

## SRI certification for the Sovereign bond fund range

### Sovereign bond fund range fully certified with the French SRI Label<sup>(1)</sup>

**Ostrum AM's sovereign bond fund range** has been awarded the French public SRI certification complying with the stringent "V2 framework". To date, few sovereign and quasi sovereign bond funds are certified with the SRI Label. **This is a great opportunity for allocators looking to include SRI-labelled government bond funds in their allocations.**



This certification reaffirms Ostrum AM's leadership in terms of responsible investments and is a new step that again reflects our overarching aim to bring meaning to the investments we make on behalf of our clients as we strive to build a better future with them day after day. Achieving SRI accreditations for our open-ended funds is one of the milestones of our CSR policy, fully embedded in our DNA.

This French public SRI certification "Label ISR" is awarded to the following sovereign bond funds<sup>(2)</sup> (as of 21.06.2022):

- **Ostrum SRI Euro Sovereign Bond** (previously Ostrum Souverains Euro), € 231 mn AuM
- **Ostrum SRI Euro Bonds 1-3** (previously Ostrum Souverains Euro 1-3 ans), € ~40 mn AuM
- **Ostrum SRI Euro Bonds 3-5** (previously Ostrum Souverains Euro 3-5 ans), € 940 mn AuM
- **Ostrum SRI Euro Bonds 5-7** (previously Ostrum Souverains Euro 5-7 ans), € ~105 mn AuM

Ostrum AM's sovereign fund range includes an all-maturity fund and 3 shorter-maturity funds totalling **AuM of more than € 1.3bn**. All 4 funds have a dual objective 1/ to obtain, over the respective recommended investment horizon, a performance above that of their respective reference index and 2/ implement a socially responsible investment approach (SRI).

**All 4 funds are Article-8 SFDR funds:** this implies that they promote environmental or social characteristics but do not have a sustainable investment objective. That said, the funds may invest partially in assets that have a sustainable objective (qualified as sustainable according to the EU classification).

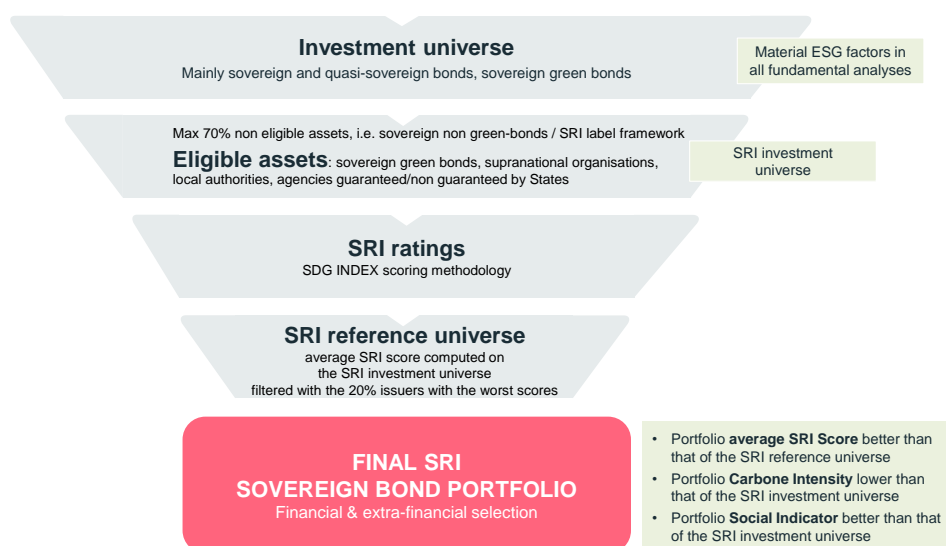
### SRI selectivity process aligned with the French SRI Label requirements

Within the sovereign and quasi-sovereign investment universe, Ostrum AM's investment teams systematically integrate extra-financial dimensions into the risk and opportunity assessment<sup>(3)</sup>. Investment teams also rely on **proprietary methodology and durable bond analysts to evaluate the use of proceeds for Green bonds** issued by Gouvernements or Agencies.

In addition to ESG integration in fundamental analyse, the investment universe is scored based on the **SDG Index methodology** (developed by Bertelsmann Stiftung foundation and the Sustainable Solutions Development Network). Each country receives a score from 0 to 100 (100 is the best score) ranking each country on its performance relative to meeting the 17 Sustainable Development Goals (SDGs) defined by the United Nations<sup>(4)</sup>.

(1) Source: [lelabelisr.fr](https://lelabelisr.fr). Reference to a ranking, prize, label and/or rating does not indicate the future performance of the fund. ESG integration refers to the inclusion of ESG issues in investment analysis and decisions. (2) These funds are established in France, approved by the French Financial Markets Authority. Natixis Investment Managers International is the management company and has delegated financial management to Ostrum AM. (3) Approach to ESG integration varies based on the funds. ESG integration doesn't necessarily imply that investment vehicles also seek to generate a positive ESG impact. (4) More information on <https://www.sdgindex.org/>.

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## Pick and outperform ESG indicators

The “Version 2” of the French SRI Label requires fund communication on 4 indicators, 2 with threshold limits. For the sovereign bond funds, we have selected what we consider to be the most relevant indicators, with available data. More information in the table below, with **Ostrum SRI Euro Sovereign Bonds indicators** as an example.

ESG DH indicators	Definition	Provider	Coverage as of 31.05.2022	Fund's objective	Data as of 31.05.2022
<b>Environment (E)</b> Carbon intensity	Amount of greenhouse gases emitted, measured by its carbon dioxide equivalent, to gross domestic product	Trucost	Regulatory >90% Fund 100%	Portfolio Indicator lower than that of the SRI Investment universe	Ostrum SRI Euro Sovereign Bonds: 192.13 SRI Investment universe 194.51
<b>Social (S)</b> Public spending on health and education (% of GDP)	Government expenditure in education as a percentage of Gross Domestic Product (GDP)	MSCI	Regulatory >70% Fund 100%	Portfolio Indicator better than that of the SRI Investment universe	Ostrum SRI Euro Sovereign Bonds: 13.4 % SRI Investment universe 12.8 %
<b>Governance (G)</b> Parity in national parliaments	Proportion of seats held by women in national parliaments	MSCI	-	-	Ostrum SRI Euro Sovereign Bonds: 34%
<b>Human Rights (DH)</b> Parity in access to education	Average number of years of education received by women aged 25 and over, divided by the average number of years of education received by men aged 25 and over	MSCI	-	-	Ostrum SRI Euro Sovereign Bonds: 97%
<b>ESG SCORE</b>	70% of the green sovereign bond SRI reference universe Score +30% of the quasi-sovereign bond SRI reference universe Score	SDG Index	Regulatory >90% Fund 100%	Portfolio average SRI Score better than that of the SRI reference universe	Ostrum Sovereigns qualified assets score: 82.08 SRI reference universe: 81.69

Source: Ostrum AM, 31.05.2022. Figures mentioned refer to previous years. Past performance does not guarantee future results. Sources: Trucost, <https://www.spglobal.com/esg/trucost>. MSCI <https://www.msci.com/>

**Funds' main risks:** capital loss, interest rates, credit, financial forward contracts, derivatives, issuers with low rating or no rating, investment in inflation-linked bonds, sustainability risk. The Fund is subject to sustainability risks as defined in the Regulation 2019/2088 (article 2(22)) by environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. More information on the framework related to the incorporation of Sustainability can be found on the website of the Management Company and the Delegated Investment Manager.

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## Additional notes

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