

TOBACCO

Ostrum AM sector and exclusion policy

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An affiliate of:  **NATIXIS**
INVESTMENT MANAGERS

1. Legislative references / Regulation / Professional standards

INTRODUCTION

Sector and exclusion policies are at the very heart of Ostrum AM's CSR policy.

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

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

Sector exclusion 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 and exclusion policies is updated at least once each year.

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

BACKGROUND AND CHALLENGES

Ostrum Asset Management continues its initiatives and commitment to active investment management and pledges to halt support for the tobacco sector, one of the worst offender sectors.

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 Principles for Responsible Investment (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.

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. Scope for application

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 where it is in charge of investment decisions,
- 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.

3. Detailed description of the policy

Identifying issuers outlined in the policy

Ostrum Asset Management relies on its analyst and portfolio management teams' expertise, who are in charge of updating and monitoring issuers covered by sector exclusion policies.

Issuers covered

This policy covers companies that manufacture and/or produce tobacco products.

Updating the list of issuers covered

Ostrum Asset Management updates the list of issuers covered by this policy at least once a year, or at any other time when necessary in the event of major news regarding the issuer. This update of the list of issuers covered takes on board various analysis information available and the results of engagement efforts conducted with issuers.

Application date

This policy has been effective since June 30 2018, as follows:

- tobacco investments were 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.²
- 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 in December 2019.

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

² <http://www.ostrum.com/en-INT/About-us/Our-CSR-strategy/Responsible-investment/Exclusion-policy>

4. Approval process

Owner entity: Portfolio management

First name, last name and role of person in charge of the procedure: Sophie Potard (Support & Organization Portfolio management)

Date: December 2019

Drafted by

First name, last name of person who drafted the procedure: Alix Gentil (Transformation dept)

Date: November 2019

Approval

First name, last name and role of person in charge of the procedure: Sophie Potard

(Support & Organization Portfolio management)

Date: December 2019

Comments and approval

Approval Executive Committee member

By

First name and last name: Ibrahima Kobar

Date

01/22/2020

Comments

By

Compliance

First name and last name: Catherine Puaud-Wallez

Date

11/06/2019

Internal control

First name and last name: Marie-France Bonnin

10/22/2019

Corporate Secretariat

First name and last name: Avi Cabalo

10/29/2019

Version

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Version 1	01/27/2020	Drafted by Ostrum AM

DISCLAIMER

Ostrum Asset Management

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