

TOBACCO

Ostrum AM sector and exclusion policy

06.30.2018

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INTRODUCTION

Sector policies at the very heart of Ostrum AM's CSR policy

As part of its Corporate Social Responsibility policy, Ostrum Asset Management defines sector policies with the aim of:

- complying with national and international regulation,
- complying with parent company Natixis' commitments,
- meeting the goals and pledges outlined by Ostrum Asset Management to comply with its Responsible Asset Management strategy.

Sector policies defined and implemented by Ostrum AM identify issuers excluded from Ostrum Asset Management's investment scope based on their operations, geographical locations, the way they work, their reputation, and/or having breached international standards.

The list of issuers outlined in our sector policies is confirmed by the Executive Committee and updated each year or when necessary depending on issuers' changing practices.

Find out more about Ostrum Asset Management's CSR initiatives at www.ostrum.com

Background and challenges

Ostrum Asset Management has defined and implemented an ambitious responsible investment management approach, which it applies right across its investment processes.

This approach aims to promote greater inclusion of non-financial criteria in investment decisions, complying with recommendations from the main international standards bodies, such as the United Nations Principles for Responsible Investment (*UN-PRi*), where Ostrum Asset Management has been a signatory since 2008.

In keeping with this strategy, Ostrum Asset Management pledges to halt support for the tobacco sector, which is one of the worst offender sectors and runs contrary to the United Nations Development Program's Sustainable Development Goals¹ due to its particularly negative social, societal and environmental effects.

This commitment fully complies with pledges from parent company Natixis and its commitment to end financing and investment for the tobacco industry².

¹ Click here to find out more about the Sustainable Development Goals:
<http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

² Click here to read the Natixis press release:
https://www.natixis.com/natixis/upload/docs/application/pdf/2017-12/natixis_pr_-_tobacco_exclusion_12_19_2017.pdf

IMPLEMENTATION OF THE TOBACCO EXCLUSION POLICY

Identifying issuers outlined in the tobacco policy

This policy covers companies that manufacture and/or produce tobacco products. Ostrum Asset Management relies on its teams' expertise as well as its non-financial research provider to identify companies covered by this policy. The list of issuers is updated at least once a year, or at any other time when necessary depending on issuers' changing practices.

Scope for application of the policy

The tobacco sector exclusion policy applies to funds where Ostrum Asset Management is the investment manager. Ostrum AM therefore pledges to:

- Continue rolling out the tobacco exclusion policy across all its SRI funds,
- Exclude tobacco from all its open-end funds,
- Engage with clients and discuss application of this policy to their dedicated funds and/or mandates where Ostrum Asset Management is the investment manager. Ostrum AM's clients will be responsible for deciding whether to apply this policy to the way this type of fund is managed, and Ostrum AM will then be in charge of implementation.

The following funds are excluded from the application scope due to their specific features:

- funds of funds;
- tracker funds.

Application date

This policy is effective as of **June 30 2018**, as follows:

- tobacco investments are removed from all open-end funds as of June 30, 2018, apart from the most affected funds, which will gradually phase out investments in order to safeguard the interests of fund unit-holders, with gradual and full divestment by 2021 as stipulated in the funds' prospectuses.
- The tobacco exclusion policy will be fully effective on money market funds after maturity dates are reached for holdings in this scope.

Policy communication and monitoring

All parties involved are informed of the contents of the policy via various media:

- General information on sector and exclusion policies is published on the Ostrum Asset Management website.
- Ostrum Asset Management's exclusion policies are distributed by client services to clients of dedicated funds and mandates to confirm their application to these portfolios.

Text completed on June 30, 2018.

This policy may be reviewed at any time without prior notice. It is available on the Ostrum Asset Management website at the following address: www.ostrum.fr

DISCLAIMER

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This document may be updated at any time by Ostrum Asset Management. A detailed version of this document is available on request from Ostrum Asset Management, 43, avenue Pierre Mendès-France, 75013 Paris - 75648 Paris cedex 13 – FRANCE



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