

• **OSTRUM ASSET
MANAGEMENT'S
SECTOR AND EXCLUSION
POLICY
TOBACCO**

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1. PREAMBLE

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

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

- Meeting its goals and pledges, in line with its Responsible Asset Management strategy,
- Fulfilling Natixis' commitments,
- Complying with national and international regulations.

Sector and exclusion policies defined and implemented by Ostrum Asset Management aim to identify issuers that must be excluded from Ostrum Asset Management's investment scope based on their operations, geographical locations, the way they work, their reputation, their breach of 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 ESG and CSR initiatives at www.ostrum.com.

BACKGROUND AND CHALLENGES

Tobacco is one of the leading causes of chronic disease and death worldwide. According to the World Health Organization (WHO), tobacco causes more than 8 million deaths per year, 7 million of which are the result of direct tobacco use³.

Tobacco growing has significant environmental impacts, including deforestation, excessive use of pesticides and soil pollution. Indeed, growing tobacco requires large areas of land, which often leads to deforestation. To prepare land for tobacco growing, forests are often cut down, which destroys natural habitats and contributes to biodiversity loss.

In addition, tobacco crops use a large amount of pesticides and fertilizers, which can contaminate soil and water sources. Chemicals used in tobacco growing can have adverse effects on human health and the environment, including by contaminating aquatic ecosystems.

Tobacco production also generates waste that can pollute the soil. Cigarette butts, which contain toxic chemicals, are one of the most common forms of pollution. They take years to decompose and release pollutants into the environment.

The exclusion of tobacco-related emitters contributes to achievement of the UN Sustainable Development Goals, including SDG 3 (Good Health and Well-being) and SDG 12 (Responsible Consumption and Production).

Mindful of issues related to public health, environmental sustainability and social responsibility, Ostrum Asset Management excludes certain companies related to the tobacco sector⁴ from its investment portfolios.

¹Environmental, Social and Governance

²Corporate Social Responsibility

³ <https://www.who.int/fr/news-room/fact-sheets/detail/tobacco>

⁴ See targeted issuers in paragraph 3.2.

2. SCOPE OF APPLICATION

This Policy applies to direct investments made in all open-ended funds for which Ostrum Asset Management is the lead management company or entity to which financial management has been delegated unless otherwise instructed by the lead management company concerned and with the exception of index-linked management funds.

For dedicated funds and mandates, Ostrum Asset Management applies this policy to direct investments made, subject to its clients' approval to take it into account in portfolio management.

If management is delegated by Ostrum Asset Management to a management company, the policy's applicability is discussed by the parties, with the delegated entity's place of domicile taken into consideration.

3. DETAILED DESCRIPTION

3.1. 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 data providers, etc.

3.2. ISSUERS COVERED BY THE POLICY

Ostrum Asset Management excludes from its investment universe:

- All companies **manufacturing and/or producing** products containing tobacco (from the 1st euro of revenue);
- Companies that generate at least 5% of their revenue from the **distribution** of tobacco or products containing tobacco⁵.

3.3. 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.

3.4. APPLICATION DATE

Ostrum Asset Management has strengthened its Tobacco policy initially published in 2020. In addition to the ban on investing in all and/or produce companies that manufacture tobacco-containing products, **since 1 July 2025** Ostrum Asset Management has not invested in companies that generate at least 5% of their revenue from the distribution of tobacco or tobacco-containing products. Similarly, divestment from companies concerned occurs within one month under normal market conditions.

3.5. 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.⁶
- Ostrum Asset Management's exclusion policies are broadly distributed by client services to clients of dedicated funds and mandates to confirm their application to these portfolios.

⁵ Thresholds defined based on data provided by Sustainalytics

⁶ <https://www.ostrum.com/fr/notre-documentation-rse-et-esg>

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Our sector and exclusion policies are available on Ostrum Asset Management website:

<https://www.ostrum.com/fr/nos-politiques-sectorielle>.



Ostrum Asset Management

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