

Worst Offenders

Ostrum AM's sector and
exclusion policy

11.01.2018



An affiliate of:



INTRODUCTION

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 Natixis' commitments,
- meeting the goals and pledges outlined by Ostrum Asset Management to comply with its Responsible Asset Management strategy.

Ostrum Asset Management's sector policies aim to identify issuers that are to be excluded from its investment scope based on their operations, geographical locations, the way they work, their reputation, breach of international standards, etc.

The list of issuers outlined in our sector policy is confirmed by the Executive Committee and updated each year.

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

Background and challenges

Ostrum Asset Management has been involved in sustainable development and socially responsible investment (SRI) initiatives for more than 30 years and in recent years it stepped up its ambitions by **outlining a strong commitment to responsible investment**, the business component of its CSR strategy.

Ostrum AM is a leading asset manager and is committed to promoting greater inclusion of ESG criteria in investment decisions across the entire range of business operations, complying with recommendations from the main international standards bodies, such as the United Nations Principles for Responsible Investment (PRI), where Ostrum Asset Management has been a signatory since 2008. This approach covers all its asset classes and the full range of methods at fund managers' disposal as they act to promote a responsible financial and economic system.

This responsible investment management approach is the result of extensive work and research carried out over a number of years and is based on **four key commitments and specific initiatives designed to support action against climate change** and applied on a daily basis by investment management professionals depending on the specific features of their asset classes. We are committed to ambitious and useful investment management, which drives **performance in the long term and creates value-added for our clients**.

Ostrum Asset Management is a responsible asset manager and its business does not support sectors or issuers that do not comply with certain fundamental responsibility principles, in keeping with our responsible investment approach and our fiduciary duty to our clients.

IMPLEMENTATION OF WORST OFFENDERS EXCLUSION POLICY

Ostrum Asset Management is committed to excluding from its investment scope all stocks, bonds and any other financial instruments from private issuers whose business is proven to contravene a range of fundamental responsibility standards.

Identifying issuers outlined in the Worst Offenders policy

Ostrum Asset Management relies on the expertise of its teams of analysts and portfolio managers, who are responsible for monitoring and updating the list of issuers identified by our sector and exclusion policies. These teams rely on specialist external providers and use their extensive insight into companies and sectors as well as external information i.e. corporate communication, interviews, external providers, etc.

Issuers outlined in this policy

All companies, listed or unlisted, which:

- Are proven to contravene the United Nations Global Compact principles identified.
- Are subject to requests from national OECD representatives to multinationals to address their failure to comply with the OECD's guidelines.
- Are on public exclusion lists of institutional investors based on the principles outlined above.

Updating issuer list

Ostrum Asset Management updates the list of issuers outlined in this policy at least one a year and as often as necessary in the event of a major incident on the issuer. The update takes on board the various analyses available and the results of our engagement initiatives with issuers.

The Ostrum Asset Management Executive Committee reviews and confirms the list.

Scope of application

This policy applies to all open-end funds for which Ostrum Asset Management is the main financial investment manager.

For dedicated funds and mandates, Ostrum Asset Management asks clients whether they wish to apply this exclusion policy and factors in the decision in its future portfolio management policies. In the case of delegated management, it informs the delegated manager.

Index tracker funds have a very specific profile and are excluded from the policy scope.

Policy communication

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 November 1, 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.com

ADDITIONAL NOTES

Ostrum Asset Management

Asset management company regulated by AMF under n° GP-18000014 – Limited company with a share capital of 27 772 359 euros – Trade register n°525 192 753 Paris – VAT: FR 93 525 192 753 – Registered Office: 43, avenue Pierre Mendès-France, 75013 Paris – www.ostrum.com

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Under Ostrum Asset Management's social responsibility policy, and in accordance with the treaties signed by the French government, the funds directly managed by Ostrum Asset Management do not invest in any company that manufactures, sells or stocks anti-personnel mines and cluster bombs.



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INVESTMENT MANAGERS