

# **Worst Offenders**

## Ostrum AM's sector and exclusion policy

Document owned by: Portfolio management department

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Last update: January 27, 2020



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 and confirmed by the Executive Committee.

Find out more about Ostrum Asset Management's CSR initiatives at [www.ostrum.com](http://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 Principles for Responsible Investment (PRI), where Ostrum Asset Management has been a signatory since 2008. This approach now ambitiously 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 all 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.

## 2. Scope for 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.

The following funds are excluded from the application scope due to their specific features:

- management of funds of funds;
- management of tracker funds.

## 3. Detailed description of the policy

Ostrum Asset Management is committed to excluding from its investment scope all equities, 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 also 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

Issuers involved are all entities, whether listed or unlisted, that are proven to contravene the main principles of internationally established standards (United Nations, OECD) as regards:

- human rights,
- labor rights,
- environmental protection,
- business ethics.

### 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.

### 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>1</sup>
- 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](http://www.ostrum.com)

<sup>1</sup> <http://www.ostrum.com/en-INT/About-us/Our-CSR-strategy/Responsible-investment/Exclusion-policy>

## 4. Approval process

### Owner entity: Portfolio management department

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

##### Date

First name and last name: Ibrahima Kobar 01/22/2020

#### Comments

##### By

##### Date

##### Compliance

First name and last name: Catherine Puaud-Wallez 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

Version number	Date of update	Comments
Version 1	01/27/2020	Drafted by Ostrum AM

# 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](http://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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