

PRESS RELEASE

ERAFP awards three SRI management mandates for emerging country corporate bonds.

Paris, 23 January 2019 – As part of its policy to broaden its investment universe and in accordance with its SRI approach, ERAFP, the French public sector additional pension scheme, has just awarded three mandates for the management of emerging country corporate bonds: one active mandate to Aberdeen Asset Management Limited and two standby mandates to Amundi and BFT IM – Investec AM.

Having invested since 2016 in emerging country corporate bonds through mutual funds in line with the strategic allocation adopted by its Board of Directors, ERAFP intends to gradually increase its exposure to this asset class through the implementation of dedicated mandates. Such an approach will allow specific investment guidelines to be applied, in particular with regard to socially responsible investment (SRI).

By way of indication, the amounts initially committed will be around €160 million.

The holder of the mandate must use unbenchmarked, conviction-based management of an emerging country corporate bond portfolio to achieve the best possible return while minimising default risk and complying with ERAFP's SRI requirements for this asset class.

In a universe that financial and non-financial analyst generally cover less well than developed markets, ERAFP deemed it appropriate to encourage portfolio management processes based on an in-depth analysis of issuers' fundamentals in order to capitalise on market inefficiencies. Following the same logic, the SRI approach implemented will focus on integrating environmental, social and governance (ESG) criteria into the fundamental analysis. In this respect, it will rely on continuous dialogue with portfolio companies and will result in a rating of all issuers in the portfolio in accordance with ERAFP's ESG criteria. Lastly, a mechanism for identifying, evaluating and monitoring controversial practices will be formally established. Note that this approach won recognition recently when ERAFP was awarded the 2018 IPE prize for the best emerging markets strategy.

The mandates awarded are for an initial term of five years, with ERAFP being able to renew the contracts for two successive one-year periods.

ERAFP: France's number one public service pension scheme and full-SRI institutional investor

With almost EUR 30 billion in financial assets wholly invested in accordance with a fully socially responsible investment approach, ERAFP is Europe's leading SRI institutional investor. From its inception in 2005, ERAFP's board of directors has sought to maximize returns on its financial asset portfolio in accordance with SRI-driven principles. As a signatory of the UN Principles for Responsible Investment, ERAFP adopted an SRI Charter in March 2006 hinging on five values: respect for the rule of law and human rights; social progress; social democracy; environment; and standards of governance and transparency.

ERAFP is also one of the world's largest public pension funds in terms of member numbers, with over 4.5 million beneficiaries, more than 41,000 employers and nearly EUR2 billion in annual contributions. As a mandatory points-based pension scheme, it has been managing supplementary pension benefits for French civil servants in state-run bodies, local authorities and public hospitals since 1 January 2005.

For more information about ERAFP → www.rafp.fr

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