHICH CAN BE VIEWED ONLINE AT WWW.RAFP.FR



Premium rate revision: Derived by dividing the service value by the purchase value, the Scheme’s technical return in 2014 was 4.075%.

In application of the decisions taken by the board of directors on 5 February 2015 and 16 February 2016, it came to:

- **3.899%** in 2015;

- **3.738%** in 2016.

Adoption of a new premium factor: For the calculation of benefit rights, the service value of a point changes in relation to the age at which the additional pension is liquidated, based on the actuarial premium factor schedule below. Until the end of February 2015⁴, the premium applied from the pivotal age of 60. At the same time as revising the premium rate, at its meeting of 5 February 2015 the board of directors adopted a new, so-called premium factor, which is now applicable from the age of 62.

ACTUARIAL PREMIUM FACTOR SCHEDULE

Source — ERAFP

Âge	Surcote
≤62	1.00
63	1.04
64	1.08
65	1.12
66	1.17
67	1.22
68	1.28
69	1.33
70	1.40
71	1.47
72	1.54
73	1.62
74	1.71
≥75	1.81

NB.: The factor is determined based on the age of the person concerned on the date of the RAFP pension payment, taking into account the number of years and months he or she is over the age of 62.

⁴ The details and application procedures for the new premium rate are detailed in Part 2, page 5.

PAYMENT SIMULATIONS FOR TYPICAL BENEFITS⁵

Lump sum payment	Annuity payment	
Alice, an administrative assistant, retires in 2015 aged 62	Chi-Thiên, an attaché, retires in 2015 aged 62	Chi-Thiên, an attaché, retires in 2015 aged 67
She then has 4,500 points in her individual RAFP account (< 5,125 points)	He then has 7,000 points in his individual RAFP account (> 5,125 points)	He then has 7,000 points in his individual RAFP account (> 5,125 points)
$4,500$ $\times 0.04465^6$ $\times 24.62^7$ $\times 1.00^8$ €4,946.77 gross	$7,000$ $\times 0.04465^6$ $\times 1.00^8$ €312.55 gross	$7,000$ $\times 0.04465^6$ $\times 1.22^8$ €381.31 gross
Alice will receive a gross lump sum of €4,946.77. The lump sum will be paid in one or two tranches, depending on her retirement date.	Chi-Thiên will receive a gross annuity of €312.55 annually, or €26.05 monthly. This amount will be revalued each year in line with the service value of a point.	Chi-Thiên will receive a gross annuity of €381.31 annually, or €31.78 monthly. This amount will be revalued each year in line with the service value of a point.

[QR-CODE TO THE WEBSITE PAGE PAYMENT SIMULATOR](#)



⁵ The examples given are purely illustrative, not contractual and for indicative purposes only.

⁶ Service value of a point in 2015.

⁷ Lump sum conversion factor corresponding to life expectancy at the age when the pension is paid.

⁸ Premium factor: after age 62, the higher the retirement age, the greater the factor.

2015

CONTRIBUTIONS AND BENEFITS



STEVE MAZENS, CHAIR OF THE COLLECTIONS COMMITTEE

ERAFP is a young scheme, which means it has been able to take advantage of the experience acquired in the management of public sector pensions. The process leading from contributions to benefits has been designed to function simply, efficiently and more cost effectively. It is ERAFP's job to define how to deploy this efficiency to tackle the challenges associated with the Scheme's maturation as effectively as possible.

**APPROXIMATELY
45.000 EMPLOYERS
PAID
CONTRIBUTIONS TO
CAISSE DES DÉPÔTS
IN RESPECT OF THE
SCHEME IN 2015**

The Scheme's administrative management has been entrusted to Caisse des Dépôts et Consignations pursuant to article 32 of the decree of 18 June 2004 on additional pensions for public servants. Caisse des Dépôts is responsible for the following tasks under the authority and supervision of the board of directors: collection of contributions⁹, maintenance of beneficiaries' individual retirement accounts, liquidation of rights, payment of benefits, and the Scheme's accounting and operational communications. It accordingly acts as the Scheme's single interface for employers, retired beneficiaries and active contributors with regard to their right to information.

AROUND 45000 EMPLOYERS...

Approximately 45,000 employers paid contributions to Caisse des Dépôts in respect of the Scheme in 2015. The vast majority are local and regional authorities and public sector hospitals.

The majority of French central government employers registered with the Scheme are public treasury departments, ministries and commissioners to the armies. It should be noted that 96.6% of employers had paid in all the requisite contributions in respect of 2014 by the end of 2015¹⁰.

Stable at less than 5% for a number of years, in 2015 the payment incident rate shrunk. The average rate for the year was 4.4%, compared with 4.9% in 2014.

These payment incidents are subject to corrective actions: 98% of incidents arising in 2015 were corrected during the year.

⁹ Except for the payment of benefits to retired central government public servants, which is the responsibility of the Directorate of Public Finance.

¹⁰ NB.: As the employers' declarations are only required to be submitted in the year following payment of the contribution, the figures correspond to the 2014 financial year.

... AROUND €1.83 BILLION COLLECTED...

The Scheme collected around €1.83 billion of contributions in 2015. Employers with at least ten employees pay contributions on a monthly, aggregate basis. Those with fewer than ten employees pay contributions annually.

In the event of a late payment, a penalty is added to the contribution. In 2015, 394 employers were obliged to pay penalties in respect of 2014.

... AND 4.5 MILLIONS CONTRIBUTING PUBLIC SERVANTS IN 2014

Each year, employers send Caisse des Dépôts a statement summarising for each of their public servants the contributions paid in during the previous year.

The deadline for reporting contributions collected during 2014 was 31 March 2015. Rights are added to the contributors' individual accounts provided the amounts reported match the contributions received.

ERAFP and Caisse des Dépôts, working closely with the supervisory authorities, have implemented actions to raise awareness among employers of their regulatory obligations and the rights of their employees.

Caisse des Dépôts contacts employers, by telephone or in writing, whenever a discrepancy between the reported amount and the amount received is observed.

The very high update rates for contributors' accounts since 2009 (more than 98% on average) is indicative of an increased awareness and understanding of the Scheme, which is helped by Caisse des Dépôts' actions to raise awareness among employers.

The number of updated individual retirement accounts grew in 2015, with the update rate reaching 99.3% at 31 December.

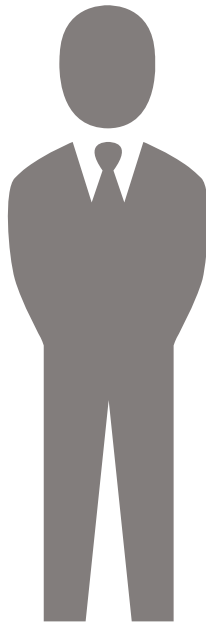
**€1.83 BILLION
IN CONTRIBUTIONS
COLLECTED
IN RESPECT
OF THE 2015
FINANCIAL YEAR**

**4.5 MILLIONS
CONTRIBUTING
PUBLIC SERVANTS
IN 2015**

**101.729 PENSION
LIQUIDATIONS AND
512.935 INDIVIDUAL
RAFP ACCOUNT
REVISIONS IN 2015**

**€268 MILLIONS
PAID TO
BENEFICIARIES
IN BENEFITS**

**NEARLY 48.000
ANNUITIES
IN PAYMENT**

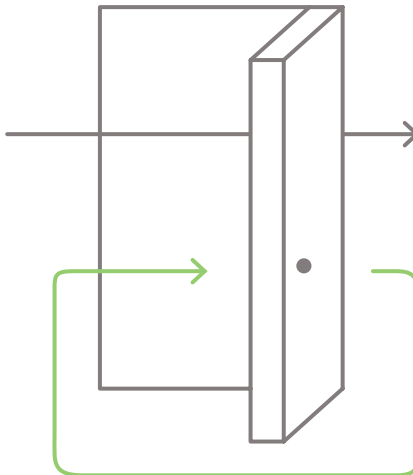


96.6%
FULLY PAID-IN
EMPLOYERS'
ACCOUNTS

4.4% OF PAYMENT
INCIDENTS,
OF WHICH 98%
CORRECTED

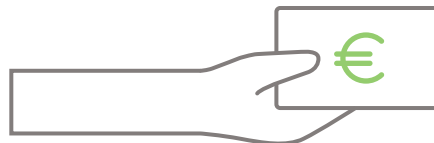
99.3%
OF INDIVIDUAL
CONTRIBUTORS'
ACCOUNTS UPDATED
AS AT 31 DECEMBER
2015

AVERAGE LUMP
SUM OF €1.735
AND AVERAGE
ANNUITY OF €310



101.729
PENSION
LIQUIDATIONS IN 2015

512.935
BENEFITS REVISIONS



AROUND
€268
MILLIONS IN TOTAL
BENEFITS PAID OUT
TO BENEFICIARIES
IN 2015, OF WHICH
€14.8 MILLIONS AS
ANNUITIES AND €253
MILLIONS AS LUMP
SUMS

CLOSE TO 102,000 PENSION LIQUIDATIONS AND 513,000 BENEFITS REVISIONS IN 2015

101,729 pensions were liquidated and 512,935 benefits were revised in 2015. Although the number of pension liquidations was relatively stable, the increase of around 40% in benefits revisions is due to the numerous corrective actions taken by Caisse des Dépôts in order to update the individual accounts, mainly regarding the year following retirement.

In all, €268 millions of benefits were paid out to beneficiaries in the year. This amount includes reversionary benefits paid out to deceased beneficiaries' spouses and children under 21.

—
AROUND 40%
INCREASE
IN BENEFIT
REVISIONS

PAYOUTS DECREASING

In 2015, payouts fell by 12.1%, to the same extent that the pension liquidations did. The number of lump sum payments continued to shrink (145,862 in 2015 compared with 174,815 in 2014). The average lump sum payment in 2015 was €1,735, around 3% more than in 2014 (€1,691)¹¹.

ANNUITY PAYMENTS TAKE OFF

47,611 annuities were paid in 2015. The continued increase in the number of annuities in payment compared with lump sum payments is attributable to the gradual growth of the Scheme since its inception in 2005.

Every year, there are more beneficiaries who have accrued throughout their careers a total number of points in excess of the minimum 5,125 necessary to receive annuity payments. The average annuity in 2015 was €310¹², 7% higher than in 2014 (€291). By definition, annuity recipients have been able to contribute to the Scheme for a maximum of only ten years since contributions did not start until 2005. The average annuity shown above reflects this limited contributions period.

Although total annuity payments in 2015 were still only around 6% of the total lump sum payments (€14.8 millions vs. €253 millions, respectively), they are growing rapidly: they increased by more than 60% in comparison with the amount paid out in 2014 (€9M).

—
47.611
ANNUITIES
WERE PAID
IN 2015

¹¹ Although the progression is material, these amounts do not represent the total benefits paid, which generally comprise two lump sum payments, on liquidation and on revision.

¹² Average total monthly payments throughout the year.

2015 MANAGEMENT COST



FRANCIS SAHAL, CHAIR OF THE AUDIT COMMITTEE

ERAFP has a duty towards its beneficiaries to manage their contributions efficiently and effectively, particularly when it comes to information systems. As regards the Scheme's administrative management, this means rapidly adopting the agreement with Caisse des Dépôts on objectives and management between 2016 and 2020, following the board of directors' period of vacancy in 2015.

CONTROLLED MANAGEMENT COSTS

The operating budget for the Scheme and ERAFP is financed from amounts directly deducted from contributions. The budget is voted by the board of directors annually.

In 2015, management costs totalled €28 millions, representing 0.14% of the Scheme's net assets and 1.6% of contributions collected in 2015.

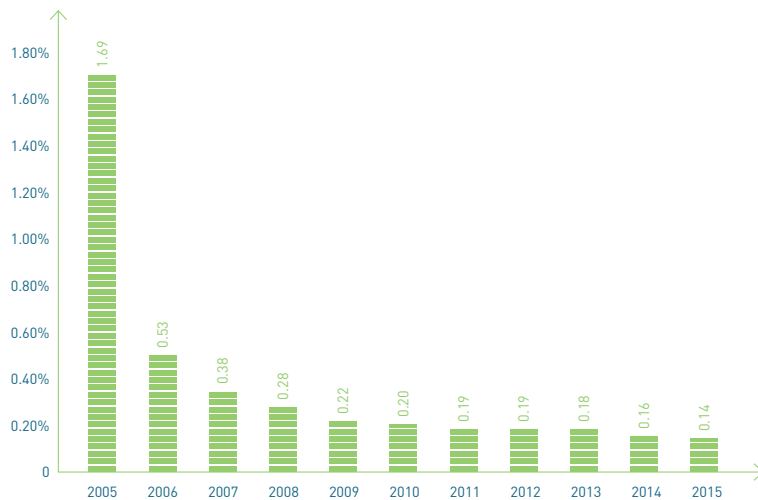
The implementation of ERAFP's asset diversification policy implies making better use of its resources. This is a prerequisite for increasing the potential yield on the Scheme's investments and reducing its allocation risk, which is also a way of containing future costs.

**A SCHEME
MANAGED BY
A PUBLIC SECTOR
MANAGEMENT
ENTITY OPERATING
UNDER THE
OVERSIGHT OF
THE FRENCH
STATE**

CHANGES IN SCHEME MANAGEMENT COSTS SINCE 2005

Source — ERAFP

■ Administrative costs as a percentage of net assets at amortised cost



**ADMINISTRATIVE
MANAGEMENT
PROVIDED BY
CAISSE DES
DÉPÔTS ET
CONSIGNATIONS
(CDC), UNDER
THE AUTHORITY
AND SUPERVISION
OF THE BOARD
OF DIRECTORS**

**MANAGEMENT
OF FINANCIAL
ASSETS PARTIALLY
DELEGATED
TO ASSET
MANAGEMENT
COMPANIES**

**DIRECT
MANAGEMENT
BY ERAFP OF
GOVERNMENT
BONDS AND
GOVERNMENT-
BACKED
SECURITIES**

MANAGEMENT
COSTS IN 2015:
€28 **MILLIONS**

INITIATIVES FOR EMPLOYERS AND BENEFICIARIES AND INFORMATION ABOUT THE SCHEME



ANNE MEUNIER, CHAIR OF THE COMMUNICATIONS COMMITTEE

A large proportion of public servants are not automatically familiar with the Scheme. Despite this, when we talk about our socially responsible investment approach they have a positive reaction. Our challenge, therefore, is to reduce the information gap by raising our contributors and beneficiaries' level of interest in how we use their contributions to provide them with returns without sacrificing social and environmental considerations.

ERAFP's communications strategy is aimed at enhancing the effectiveness of the Scheme by providing all stakeholders (beneficiaries, employers and institutional players) with the information required to participate fully at the appropriate level in the Scheme's operations. It also aims to show the relevance of ERAFP's SRI approach and to promote it, since social responsibility is only meaningful if it is shared.

ERAFP's communications strategy is based on two key areas:

- **institutional communications**, mainly with public sector bodies, which are under the responsibility of ERAFP;
- **operational communications**, to inform employers and beneficiaries of their rights and obligations, which are the responsibility of the Administrative Manager.

Highlights of ERAFP's institutional communications in 2015:

- launch of ERAFP's new website (April);
- participation for the first time in the Salon Santé Autonomie (health and autonomy trade fair) (May);
- launch of the English version of the website (November);
- production of an SRI New Year's greetings card in partnership with the Pur Projet collective.

Following its cross-public service partnerships, ERAFP decided to highlight its COP 21 commitments with its 2016 New Year's greetings card.

ERAFP's partnership with Pur Projet, a collective that helps companies make climate change challenges a key part of their ethos and their businesses, mainly through the regeneration and preservation of ecosystems (agroforestry, reforestation, forest conservation), involved participation in the Pur Hexagone project to replant trees in the forest of Épernay (Champagne region), which suffered storm damage in 1999.

For each card sent out an oak tree is planted, thereby ensuring greater woodland biodiversity and promoting the restoration of traditional ecosystems.

PUBLIC SECTOR EMPLOYERS: MORE DETAILED INFORMATION

In its early years, the Scheme essentially aided public sector employers in the practical aspects of fulfilling their responsibilities. Now, it aims to promote their awareness of the Scheme's specific capitalisation and long-term socially responsible investment features to enable them to pass on such information to their employees.

Public servants emphasise the employer's role in passing on information about the Scheme.

The main channels for passing on information are departmental circulars or pay slips.¹³

Having participated in the Salon des Maires (mayors' convention) in 2014, in 2015 ERAFP took part in the Salon Santé Autonomie in order to meet hospital employers, notably to reduce the information gap that this sector faces in relation to the local and regional authority sector.

Employers in the local and regional authorities sector are more likely to say they are "well informed" than other employers.¹⁴

In operational terms, Caisse des Dépôts' call centre in Angers handled around 12,600 telephone calls from employers in 2015 (92% of calls received). Whereas call volumes had gradually fallen in previous years, this represents a 4% increase from the 12,200 calls received in 2014, which is partly attributable to employers' increasing awareness of the Scheme's operating rules. Caisse des Dépôts also held a number of training and information sessions for employers in 2015, as well as handling around 1,100 emails.

In terms of the employer-dedicated 'e-services' account-viewing website, there were more than 53,000 connections in 2015. This figure has declined since 2011 due to improvements in the quality of data passed on by employers.

→ See tables in the appendix in part 4 showing changes in the past years.

12.600

**TELEPHONE CALLS
FROM EMPLOYERS
HANDLED IN 2015**

¹³ Results of the survey on Scheme image and recognition conducted by BVA in 2014.

¹⁴ Results of the survey on Scheme image and recognition conducted by BVA in 2014.

BETTER UNDERSTANDING THE NEEDS OF ACTIVE CONTRIBUTORS IS A SCHEME PRIORITY

As reiterated by the communications committee members, the lack of knowledge and awareness of the Scheme persisted in 2015. ERAFP and the Administrative Manager are striving to remedy this by being attentive to the needs expressed by beneficiaries.

- The Scheme's website is an important source of complementary information to that provided by the employer.¹⁵

The website currently allows active contributors to obtain detailed information about the Scheme and to view their individual retirement accounts using applications developed by Caisse des Dépôts.

The overhaul of this website, which is a key tool in the Scheme's communications strategy, responds to beneficiaries' call for more accessible and interactive information. It also fulfils the Scheme's wish to create a truly interactive communication medium to serve its target audience.

Its new interface offers users an immediate overview of the content available to them, thus not only giving quicker access to the information sought but also facilitating navigation.

The Scheme is now able to interact with its target audience entirely electronically, thanks to the creation of contact and information letter subscription forms.

Lastly, after numerous requests from the Scheme's beneficiaries, a payment simulator has been included on the site's home page, and practical information files are now available.

Informing retired beneficiaries

- **Nearly 80,900 telephone calls** from retired public servants were handled in 2015 (92% of calls received). In addition, around 20,100 items of correspondence (letters and e-mails) were processed over the year, up 16% on the 17,400 items processed in 2014 and coinciding with the decrease in the number of telephone calls.

20.100
ITEMS OF
CORRESPONDENCE
WERE PROCESSED
OVER THE YEAR

- **The number of on-line service users reached 139,000 in 2015**, following an overhaul of the platform designed for active and retired public servants. This portal is completed with an automatic phone appointment system taken from ERAFP's website: beneficiaries ask for an appointment and are called back the day they want, at the time they specify.

The Administrative Manager also continuously measures user satisfaction with its information services in order to improve the quality of its responses and case monitoring.

Informing active contributors

852,338 documents relating to RAFFP were sent out to active contributors by the various schemes in compliance with contributors' rights to information (individual statements and general indicative estimates for pensions). It should be noted that in 2011 RAFFP took over responsibility for informing active public servants if the primary scheme is unable to produce the required documents¹⁶. As a result, 852,338 of the 52,112 documents were sent out directly by RAFFP.

Furthermore, Caisse des Dépôts handled nearly 33,100 telephone calls from active contributors under their 'right to information' (94% of calls received) in 2015, as well as around 2,800 letters and e-mails.

→ See tables in the appendix in part 4 showing changes in the past years.

INSTITUTIONAL PLAYERS: INCREASINGLY FRUITFUL COMMUNICATIONS

Contact with the public authorities

In connection notably with its engagement within the IIGCC, ERAFP takes part in dialogue between investors and the public authorities to promote the transition to a carbon-free economy. The conditions of this dialogue are detailed on page 42 of the third part of this report.

Contact with the public

With COP 21 having taken place in 2015, ERAFP also started to act on its desire to take part - as a long-term investor - in the related public debate. The initiatives that it announced within this framework are detailed on page 7 of the third part of this report.

852,338

DOCUMENTS
RELATING TO RAFFP
WERE SENT OUT

¹⁶ Such as in the case of invalid affiliation agreements, known career contributions below the requisite minimum amount, ongoing re-employment procedures or employees changing status from manager, defined by the GIP Union Retraite (retirement information public-interest grouping).

THE SCHEME WAS
REFERRED TO IN
1.075 PRESS
OR ONLINE
ARTICLES

ERAFP JOINED THE
TWITTER SOCIAL
MEDIA NETWORK
IN 2014



60.000
VISITS PER MONTH
ON THE WEBSITE

Press

The calls for tender launched by ERAFP present an excellent opportunity to promote communications on the additional pension scheme. In 2015, the Scheme or ERAFP were referred to in 1,075 press or online articles, 25% more than in 2014. The Scheme's media coverage has improved consistently over the last four years.

More specifically, the 14 press releases issued by ERAFP were widely relayed in the written press, particularly in the economic and financial sections, as well as on-line and on social networks such as Twitter.

The Chief Executive Officer and his staff were also widely interviewed by specialist French and English language publications and took part in around 150 meetings, conferences and seminars in France and abroad.

Twitter

Having joined the Twitter social media network in 2014, ERAFP continued to post tweets (325) and retweets (311) in order to disseminate information on its areas of interest. ERAFP gained in visibility in 2015, recording 5,480 profile visits and 206 new followers. Indeed, with 267 tweets referring to ERAFP and 408 followers, Twitter was the most active online medium for the Scheme in 2015.

The website: a central communication tool for the Scheme

The website saw an increase in usage in 2015, to around 60,000 visits per month compared with 58,000 in 2014. The new tools provided, such as the payment simulator, contributed significantly to this increase, thus confirming the appropriateness of the decision to introduce them.

In the interests of coherence and visibility, ERAFP also decided to expand its digital offer by launching the English version of its new website on 3 November 2015. This version of the site is designed to meet the expectations of ERAFP's international audience and also to raise awareness of its initiatives among long-term investors.



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DE RETRAITE
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DE LA FONCTION
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