

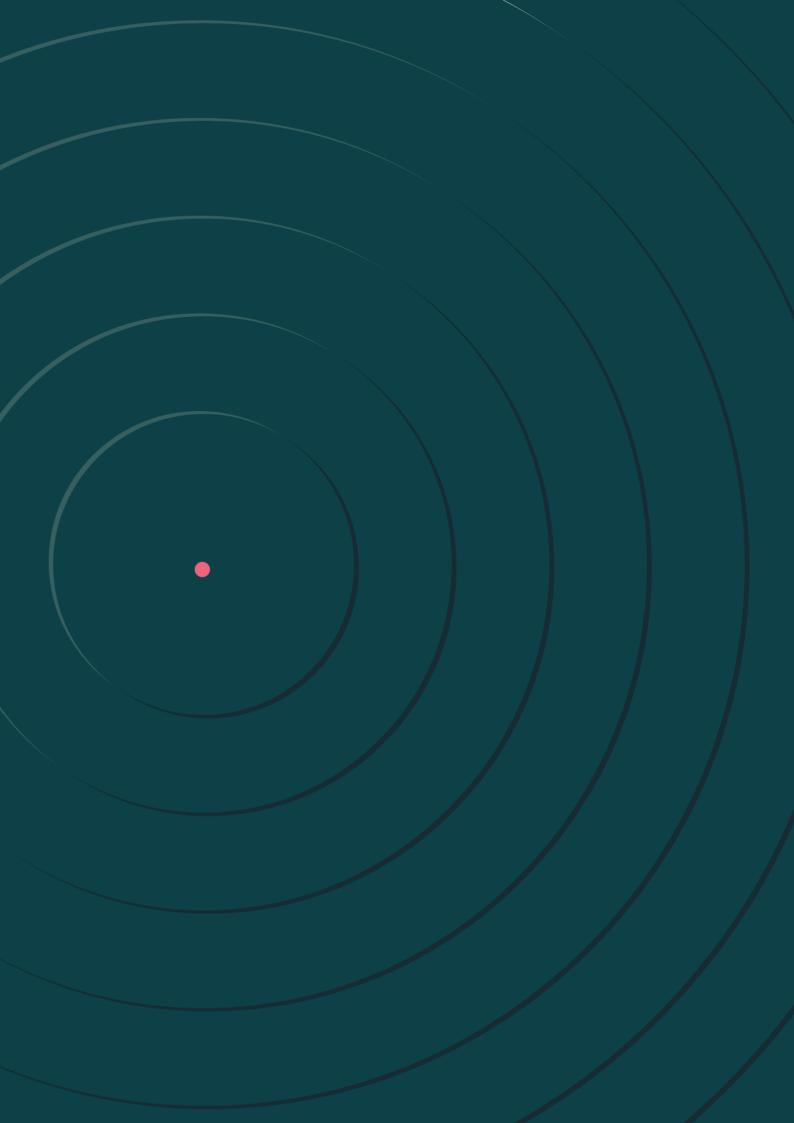
# SECTOR AND EXCLUSION POLICY PALM OIL

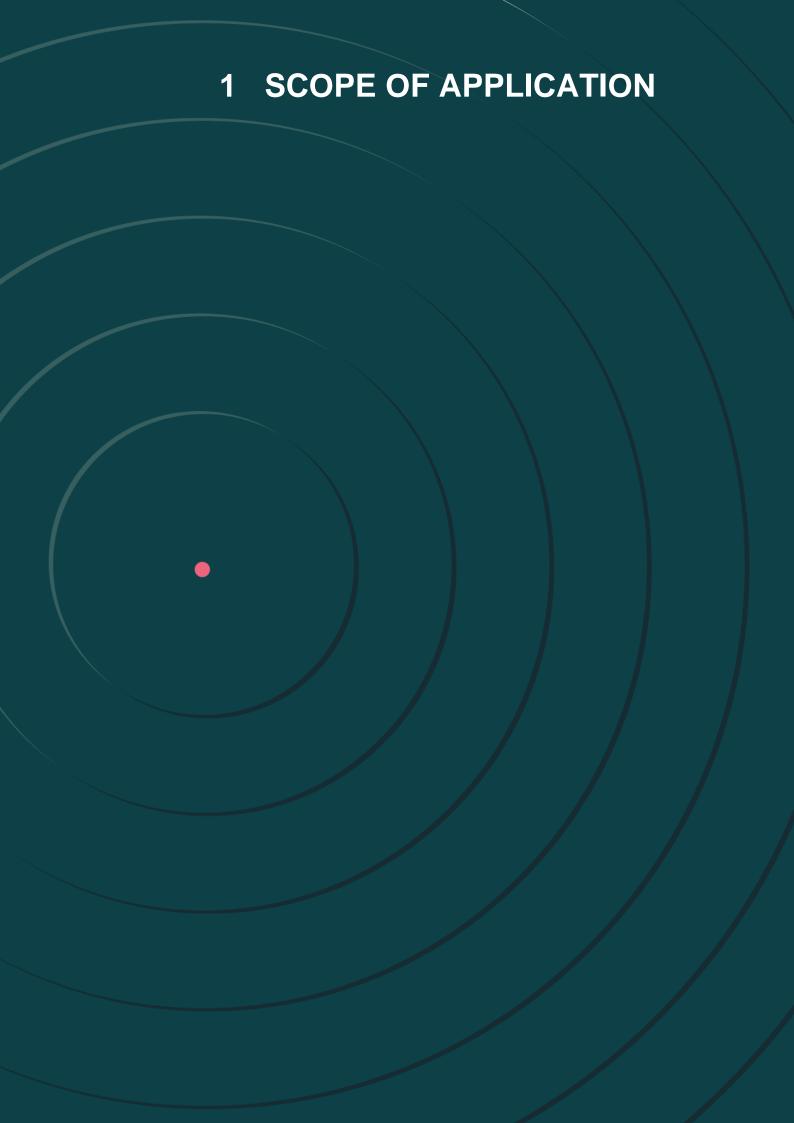
Application date

1 june 2025

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### 1.1 INTRODUCTION

Sector policies are at the very heart of Ostrum Asset Management's ESG1 and CSR2 strategies.

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

- Meeting the goals and pledges the company has outlined to comply with its responsible asset management strategy,
- Complying with national and international regulation,
- Fulfilling Natixis' commitments.

Sector and exclusion policies defined and implemented by Ostrum Asset Management aim to identify issuers excluded from Ostrum Asset Management's investment scope based on their operations, geographical locations, the way they work, their reputation, their non-compliance with international standards, etc.

The list of issuers covered by the sector and exclusion policies is updated at least once each year.

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

<sup>&</sup>lt;sup>1</sup>Environmental, Social and Governance

<sup>&</sup>lt;sup>2</sup> Corporate Social Responsibility

### 1.2 BACKGROUND AND CHALLENGES

Palm oil is one of the most widely used vegetable oils in the world and is found in many products ranging from food to cosmetics and biofuels. To meet ever-increasing demand, palm oil production continues to expand at the expense of dense tropical forests, especially in wet regions. However, its production has serious consequences for the environment, biodiversity and the rights of local communities.

The environmental impact of palm oil is multi-faceted: palm oil cultivation is often associated with large-scale deforestation, particularly in Indonesia and Malaysia. Millions of hectares of tropical forests have been destroyed to make way for oil palm plantations, resulting in the loss of critical ecosystems and environmental services. Deforestation and the conversion of peatlands for oil palm cultivation release large amounts of carbon dioxide into the atmosphere, thereby contributing to climate change. In addition, intensive agricultural practices, often associated with the use of chemical pesticides and fertilisers, can contaminate soil and waterways, affecting water quality and the health of surrounding ecosystems.

The impact on biodiversity is also a major issue. Indeed, the transformation of tropical forests into oil palm plantations threatens local fauna and flora. Many species, some of which are at risk of extinction, lose their natural habitat. For example, orangutans, tigers and elephants are particularly vulnerable to the destruction of their habitat.

Palm oil cultivation often relies on monoculture practices, which reduces the diversity of plant and animal species in cultivated areas and increases vulnerability to diseases and parasites.

The rights of local communities are also threatened. The development of oil palm plantations has often led to the eviction of local communities, particularly indigenous people, from their ancestral lands. This leads to land disputes and social tensions. Palm oil plantation workers are often subject to poor working conditions, low wages and violations of their rights. Women in particular may be victims of discrimination and exploitation. Moreover, growing dependence on palm oil cultivation can result in the loss of local communities' traditional lifestyles and ancestral knowledge, which were historically based on sustainable farming and natural resource management.

The impact of palm oil on the environment, biodiversity and the rights of local communities is complex and interconnected. Mindful of these issues, and as part of its biodiversity approach aimed at protecting nature and reversing the trend towards ecosystem degradation, Ostrum Asset Management has decided to exclude palm oil from its investment portfolios.

### 1.3 SCOPE OF APPLICATION

This Policy applies to direct investments made across all open-end funds for which Ostrum Asset Management is the lead management company or financial management delegate, unless otherwise instructed by the lead management company and with the exception of index-managed funds.

In the context of managing dedicated funds or mandates, Ostrum Asset Management applies this policy to direct investments made, subject to the agreement of its clients in order to take them into account in the management of the portfolios.

In the case of a management delegation entrusted by Ostrum Asset Management to a management company, the applicability of the policy is subject to discussions between the parties, which notably take into consideration the location of the delegate's domicile.

# 2.1 IDENTIFYING THE ISSUERS COVERED

Ostrum Asset Management relies on the expertise of its teams of analysts, portfolio managers and strategists in the Sustainable Transitions Department, who are responsible for updating and monitoring issuers covered by sector and exclusion policies. These teams draw on their insight into companies and sectors and rely on data from external sources, i.e. companies' reporting, meetings, external providers, etc.

# 2.2 ISSUERS COVERED BY THE POLICY

Ostrum Asset Management excludes from its investment universe companies that generate at least 5% of their revenue from the production and/or distribution of palm oil.

# 2.3 UPDATING THE LIST OF ISSUERS COVERED BY THE POLICY

Ostrum Asset Management updates the list of issuers covered by this policy at least once a year and as often as necessary in the event of a major incident involving the issuer.

# 2.4 APPLICATION DATE

This policy is effective as of June 1, 2025.

# 2.5 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.<sup>3</sup>
- Ostrum Asset Management's policies are distributed by client services to clients of dedicated funds and mandates to confirm their application to these portfolios.

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<sup>&</sup>lt;sup>3</sup> https://www.ostrum.com/fr

### **ADDITIONAL NOTES**

#### **DISCLAIMER**

This document is produced by Ostrum Asset Management for the purpose of providing indicative information only based on sources it considers to be reliable. Ostrum Asset Management reserves the right to change the information presented in this document at any time and without prior notice.

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Our sectorial and exclusion policies are available on Ostrum Asset Management website: https://www.ostrum.com/en/our-csr-and-esg-publications.







### Ostrum Asset Management

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