



Shareholder and institutional engagement policy

2017

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Commitment is at the core of Ircantec's missions

Ircantec is a pay-as-you-go pension plan that provides supplementary old-age cover for contractual public law employees, employees hired under subsidised contracts (contrat aidé) by a legal entity governed by public law, full-time tenured employees not covered by the National Pension Plan for Local Government Employees (CNRACL), tenured employees without pension rights (employees who leave their jobs without fulfilling the conditions required to receive a pension under the special plan with which they were affiliated), members of government, hospital medical staff, local elected officials, and non-industrial and commercial public sector apprentices.

A responsible long-term investor

As an institutional investor, Ircantec takes a long-term view in managing its reserves and therefore has a responsibility to act in the best interests of its beneficiaries, now and in the future. Accordingly, its investment policy is structured around the values of intergenerational solidarity and equity, and it seeks, through its investments, not only to optimise the financial capital guaranteeing the payment of pensions for current and future retirees, but also to preserve the environmental and social capital that contributes to social progress and the development of a sustainable economy. Since 2009, the Ircantec Board of Directors has implemented a responsible investor approach, divided along two operational lines: placing its reserves at the service of an economy that safeguards the natural and human capital, now and in the future, and taking into account the environmental, social and good governance criteria ("ESG" criteria) for all types of investments and asset classes.

Inclusion in an overall reference framework

Ircantec cultivates its values and responsible approach through organisations working towards sustainable development and social responsibility. These include United Nations organisations and programmes, such as:

- The conventions of the International Labour Organization which recognise the fundamental rights of workers: freedom of association and effective recognition of the right to collective bargaining; elimination of all forms of forced or compulsory labour; effective abolition of child labour; and elimination of discrimination in respect of employment and occupation.
- The 2030 Agenda for Sustainable Development and its 17 sustainable development goals (SDGs), which enable all countries, companies and civil society organisations to pursue a common agenda.

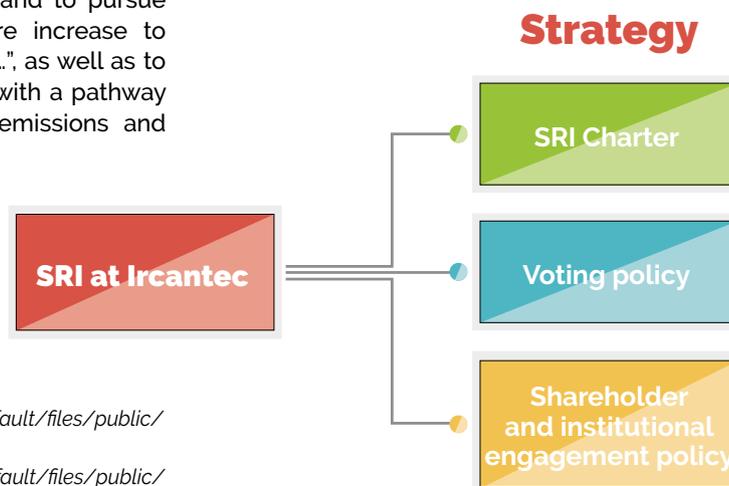
The Global Compact also provides a platform for collective commitments and actions to ensure that companies in all business sectors, in particular, in finance, make progress in their corporate social responsibility policies and effectively meet sustainable development objectives.

- The Principles for Responsible Investment (PRI), which are supported by the Global Compact, the financial initiative of the United Nations Environment Programme (UNEP), as well as a network of investors that are signatories to these principles. Since 2015, Ircantec has been a member of the Montreal Pledge, a PRI initiative, which binds investors to annually measure and publish the carbon footprint of their portfolios.
- The Paris Climate Agreement, which was signed in 2015 at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change, and which in Article 2 requires signatory countries to “keep the increase in the average global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels...”, as well as to make “finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.

The fund also works with the programmes and initiatives of other bodies, such as the Organisation for Economic Co-operation and Development (OECD), which promotes policies to improve economic and social well-being, and the International Organization for Standardization (ISO), which publishes standard 26000 on corporate social responsibility.

Organisation of the fund's SRI policy

The fund's SRI policy is based on an SRI Charter, which was adopted in 2013¹, and a voting policy² that dates to 2014. The development of a policy that promotes engagement is an extension of these framework documents, and should lead to closer dialogue with companies, co-operation with fellow investors, and a contribution to methodological advances and market thinking.



¹ https://www.ircantec.retraites.fr/sites/default/files/public/sri_charter.pdf

² https://www.ircantec.retraites.fr/sites/default/files/public/voting_policy.pdf

Support for the emergence of a viable and sustainable economy

Ircantec's SRI approach aims to be simple, progressive and pragmatic. The vision of commitment is built in the same way, structured around three major issues facing companies and society:

- *How can human rights violations within the corporate scope be prevented and, if necessary, mitigated?*
- *How can the energy and ecological transition be promoted?*
- *How can corporate tax responsibility be grasped and developed?*

Human rights in companies

The globalisation of markets has led to the creation of companies that have considerable impact on the prevention and management of violations of human rights (both natural and civil). Although governments historically bear the responsibility for protecting these rights, companies have seen their roles and responsibilities evolve in their spheres of influence.

The management of human rights by companies tends to focus on the fundamental rights of workers as defined by the ILO: freedom of association and effective recognition of the right to collective bargaining, removal of any form of forced or compulsory labour, effective abolition of child labour, and elimination of discrimination in employment and occupation. Ircantec applies the "Protect, Respect and Remedy" consensus in pursuing its engagement.

The energy and ecological transition

The energy and ecological transition is a global societal project. It means "moving towards an energy model that enables meeting the energy needs of citizens and the French economy in a sustainable, equitable and secure manner (for people and their environment) in a society that is frugal in the use of natural resources, energy and carbon³". The development of such a model is linked to achieving two goals: ensuring the ecological sustainability of our ecosystems, and developing a growth economy that creates jobs and income over the long term. Involvement as an investor means supporting companies and the entire investment chain to take these considerations into account when designing their products and services.

³ Alain Grandjean, "What is the energy transition?", 24 January 2013

Corporate tax responsibility

Ircantec is particularly committed to tax responsibility issues, which enable companies to meet the legal and moral expectations of the communities and countries where they are established and operate. This is a key issue for institutional investors, which are working to promote the transparency of accounts in an environment in which companies must choose between strategies and tax incentives that vary from one country to another. The objective of this engagement focus is to encourage the taxation of value creation in the country where it actually occurs, so that companies contribute to the

budget of the communities and countries where these activities are located. Through its actions, Ircantec also aims to encourage tax fairness between countries.

The fund conducts mobilisation, advocacy and dialogue actions on these issues, in collaboration with fellow investors and specialised networks, and within dedicated transnational platforms.



Dialogue, co-operation and contribution

Ircantec has adopted a flexible and open engagement policy, which allows it to invest at various levels, as an initiator or in support of collective actions. The fund's engagement activities can be grouped into three main types of action.

Developing high-quality dialogue with companies

Due to the fact that some companies face environmental, social and governance controversies, investors, including Ircantec, can choose to engage in a high-quality dialogue with management teams to ensure that companies align themselves with best practices in their sectors. Such dialogue may occur in the context of a one-off controversy or in connection with the natural development of a company's activities. It may concern only one company that is particularly impacted by a subject of interest to investors, or it may concern an entire industrial sector. This stewardship work in support of companies is carried out in conjunction with other players, including management companies and French and international institutional investors.

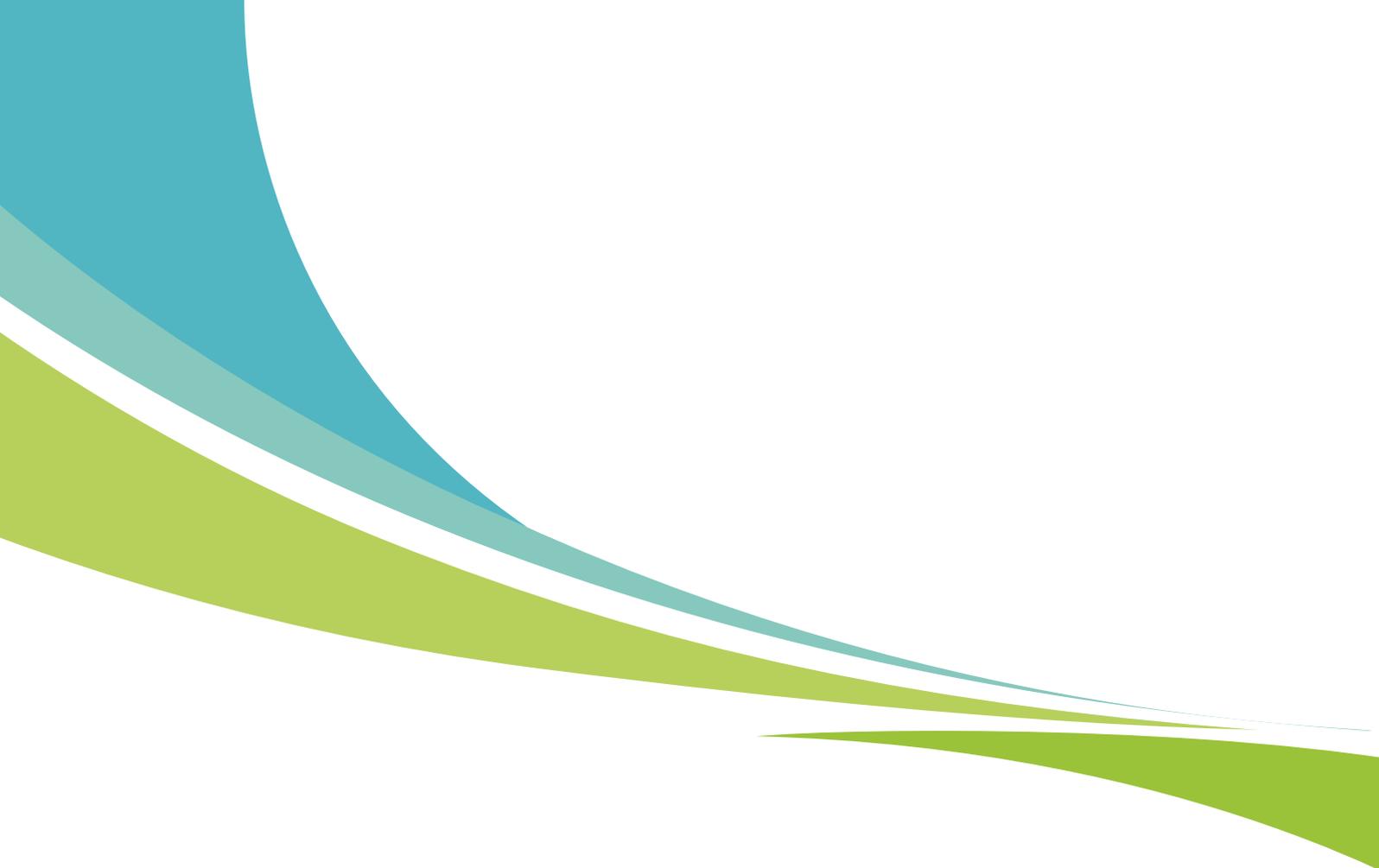
Improving co-operation with fellow investors

Co-operation between investors is essential to enable sharing each investor's views and experiences and to expand the scope and best practices of responsible investment. With this in mind, Ircantec values participation in investor partnerships, whether heading certain initiatives or in support of existing actions. The fund is a member of several national and international organisations working towards the same goals, and it thereby

develops its engagements through co-operation in the financial markets.

Stimulating progress in practices and methodologies

Institutional engagement practices are growing and diversifying, with each player setting its own action agenda and preferred issues, and involving itself differently depending on its intentions and objectives. This diversity is beneficial in order to cover all ESG issues and address all players, but it must be part of a standardised framework that promotes best practices and the most appropriate methodologies. Ircantec participates in the deployment of such standards and encourages their adoption, by supporting research and development that focuses on such tools, as well as by raising awareness among stakeholders about their use. Ircantec is also committed to reporting to its stakeholders on the actions it takes and on best practices.



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Institution de retraite complémentaire des agents non titulaires de l'État et des collectivités publiques
33 rue Villiers de l'Isle-Adam 75971 Paris cedex 20

Une gestion Caisse des Dépôts
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