

# 2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

# EDITORIAL



2020 was characterized by a series of transformations here at Ostrum Asset Management, while we also made considerable strides forward in a number of areas. Against the backdrop of an unprecedented pandemic, we successfully staged our business combination with teams at La Banque Postale Asset Management and launched our new tagline – *Enhancing your power to act* – reflecting 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. In this respect, we hit a number of milestones in our CSR policy in 2020, attesting to our determination. We ramped up our coal exit policy and will pursue our sector policies on oil and gas in 2021. We developed our expertise and exposure on green, sustainability and social bonds. We also made strong progress in achieving SRI accreditations for our open-ended funds and drew on constant dialogue to bolster our engagement with bond issuers. Our people are the main protagonists in our responsible investment approach, so we are committed to supporting them in developing their expertise, offering training programs on ESG challenges for all our teams this year as well as additional training in this area for our specialist staff.

Promoting diversity and inclusion will be one of our priorities for 2021: I resolutely believe that by mobilizing our talents and fostering engagement for each and every one of us, we can enhance our positive impact on the society we live in.



**Philippe Setbon,**  
Chief Executive Officer of Ostrum Asset Management



## CONTENTS



### P.4 OUR COMPANY

- P.6 Ostrum AM in a nutshell
- P.8 Business combination: a new era
- P.9 Constant dialogue with our stakeholders
- P.10 Balanced governance
- P.12 Our key CSR achievements in 2020

### P.14 OUR PEOPLE ARE THE DRIVING FORCES BEHIND OUR TRANSFORMATION

- P.16 Safeguarding social cohesion during the Covid-19 crisis
- P.18 Supporting our staff in their day-to-day working experience
- P.19 Developing our staff's skills
- P.21 Promoting diversity and inclusion



### P.24 INFORMING OUR CLIENTS AND SUPPORTING THEM IN THEIR RESPONSIBLE INVESTMENT

- P.26 A 360-degree approach to support our clients' ESG policies
- P.28 Responsible management for open-ended funds
- P.29 Bolstering integration of ESG criteria in our investment management policy
- P.30 Robust sector policy
- P.31 A tailored range of SRI and ESG products



### P.32 SUPPORTING ISSUERS IN THEIR TRANSFORMATION

- P.34 Our engagement policy
- P.35 Bolstering our engagement as shareholder and bond investor
- P.37 Stringent and exacting voting policy



### P.38 PROMOTING BEST PRACTICES ON THE FINANCIAL MARKET

- P.40 Developing our SRI accreditations
- P.41 Awards for our responsible approach
- P.42 Committed to defining CSR and SRI standards
- P.43 Supporting collaborative engagement



### P.44 A POSITIVE IMPACT ON OUR ECOSYSTEM

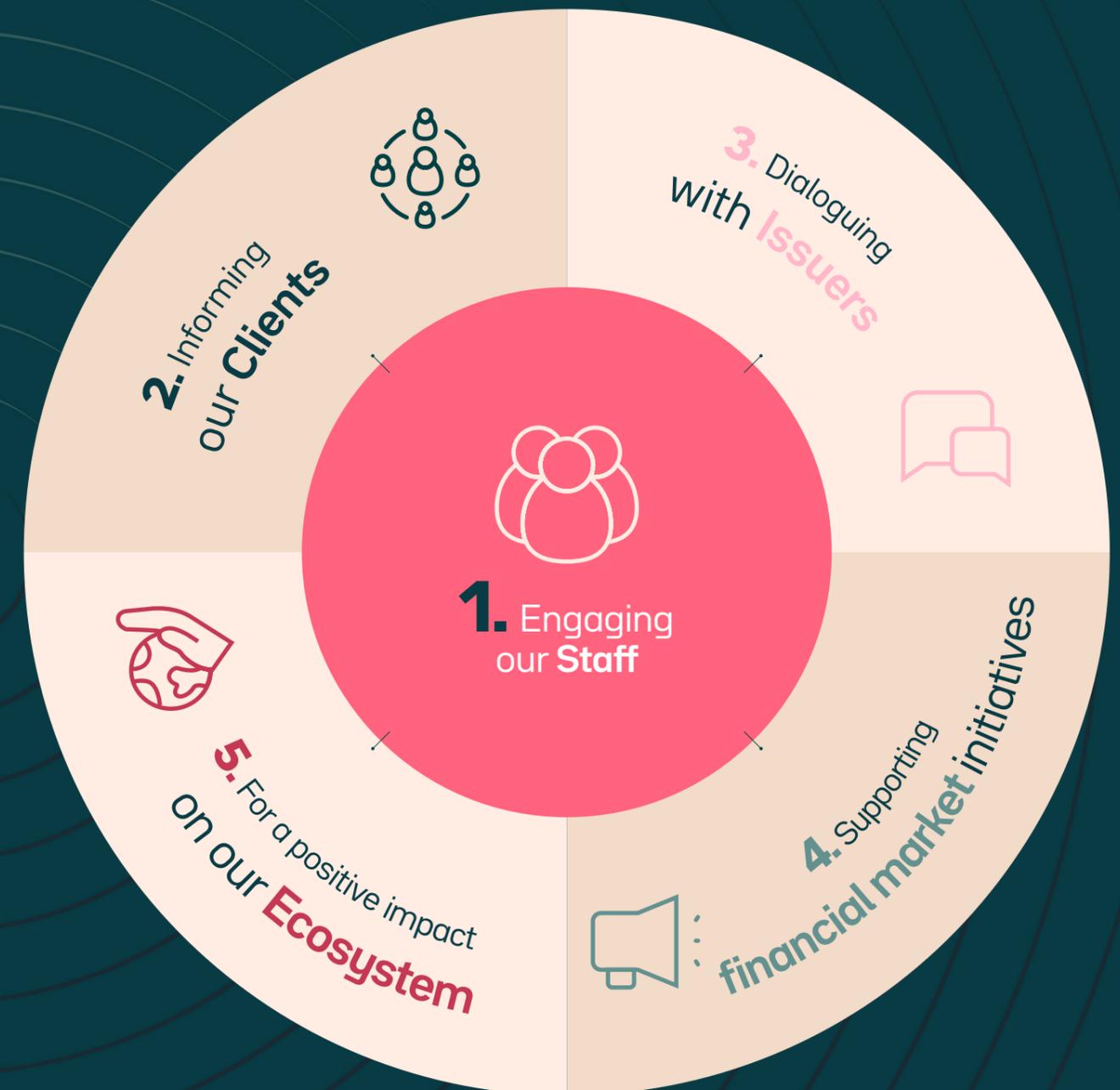
- P.46 Portfolio management: acting for the climate
- P.47 Coal: an ambitious sector policy
- P.49 Promoting responsible practices from our suppliers
- P.50 Measuring, reducing and offsetting our carbon footprint
- P.52 Displaying solidarity in our sponsorship programs



# OUR COMPANY

Ostrum Asset Management (Ostrum AM) has long been committed to the development of responsible investment. We have placed social responsibility at the very center of our investment management business and at the heart of the way we run our company. Here at Ostrum AM, we firmly believe that a company's CSR policy is truly reflected in the actions of its people, and so we strive to develop our positive impact as an employer and foster our staff's engagement, making them the key drivers of our responsible approach.

## OUR CORPORATE RESPONSIBILITY: SUPPORTING TRANSFORMATION



# OSTRUM AM IN A NUTSHELL



**LEADING PLAYER  
IN EUROPE**

**€448 billion**  
in assets under management

including  
**€340 billion**  
for insurance-related  
management

**€581 billion**  
of assets administered  
on the services platform



**DUAL OFFER: ASSET  
MANAGEMENT AND  
SERVICES PLATFORM**



**Extensive range  
of fixed-income  
strategies and insurance  
management solutions**



**Modular services  
platform  
tried-and-tested for more  
than 10 years**



**GO-TO PARTNER FOR  
EUROPEAN INVESTORS**

**35 years**  
of trusted relationships  
with our clients

**>25**  
insurer clients  
in Europe

Source: figures at 12/31/2020, Ostrum AM.

## A COMMENDED RESPONSIBLE APPROACH<sup>1</sup>

Ostrum AM achieved a number of awards and rankings in 2020, applauding the high quality of our investment management and our ESG approach.

**2020 PRI<sup>2</sup>:**  
scores of A to A+  
for all our asset classes under  
management



**25 funds**  
with SRI  
accreditations

**The quality**  
of our updated coal policy was  
commended by Reclaim Finance<sup>3</sup>

**Award**  
Ostrum AM achieved the award for  
Best regional company in the money  
market category from Quantalys  
Inside 2020<sup>5</sup>

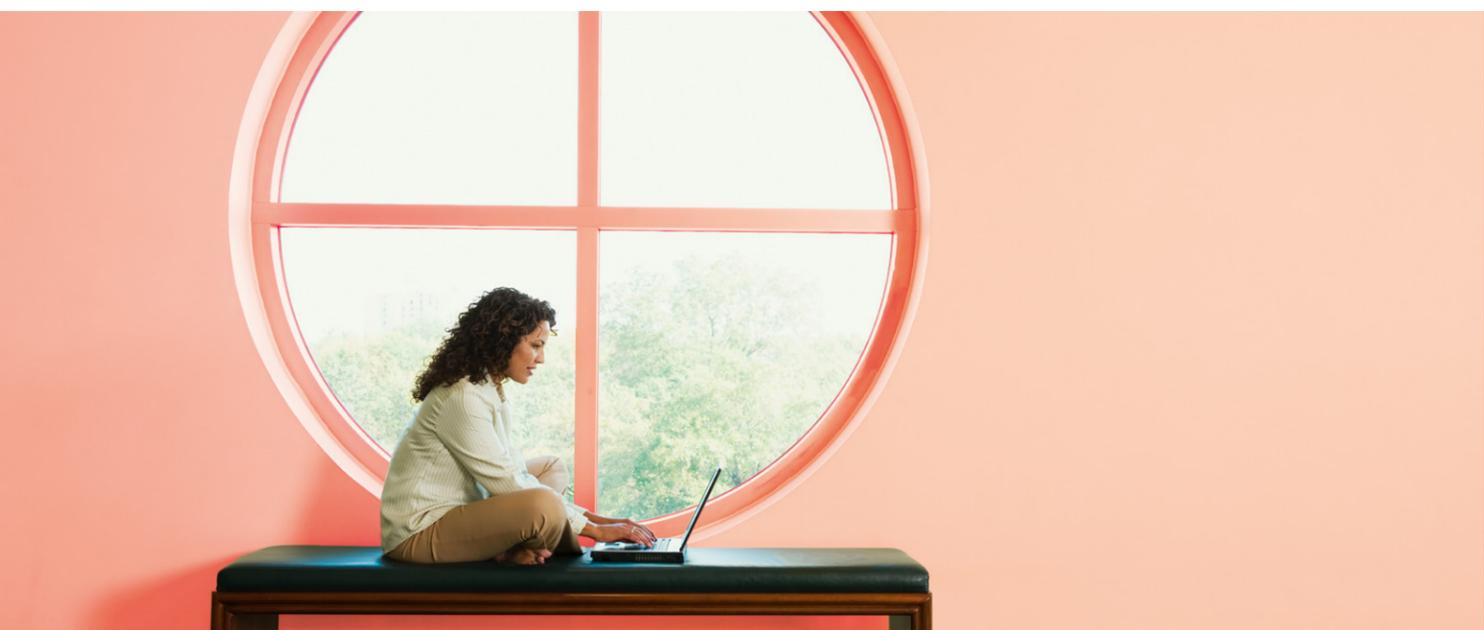
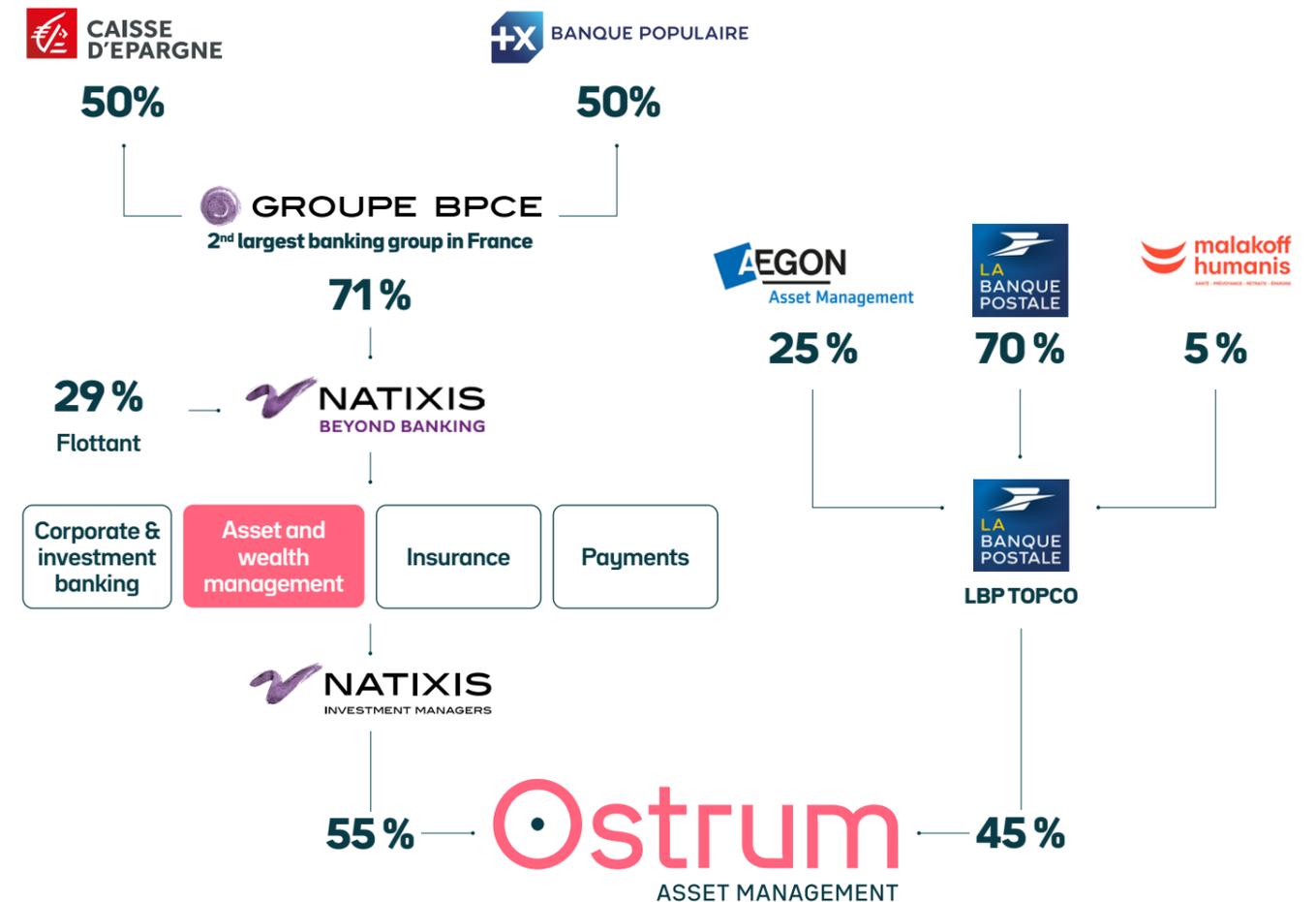
**AAA**  
score awarded by Citywire  
for our ABS management<sup>4</sup>




2020      2021

<sup>1</sup> References to a ranking, award or rating are not indicative of the future results of the fund or fund manager  
<sup>2</sup> <https://www.unpri.org/signatories/reporting-and-assessment>  
<sup>3</sup> <https://coalpolicytool.org/>  
<sup>4</sup> <https://citywire.fr/news/ratings-and-rankings/list>  
<sup>5</sup> <https://www.quantalys.com/>

## OUR SHAREHOLDING STRUCTURE



# BUSINESS COMBINATION: A NEW ERA

On October 31, 2020, Ostrum AM and La Banque Postale Asset Management (LBP AM) completed the combination of their fixed-income and insurance-related asset management businesses, creating a new European asset management leader with more than €448 billion in assets under management [source Ostrum AM at 12/31/2020]. Ostrum AM now provides two distinct and independent offerings: asset management and investment services.

## NEW BRAND POSITIONING FOR A NEW VISION

To embody this change and support the company's growth ambitions, Ostrum AM evolved its positioning and identity. Its new tagline "Enhancing your power to act" refers to the meaning of Ostrum AM's mission: to support its clients in delivering on their commitments to their own clients and in underpinning the long-term goals, health and retirement of European citizens. This ambition is a natural extension of Ostrum AM's longstanding commitment to sustainable development and responsible investment over the past more than 35 years<sup>1</sup>.



*As they join forces, Natixis and La Banque Postale have undertaken an ambitious growth strategy for Ostrum AM. By combining excellence in investment and modular services, we are completely reinventing the way we serve liability-driven investors.*

**Mathieu Cheula,**  
Deputy Chief Executive  
Officer of Ostrum AM

## OUR APPROACH



# CONSTANT DIALOGUE WITH OUR STAKEHOLDERS

Ostrum AM pursues close dialogue with all our stakeholders – clients, shareholders, employees, suppliers and associations – to further increase the positive impact of our activities on broader society.

Stakeholders	Relationships
 <h3>Clients</h3> <ul style="list-style-type: none"> <li>• Corporates</li> <li>• Institutional investors</li> <li>• Distribution platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Answering questionnaires</li> <li>• Calls for tender and management proposals</li> <li>• Consulting, product development and management</li> <li>• Creating and amending contracts</li> <li>• Economic and financial communications and information</li> <li>• Management, credit, SRI and product monitoring committees</li> <li>• Seminars, working meetings</li> <li>• Informal discussions, client lunches</li> <li>• Site visits</li> <li>• Operational due diligence</li> </ul>
 <h3>Employees</h3> <ul style="list-style-type: none"> <li>• Employees of Ostrum AM</li> <li>• Staff and union representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Internal information media, information meetings, informal discussions</li> <li>• Monthly staff meetings</li> <li>• Conferences</li> <li>• Specific committees e.g. Committee for Hygiene, Safety and Working Conditions - CHSCT</li> </ul>
 <h3>Shareholders</h3> <ul style="list-style-type: none"> <li>• Natixis, Natixis Investment Managers (NIM) and LBP AM shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Several shareholders</li> <li>• Ostrum AM's CEO sits on the Natixis Investment Managers management committee</li> <li>• Multiple meetings and committees</li> </ul>
 <h3>Institutional bodies, regulators</h3> <ul style="list-style-type: none"> <li>• Financial regulatory bodies</li> <li>• Market bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation in several national and international market groups and bodies.</li> <li>• Sharing of information and documents for control and audit purposes</li> </ul>
 <h3>Associations</h3> <ul style="list-style-type: none"> <li>• Planète Urgence</li> <li>• Sciences Po Accessible</li> </ul>	<ul style="list-style-type: none"> <li>• Presentation of associations to staff</li> <li>• Forums, presentations by Ostrum AM</li> <li>• Discussions and skills sponsorship</li> </ul>
 <h3>Universities and schools</h3> <ul style="list-style-type: none"> <li>• Business and finance schools and universities</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership: mentoring, student presentations, forums</li> <li>• Hiring of interns and students on work-study or apprenticeship contracts</li> </ul>
 <h3>Issuers</h3> <ul style="list-style-type: none"> <li>• Equities</li> <li>• Corporate debt</li> <li>• Sovereign debt</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in shareholder meetings, dialogue with companies</li> </ul>

<sup>1</sup> Via capital operations that led to the creation of Ostrum AM on October 1, 2018.

# BALANCED GOVERNANCE

Ostrum AM's corporate governance is designed to ensure the independent management of our business and products, while promoting the long-term interests of our clients, the company and our stakeholders. In accordance with the principles of governance for subsidiaries in the Natixis integrated scope, along with our regulatory requirements, our set-up is based on a structure with a board of directors and senior management to ensure a balance of powers between supervisory bodies and executive management.

## OUR BOARD OF DIRECTORS AT 12/31/2020

Ostrum AM's board of directors is chaired by Jean Raby<sup>1</sup> and consists of 11 members. The body ensures balanced representation between our shareholding group Natixis (integrated scope), and our retail banking network partners, while the presence of two representatives from the economic and social unit further promotes this balance: they attend board meetings as non-voting participants. The role of the board of directors is to ensure the independence of senior management in the performance of its duties, in the long-term interests of the company and its shareholders. The board also ensures the highest quality of service for the company's distributor clients, particularly the Banque Populaire and Caisse d'Epargne retail banking networks.

### Chair of the Board of Directors at 12/31/2020

**Jean Raby<sup>1</sup>**

Chief Executive Officer of Natixis Investment Managers

### Directors

**Cyril Marie**

Chief Financial Officer and Head of Strategy and Corporate Development of Natixis Investment Managers

**Véronique Sani**

Chief Operating Officer of Natixis

**Sarah Russell**

member of the Supervisory Board and Chairman of the Audit Committee of The Currency Exchange Fund NV (Netherlands), Member of the Board of Directors and Chairman of the Audit Committee of Nordea Bank Abp, Finland

**Estelle Castres**

Co-Head of Western Europe, Head of Key Insurance Clients, Head of Institutional Channel at Natixis Investment Managers International

**Christiane Marcellier**

Chair and Founder of JD4C Conseil

**Tony Blanco**

General Secretary and member of the Executive Board at la Banque Postale

**Philippe Heim**

Chairman of the Executive Board of La Banque Postale

**BPCE** represented by **Hélène Madar**

Director of Offers at BPCE

**Joseph Pinto**

Global Chief Operating Officer of Natixis Investment Managers

**LBP AM Holding** represented by **Emmanuelle Mourey**

CEO of La Banque Postale Asset Management

### A key role on ESG & climate matters

The board of directors approves strategic decisions, including matters involving our duty as a responsible asset manager. By way of example, our revised coal exit strategy was presented to the members of the board and approved by the body.

<sup>1</sup> Jean Raby resigned on April 12, 2021

## OUR MANAGEMENT TEAM

Ostrum Asset Management is led by Chief Executive Officer Philippe Setbon, supported by Deputy Chief Executive Officer Mathieu Cheula. The executive committee comprises nine members, who represent our business lines and key functions: it is tasked with collegial and cross-business consideration of the company's strategic goals. The committee meets once each week.



**Philippe Setbon**  
Chief Executive Officer



**Mathieu Cheula**  
Deputy Chief Executive Officer



**Guillaume Abel**  
Head of Development



**Rémi Ardaillou**  
Head of Risk



**Ibrahima Kobar**  
Chief Investment Officer



**Gaëlle Mallejac<sup>1</sup>**  
Head of Portfolio Management for Insurance and ALM Solutions



**Emmanuelle Portelle**  
Head of Permanent Control



**Julien Raimbault**  
Head of Operations & Technologies



**Sylvie Soulière Guidat**  
Head of Human Resources

<sup>1</sup> Gaëlle Mallejac joined Ostrum AM on 05/25/2021.

# OUR KEY CSR ACHIEVEMENTS IN 2020

Here at Ostrum AM, we draw on our social responsibility strategy to support transformation for our clients and society as a whole. We are committed to developing our responsible investment management strategy and conducting our role to the highest standards as a company and an employer. Our staff form the cornerstone in this strategy, as they closely support both clients and issuers, while simultaneously driving and drawing on this approach.



## 1. ENGAGING OUR STAFF



## 2. INFORMING OUR CLIENTS



## 3. DIALOGUING WITH ISSUERS



## 4. SUPPORTING FINANCIAL MARKET INITIATIVES



## 5. FOR A POSITIVE IMPACT ON OUR ECOSYSTEM



# OUR PEOPLE ARE THE DRIVING FORCES BEHIND OUR TRANSFORMATION

Here at Ostrum Asset Management (Ostrum AM), we have placed our staff resolutely at the center of our CSR strategy as we support the transformation of our businesses. We rolled out a raft of exceptional measures to address the unprecedented environment we witnessed in 2020, characterized by the Covid-19 crisis, as well as the business combination with La Banque Postale Asset Management (LBP AM). We strove to provide the best possible working conditions for our people, and support the arrival of our new staff, as we continued to implement our responsible employer policy, with a view to promoting diversity in our teams and supporting each and every one of our staff in developing their skills.



**354**  
employees

**63%**  
men



**37%**  
women

**93/100**

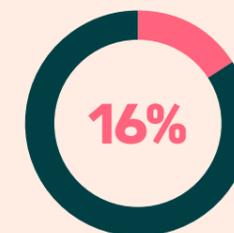
in the French Gender Equality Index

**45**  
is the average age

**13.7**  
years' seniority on average<sup>1</sup>



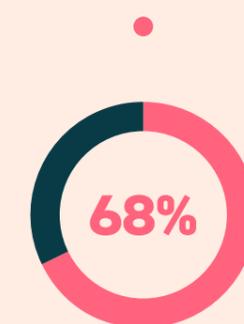
**6.7%**  
of our staff are students on work-study programs



of staff are aged 55 or over



**5,193**  
hours of training dispensed<sup>2</sup>



of staff telework (excluding work remotely due to Covid-19)

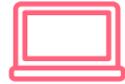
Source: Ostrum AM

<sup>1</sup>Based on permanent staff numbers

<sup>2</sup>This figure includes all employees who received training from Ostrum AM in 2020, including those who left the company at the end of 2020.

# SAFEGUARDING SOCIAL COHESION DURING THE COVID-19 CRISIS

Ostrum AM adapted its practices in real time to tackle the Covid-19 pandemic, with a priority focus on safeguarding our staff's health while ensuring business continuity. Remote working was already practiced broadly within the company since 2015, and our business continuity plan (BCP) then extended this program to all types of work contracts. We rolled out a slew of initiatives to support remote working, keep teams connected and ward off psychosocial risks during this unprecedented period.



## SUPPORTING REMOTE WORKING

- **Training sessions and webinars** for staff and managers (managing teams remotely, teleworking, stress management, etc.)
- **Training sessions** on collaborative digital tools (Teams, etc.)



## WARDING OFF PSYCHOSOCIAL RISKS

- **Frequent short surveys** to "take the pulse" with teams were conducted with **Your Pulse**.
- A support and assistance program by phone or videoconference was provided with **Axis Mundi**.
- A free and confidential remote medical consultation platform was made accessible 24/7 (**MédecinDirect**).
- **A counselling helpline service was set up by Natixis (La Ligne)** to talk to a counsellor by phone 24/7 all year round, free of charge.



of Ostrum AM's employees were able to work remotely as part of our business continuity plan



## COMMUNICATING AND STAYING CONNECTED

- **A coronavirus information intranet** was developed by Natixis to share useful information on the crisis
- **Discussion sessions** were organized with the executive committee once a month
- **The Ostrum@Home** weekly newsletter was designed to share the latest news from Ostrum AM
- **Virtual breakfast meetings** were set up between the CEO and teams
- **HR corners** were organized from March onwards to help managers and staff stay connected

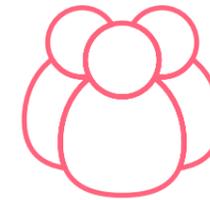


*The online events – like the HR corner – were really useful in helping us stay connected during lockdown. They were an opportunity for me to talk about the difficulties I experienced and come up with some solutions to address them. They also helped me keep in touch with my team and better manage the way I organize my work. We successfully managed to adapt remotely!*

**Charles Constant,**  
Head of portfolios controls

# MOBILIZING OUR PEOPLE TO SUPPORT OUR BUSINESS COMBINATION

The combination of Ostrum AM's and LBP AM's fixed-income and insurance-related investment management operations was finalized in November 2020 and involved the arrival of more than a hundred staff to our teams. We rolled out an extensive – and remote – onboarding program to welcome them under the best possible circumstances and help them engage in their new environment in an unprecedented context.



105

staff joined Ostrum AM following the business combination with LBP AM



*2020 saw teams at Ostrum AM and LBP AM come together, while 2021 will be the year to consolidate our people's engagement by building our new corporate culture together. We will draw on our group's values to develop Ostrum AM's unique corporate culture and reflect our own identity and experience.*



**Sylvie Soulière Guidat,**  
Head of Human Resources

## 1. Prepare

**Regular communication** on the various stages of the business combination in an all-staff **newsletter** and a meeting with members of the **executive committee**

**HR corners** to answer questions from staff and managers

## 2. Welcome

**A virtual visit of the Ostrum AM offices and a visit** in small groups when IT tools were handed out

**An onboarding booklet** to introduce staff to their new working environment

## 3. Support

**A buddy** to support each newcomer in settling into the company day-to-day

**Training programs** on business line, communications and HR tools



*The business combination raised a twofold challenge for me as a manager – we were bringing together teams with different ways of working and diverse business cultures, with the whole process happening remotely to boot! Engagement from all our teams – both at Ostrum AM and LBP AM – was crucial in making this move a success.*



**Alexandre Caminade,**  
CIO Rates, Aggregate & Total Return

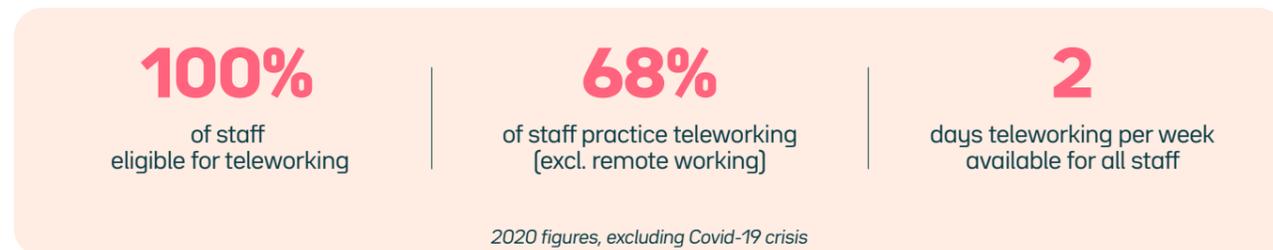


# SUPPORTING OUR STAFF IN THEIR DAY-TO-DAY WORKING EXPERIENCE

With our work and personal lives increasingly overlapping – particularly during the recent Covid-19 crisis – Ostrum AM has developed working arrangements to build an environment that fosters staff engagement and ensures an enhanced work-life balance, both in the office and when working remotely.

## PROMOTING TELEWORKING

Ostrum AM has promoted the development of teleworking since 2015, as it aims to support employees in organizing their schedule fully independently, while remaining flexible in the way teams organize their work. We had already made considerable headway in remote working over recent years – particularly in the use of remote working tools – enabling us to be fully operational when the country went into lockdown in March 2020.



## A RANGE OF SERVICES FOR OUR STAFF'S WELLBEING

A concierge service, gym and a range of other services are available in our offices to support our staff and make Ostrum AM a great place to work.

- Concierge service**  
dry cleaning service, hairdresser, beautician, sale of day-to-day objects: our concierge service offers a range of services in the Ostrum AM building to facilitate our staff's daily lives
- A network of children's daycare facilities**  
is provided to help parents, with access to a number of slots in 1,900 daycare centers (Babilou, 1001 crèches) as well as the Babirelais service for occasional daycare needs
- A gym**  
is available for staff in the BPCE building to help them take care of their health
- A secure bike parking lot**  
is available for employees, to encourage non-motorized mobility

## COLLABORATIVE WORK SPACES

Our work spaces have been designed to adapt fully to our staff's range of work needs, support communication between our people and encourage community, while also providing areas for calm and concentration.

- Open work spaces** to promote communication and give all our people the kind of areas they need depending on their working requirements
- So-called bubbles** for confidential conversations and individual quiet work
- A range of collective spaces** for more relaxed moments

# DEVELOPING OUR STAFF'S SKILLS

In a fast-changing market, developing our staff's skills and furthering their knowledge are crucial drivers for both our current and future performance, helping us maintain our leadership and our innovation capabilities, while constantly offering each and every one of our people new career prospects.

## DEVELOPING CORE BUSINESS SKILLS

We are committed to supporting our staff's skills development and developing their employability, as we offer courses to prepare for industry-recognized certifications and qualifications.



## TRAINING PROGRAM TAILORED TO ESG CHALLENGES<sup>1</sup>

Sustainable finance and responsible investment are crucial components of our business, so with this in mind, Ostrum AM set out an ambitious training program in 2020 with a view to giving all our people a solid grounding in CSR as well as the ESG challenges facing the asset management industry. Additionally, an expert training course was offered to our client-facing investment management staff to help them consolidate their insight into responsible investment, covering regulation, risk management, etc.

- Raising awareness on CSR and general ESG training program**  
100% of Ostrum AM staff
- Expert training program on responsible investment**  
Portfolio managers, analysts and client-facing staff

<b>91.5%</b> of staff have received training <sup>2</sup>	<b>5,193</b> hours of training dispensed, with 13% of this in e-learning courses
---	--

**4** conferences devoted to product specialists and analysts (exclusion policy, ESG integration, collaborative engagements, etc.)

● training courses leading to certifications and qualifications ● general courses ● business specialty ● languages ● other courses ● office/IT

## OUR GOALS FOR 2021

- Train our staff on biodiversity challenges**
- Draw on Natixis' values to co-develop our cultural transformation**
- Further anchor our responsible company engagements in our teams' day-to-day work via fresh concrete initiatives**

<sup>1</sup> Environmental, Social and Governance

<sup>2</sup> This figure includes all employees who received training from Ostrum AM in 2020, including those who left the company at the end of 2020.

# SOCIAL PRACTICES TO FOSTER ENGAGEMENT

Our staff's engagement here at Ostrum AM is the true cornerstone of our success. Our social practices align with policies at our parent company Natixis and embody our determination to safeguard our people's wellbeing, drawing on a fair and attractive compensation policy, responsible working time practices and transparent social dialogue.

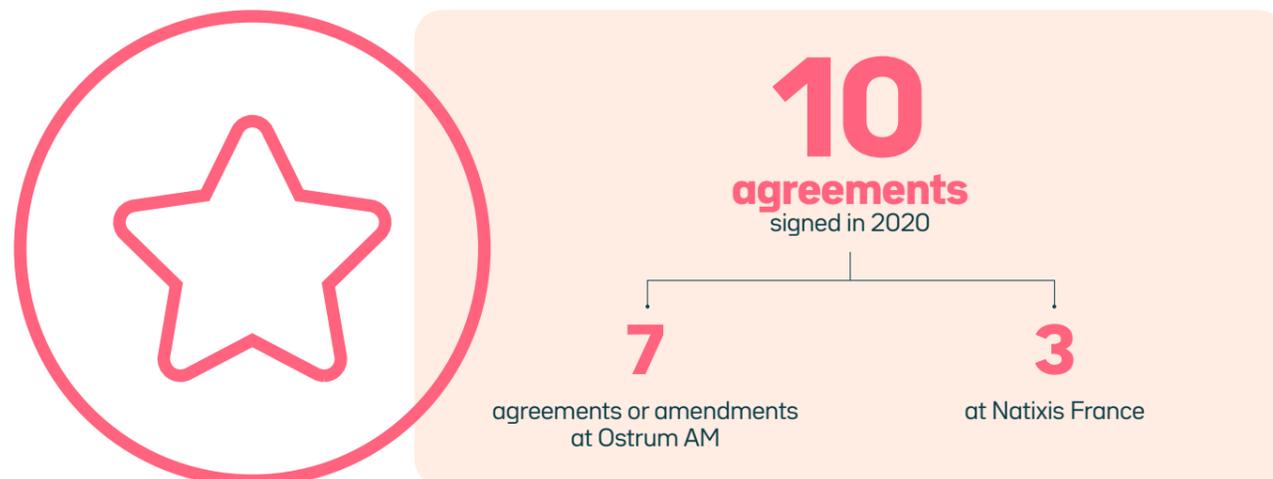
## AN ATTRACTIVE COMPENSATION POLICY

Our compensation policy ensures that our staff can benefit from our company's success, as we take a fair and transparent approach, and foster employee loyalty for the long term. Our policy is built on three crucial principles, strictly complying with regulation and particularly legislation on gender equality and non-discrimination:

- 1. Selective and attractive compensation** which includes a loyalty program for high-performance staff.
- 2. A fixed compensation system** in line with market practices, along with performance-related remuneration, based on quantitative and qualitative criteria that reflect individual performance.
- 3. Collective compensation programs** to help our people benefit from our success and promote alignment of interests.

## TRANSPARENT SOCIAL DIALOGUE

Ostrum AM is committed to communicating closely with its staff and taking account of their interests in strategic decisions. Our social dialogue draws on employee representative bodies in the Natixis Investment Managers economic and social unit, devoted to asset management businesses. Staff representative coordinators in Natixis Investment Managers' economic and social unit are management's key discussion partners in organizing social dialogue. Additionally, Ostrum AM is part of the Natixis integrated scope and therefore also benefits from agreements signed by Natixis' staff representatives. Our social dialogue also involves listening and transparently sharing information right throughout the year, via information meetings, informal discussions between management and teams, and HR corners.



# PROMOTING DIVERSITY AND INCLUSION

Our people's diversity is a true source of innovation and creativity for our company, so Ostrum AM has placed inclusion at the very center of our human resources policy as we strive to ensure that each of our staff can fully unlock their talent.

## SUPPORTING WOMEN'S CAREERS TO PROMOTE GENDER DIVERSITY

Ostrum AM takes concrete action at each step in our staff's careers – from recruitment to training, as well as compensation and career management – to promote gender diversity in our teams and eliminate gender inequality.



### Promoting diversity in recruitment

Ostrum AM is committed to working with students to promote careers in finance, and takes part in the Shadowing Day as part of the Women in Finance program, when our female staff welcome around fifty female students to help them find out more about our businesses.



### Accelerating women's careers

Ostrum AM supports its female talents in their career paths to promote gender diversity on a sustainable basis, raising awareness among managers. WINN – Natixis' women's network – was set up in 2012 to promote gender diversity in leadership circles within the company and attract and retain our female talents. Ostrum AM also takes part in Natixis' annual Women's Sponsorship Program, aiming at developing women's skills, supporting them in their career goals and encouraging them to raise their profile in the company.



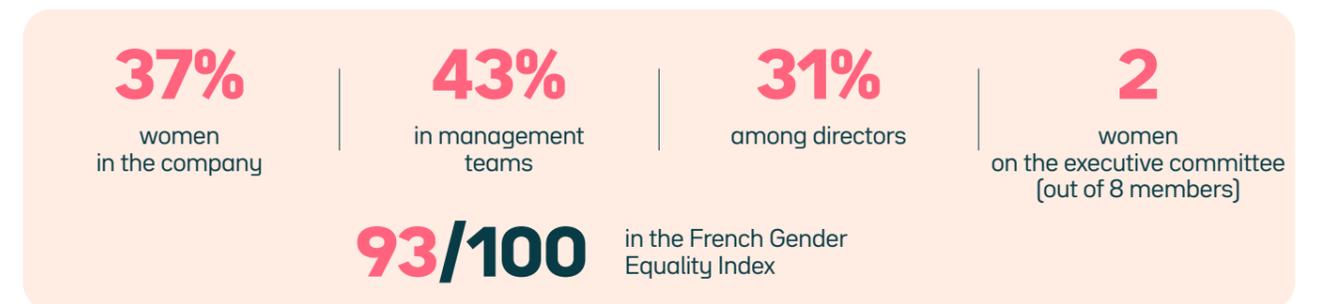
### Ensuring wage equality

Ostrum AM sets aside a specific budget each year to close the gender wage gap, while all women returning from maternity leave also have a wage review.



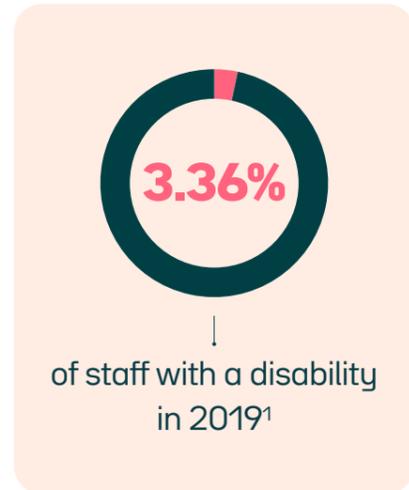
### Communicating and raising awareness

Our diversity indicators are regularly published to all our staff to raise awareness on the importance of gender diversity issues. A program on the prevention of sexist behavior is implemented across Natixis.



## DISABILITY: WELCOMING ALL TALENTS IN OUR COMPANY

Each and every one of us may experience disability to some extent and on a temporary or permanent basis at any stage in our lives. As a community, we are committed to better understanding disabilities in the workplace, limiting the effects on working conditions for our staff and supporting them in their careers. We have five key priorities for action, as outlined in the agreement signed in 2019:



### 1. Recruiting and onboarding

We draw on **HandiFormaFinance**, a financial market-wide program driven by Ostrum AM and supported by AGEFIPH<sup>2</sup> that seeks to promote access to finance roles for staff with disabilities by means of tailored training programs.

We are involved in **devoted partnerships and initiatives** i.e. Sciences Po Accessible, forums, presentations of our business lines to young people with disabilities, etc.

### 2. Adapting working conditions

We make our premises more accessible.

We adapt workstations i.e. workstation ergonomics, financing for specific equipment, etc.

We ensure **close support** for staff from the occupational health officer, the social worker and the company disability advisor.

### 3. Supporting companies in the protected work sector

We opt to work with companies in the protected work sector where possible, in cooperation with the team in charge of these aspects at Natixis.

### 4. Challenging perceptions on disability

We regularly take part in events, conferences and training courses provided by Natixis. At the 2020 Handi'Days, a webseries to raise awareness, along with a competition were provided for staff.

### 5. Supporting families

We offer specific support to staff who have a close family member with a disability.

<sup>1</sup> Following legislative changes in calculation and declaration methods, the direct employment rate in 2020 is currently being calculated.

<sup>2</sup> Association for the Management of Funds for the Vocational Integration of Disabled People (*Association des Gestion du Fonds pour l'Insertion Professionnelle des Personnes Handicapées*) - <https://www.agefiph.fr/articles/propos-de-lagefiph/la-mission-de-lagefiph-ouvrir-lemploi-aux-personnes-handicapées> (website in French only)

## SUPPORTING INCLUSION FOR LGBT+ STAFF

Ostrum AM supports the **All Equals** network, an organization devoted to promoting the inclusion of LGBT+ staff at Natixis launched in 2020. The network is open to all staff, regardless of their sexual orientation, gender identity, location or business line, and strives to prevent any form of discrimination in the company, as well as rolling out programs to raise awareness across all our geographies. [all-equals.com](http://all-equals.com)



## PAVING THE WAY FOR OUR YOUNG STAFF, DRAWING ON THE EXPERIENCE OF OUR SENIOR EMPLOYEES

Here at Ostrum AM, we believe that a diverse range of career paths and experience brings true value to our company, as we roll out a raft of initiatives to promote age diversity. We are committed to attracting young talents and drawing on the experience of our more senior staff. These actions are part of our overall agreement signed by Natixis in 2013 and extended in 2017, including a generation contract.



### Paving the way for young graduates

- We focus on the **under-30 age group** for a significant portion of our hires
- We develop **work-study programs** and professional training contracts
- We offer **integration days** for junior profiles



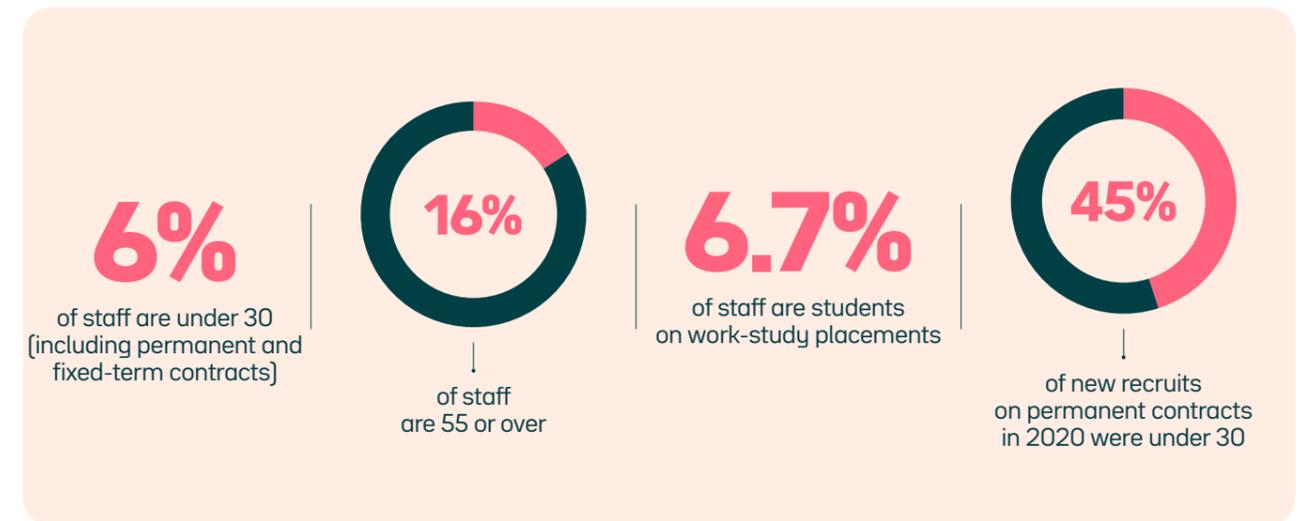
### Keeping senior staff in the workplace

- We offer **career management training and support services** for our staff aged over 55
- We facilitate access to **part-time work** for staff over 58



### Accompanying our staff towards retirement

- A **conference on retirement** is organized for all staff at Natixis aged over 57 every year
- An **individual meeting** is available for all staff who wish
- We promote our **skills sponsorship program** to facilitate the transition from work to retirement



### OUR GOALS FOR 2021

Conduct a third-party assessment to develop our future areas for improvement

Provide all staff with training on inclusion and unconscious bias in the workplace

# INFORMING OUR CLIENTS AND SUPPORTING THEM IN THEIR RESPONSIBLE INVESTMENT

Client satisfaction is a key goal for us all in our role as a responsible asset manager, as we consistently strive to meet their requirements and support them on a daily basis in incorporating ESG criteria into their investment policies. We stand alongside our clients at each stage in their responsible investment management processes and provide tailored solutions to meet their goals and address their constraints in today's demanding regulatory environment. We ensure optimum transparency in our client communication in terms of the methodology we use for investments and extensive data reports we provide.

## INTEGRATION OF ESG CRITERIA IN 2020



↓  
of our assets incorporate  
ESG criteria

↓  
i.e.  
**€410bn**



**€14.5bn**

of our AuM in green, social and  
sustainability bonds

---

**€42.5bn**

in our SRI  
accredited funds<sup>1</sup>

## OUR TRIED-AND-TESTED GREaT METHODOLOGY

**> 70**

non-financial indicators  
to analyze issuers' engagement



# A 360-DEGREE APPROACH TO SUPPORT OUR CLIENTS' ESG POLICIES

Supporting our clients is the keystone in our CSR approach, as we seek to inform, accompany and advise them at every stage in their ESG programs, from defining their policies to complying with regulation.

## 1. DEFINING ESG POLICIES

All decisions regarding exclusions, accreditations and sector policies have an impact on investments and our portfolios' performances, so we are constantly on hand to support clients in their decision-making with a view to developing with them ESG policies that combine their duty of stewardship to their own clients with their responsibility as investors.

## 2. DEVELOPING SRI ACCREDITATIONS

We stepped up our program to achieve accreditations for our open-ended funds in 2020, covering 63% of our assets under management at 12/31/2020 (cf. page 40). We are actively pursuing this program on our open-ended funds and achieve accreditations for investments mandates and dedicated funds on client request.

## 3. ACCOMPANYING THE IMPLEMENTATION OF REGULATION

Taxonomy<sup>1</sup>, SFDR<sup>2</sup>, Energy Climate Law<sup>3</sup>: regulation on sustainable finance is stepping up in France and Europe to address environmental and social challenges. We support our clients in understanding these changes and addressing fresh regulatory requirements, in terms of their investment choices and transparent reporting.

## 4. TRANSPARENCY TO SUPPORT OUR CLIENTS

We provide regular data reports for our clients, offering a full range of information on our responsible investment policy.

### • CSR policy

CSR report

### • Reporting

ESG and carbon reporting for our funds

### • ESG policy

- Report on the French Law on Energy Transition for Green Growth
- TCFD report<sup>4</sup>
- Voting policy
- Engagement policy

- Voting report
- Engagement report
- Policy on management of sustainability risks and adverse impacts
- Sector policies

<sup>1</sup>Taxonomy: the European Taxonomy is a classification system that provides all financial market participants with a shared view of what should be considered as a green or sustainable business.

<sup>2</sup>SFDR: Sustainable Finance Disclosure Regulation

<sup>3</sup>French Energy Climate Law: this law was adopted on November 8, 2019, and sets ambitious goals for France's climate and energy policy, with the gradual phase-out of fossil fuel, the development of renewable energy, the fight against buildings that are not energy-efficient, and the development of new steering tools.

<sup>4</sup>TCFD: Task Force on Climate-related Financial Disclosures

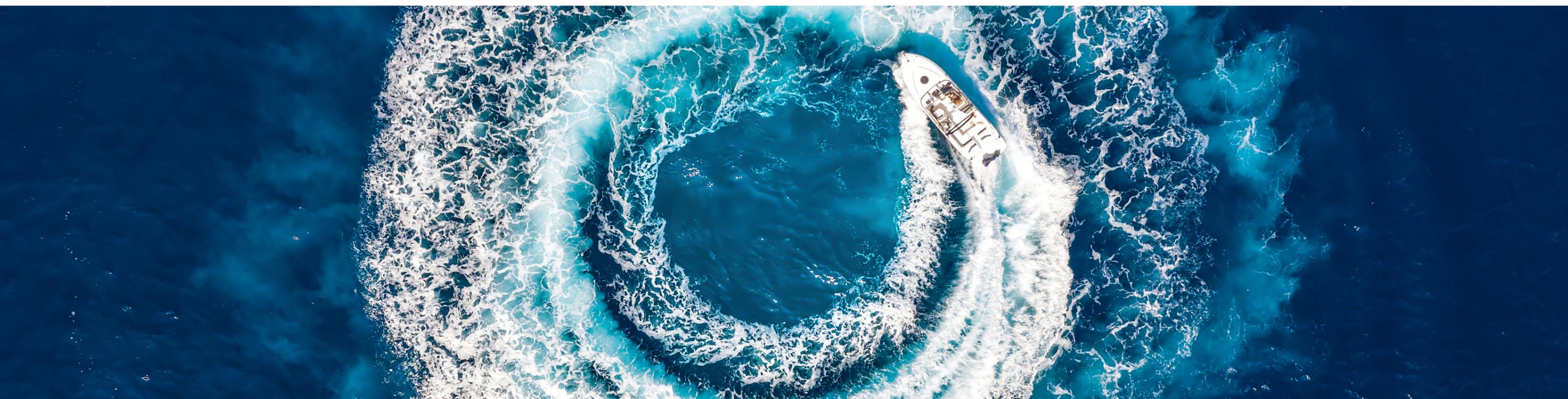
### OUR GOALS FOR 2021

Explain to 100% of our clients the methodology used to derive the temperature trajectory for portfolios

Train all portfolio managers and client-facing staff on fundamental biodiversity challenges

### OUR GOAL FOR 2021

Support 100% of our clients interested in accrediting their dedicated funds and mandates

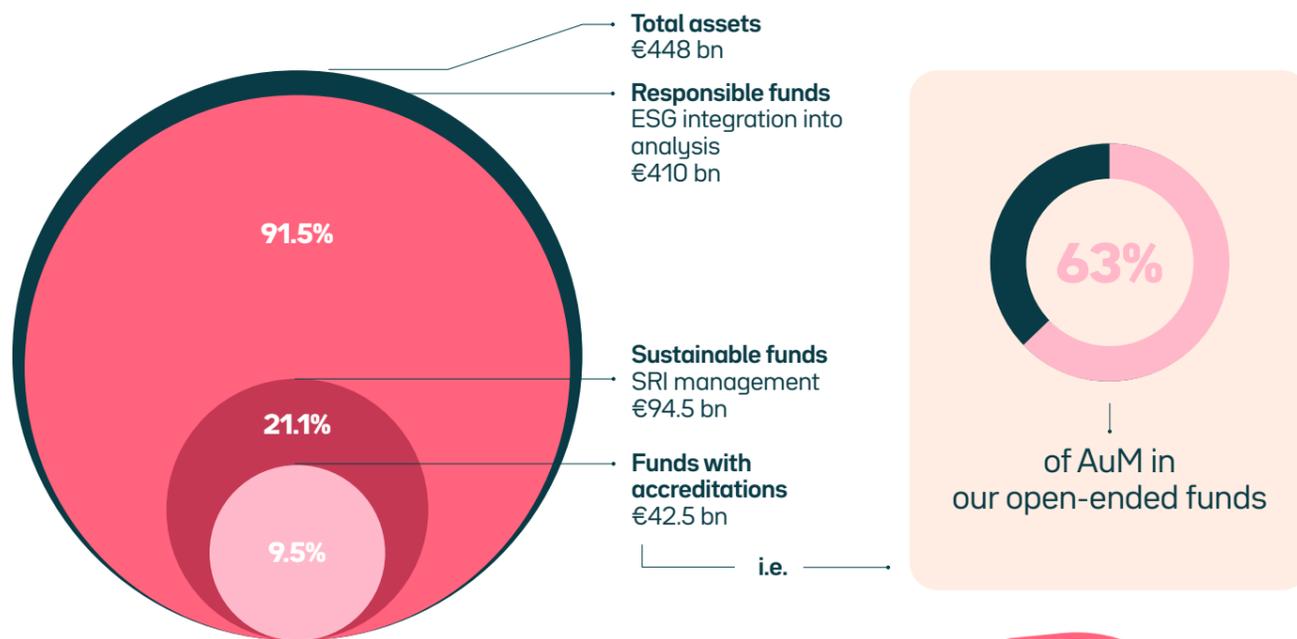


# RESPONSIBLE MANAGEMENT FOR OPEN-ENDED FUNDS

We are convinced that material non-financial criteria provide crucial information on issuers' risk profiles and their securities' performances: we therefore incorporate ESG screening into 91.5% of our assets in our open-ended funds. This comprehensive integrated ESG analysis covers the majority of our asset classes<sup>1</sup> i.e. investments in equities, credit, sovereign securities, and multi-asset. We have also developed our leadership position on responsible investment, and obtained a PRI score of A or A+ for all our asset classes under management in 2020 (cf. page 41).

## SYSTEMATIC ESG ANALYSIS

We firstly screen to exclude the worst offenders from our investment universe using our various exclusion policies (cf. page 30). Our investment teams then systematically assess non-financial factors and determine their impact on development and sustainability for each issuer, as well as the likelihood that material events will occur.



**€14.9 bn**

in our assets in green, social and sustainability bonds<sup>2</sup>

## OUR GOALS FOR 2021

Incorporate ESG criteria into financial analysis for 100% of asset classes (excl. ABS)

<sup>1</sup> Excluding ABS  
<sup>2</sup> Bonds where proceeds are used exclusively to fund or refinance projects with environmental, social and sustainability benefits.

# Bolstering integration of ESG criteria in our investment management policy

## EQUITY INVESTMENT MANAGEMENT

ESG criteria are deemed to be an integral component of a company's overall quality in equity portfolio management, with our analysis designed to address three goals:

### 1. Identify risks

Analysis of ESG dimensions further adds to traditional financial analysis by identifying long-term trends that may disrupt certain sectors.

### 2. Assess quality

ESG criteria round out our assessment of each portfolio's quality, as environmental and social risks can be deemed to flag a company's weakness. Our portfolio managers will therefore exclude companies with ESG shortcomings or harboring ESG risks.

### 3. Address more demanding requirements

We guarantee significantly stronger ESG quality that exceeds the benchmark in some portfolios and investment mandates with clear SRI requirements. Some of our equity portfolios also target an additional goal i.e. an ESG score for the portfolio surpassing the ESG score for the first four quintiles of the index: this goal is also included in the French SRI accreditation's requirements.

## BOND INVESTMENT MANAGEMENT (CREDIT RESEARCH)

Our team of credit analysts systematically factors in material non-financial information, drawing on a twofold approach:

### An issuer-by-issuer approach

to identify material non-financial aspects and hence each company's strengths and weaknesses in terms of specific ESG challenges.

### A sector approach

defined and shared by all our credit analysts in Europe, Asia and the United States.

## ANALYSIS OF SOVEREIGN RISK

Non-financial aspects are systematically taken on board in our sovereign investment processes. Our assessment methodology is built on two components including a sovereign risk assessment model developed by our quantitative engineers.

**100%**

integration of ESG criteria into sovereign investments

## 2 assessment methods combined

### Sovereign Risk Model

1. Internal vulnerability variables (unemployment rate, etc.)
2. External vulnerability variables (primary balance, etc.)
3. Extra financial material factors (control of corruption, etc.)

Horizon : Medium term

Country risk assessment

### Sovereign Debt Selection Risk Model - Sector Team

- Risk and relative value of sovereign debt
- Business and financial criteria
- Environmental Criteria
- Social criteria
- Governance criteria

Horizon : investment process

Risk and performance analysis Comparison with investment universe

## Robust sector policy

Ostrum Asset Management (Ostrum AM) has rolled out a series of strict exclusion and sector policies to exclude all sectors and issuers that do not comply with certain fundamental responsibility standards from our investment universe. Some policies apply to all our funds (weapons, blacklisted states), while others cover all our open-ended funds (coal, tobacco, worst offenders). We also offer tailored exclusion policies for our clients to support them in meeting their own individual goals.

### COAL

Ostrum AM constantly strives to improve its practices, as we ramped up our coal sector policy in 2020 (cf. page 47), with several exclusion criteria.

1. Develop new coal capacity
2. Fail to set out a coal phase-out strategy in 2021 to comply with the Paris agreement
3. Exceed the following thresholds:
  - 25% of revenue streams derived from coal production
  - 20 million tons of coal production per year
  - 10 GW in installed capacity
  - 30% energy generation from coal



### CONTROVERSIAL WEAPONS

Ostrum AM has excluded from its portfolios all companies involved in the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster bombs, in line with the Ottawa Treaty and the Oslo Convention.

### TOBACCO

Since 2018, Ostrum AM has been committed to halting support for the tobacco sector, which has particularly negative social and environmental effects and runs contrary to the United Nations Sustainable Development Goals.

### WORST OFFENDERS

Ostrum AM excludes from the investment scope all companies – both listed and unlisted – that are proven to contravene a range of fundamental responsibility standards (United Nations Global Compact, OECD Guidelines), particularly as regards human rights, labor rights, environmental protection and business ethics.

### BLACKLISTED STATES

Ostrum AM strictly complies with current regulation and as such does not invest in countries under US or European embargo, or those which have been identified as failing to combat money laundering and terrorist financing by the Financial Action Task Force (FATF).



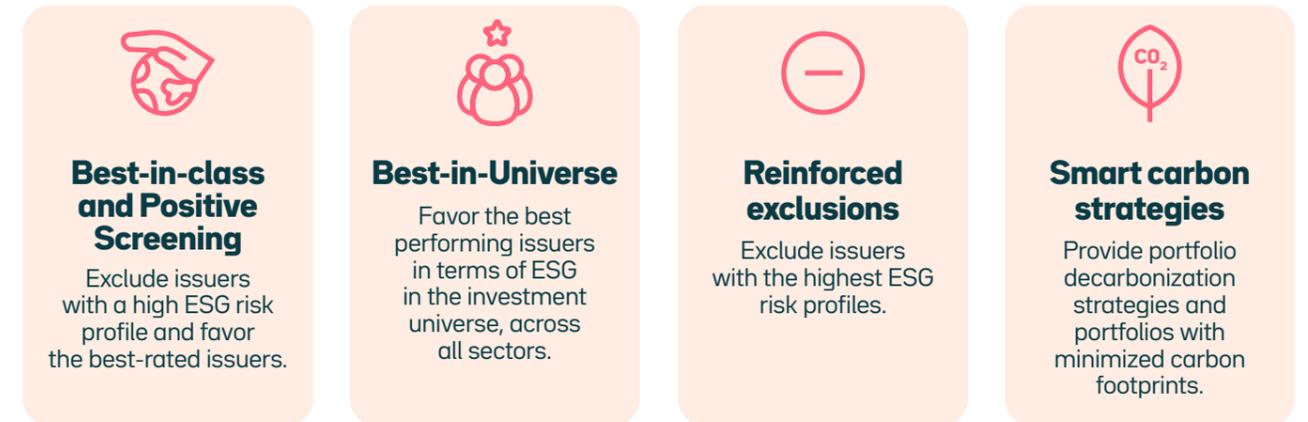
*We refer to sector policies rather than exclusion policies, as we support companies and help them stage their transformations: we hold constant dialogue with them to encourage them to enhance their practices: exclusion is the last resort in our view.*

**Joséphine Chevallier,**  
ESG Strategy Expert Leader

## A tailored range of SRI and ESG products

In addition to integration of ESG criteria on virtually all our asset classes, we also apply SRI management practices on €94.5 billion in assets under management. With a longstanding track record on responsible investment, we can offer our clients SRI and ESG products that are tailored to suit their needs.

### Four strategies to suit all our clients' needs

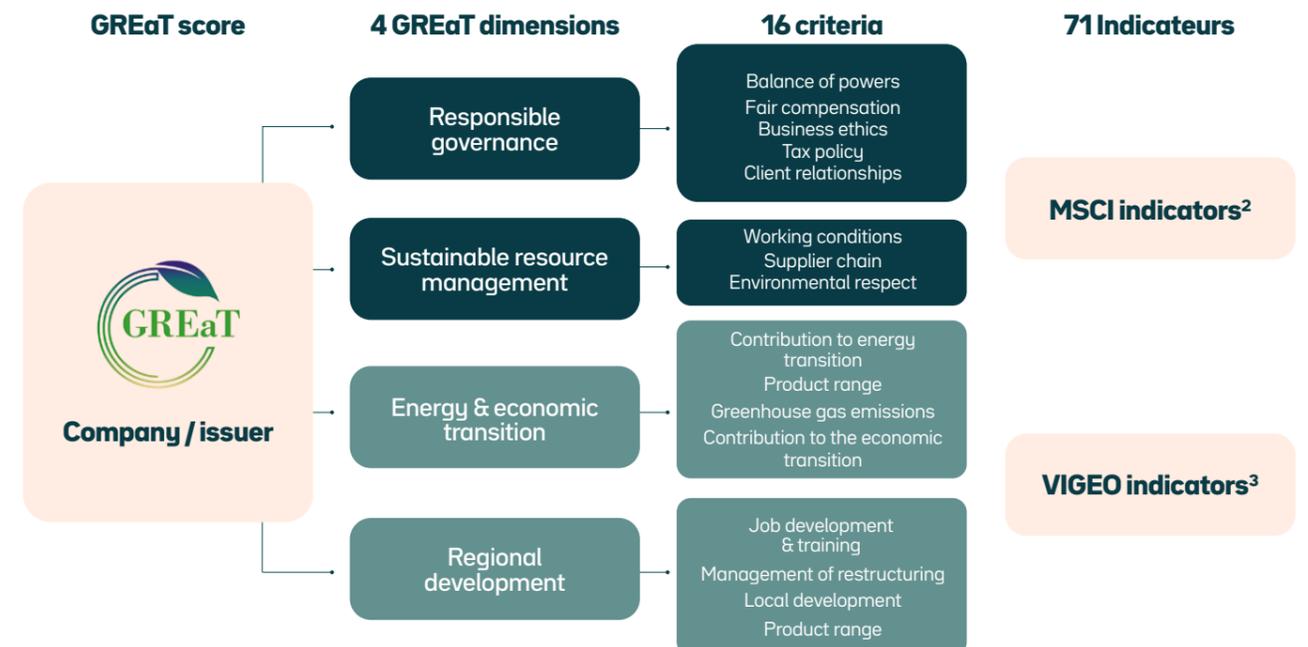


### ROBUST TOOLS

Our SRI strategies draw on external databases renowned for their quality and vast coverage scope, particularly the SDG Index for sovereign issuers – a United Nations initiative – and Sustainalytics<sup>1</sup>, world leader in ESG analysis and non-financial scores for the past 25 years.

### THE GREaT METHODOLOGY

We have been able to draw on the GREaT methodology since the business combination with La Banque Postale Asset Management (LBP AM). GREaT not only incorporates ESG criteria, but it is also applied to assess investments via a broad range of non-financial criteria, based on four pillars and more than 70 indicators.



<sup>1</sup> <https://www.sustainalytics.com>

<sup>2</sup> <https://www.msci.com>

<sup>3</sup> <https://www.vigeo-eiris.com>

# SUPPORTING BOND & SHARE ISSUERS IN THEIR TRANSFORMATION

Ostrum AM has a responsibility to have a positive influence on bond and share issuers in our role as an asset manager, as we support them in developing enhanced environmental, social and governance practices. We draw on our constructive dialogue with them, along with our stringent voting policy to make a positive impact on the companies we invest in, as well as society in the broadest sense. We reinforced our dialogue with bond issuers in 2020, and published a comprehensive engagement policy applying to all our portfolio management operations.

## OUR ENGAGEMENT POLICY



8

engagement themes shared  
across all portfolio  
management departments

## ENHANCING DIALOGUE WITH ISSUERS



> 600

meetings  
or conferences each year  
with bond issuers

## ROBUST SHAREHOLDER ENGAGEMENT



We engaged with  
**53**  
companies in 2020

## STRINGENT VOTING POLICY

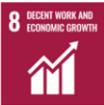
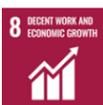


↓  
participation in votes  
in our voting universe<sup>1</sup>

<sup>1</sup> Voting scope covered by Ostrum AM's voting policy in 2020.

# OUR ENGAGEMENT POLICY

Ostrum Asset Management (Ostrum AM) set out eight themes for engagement on environmental, social and governance themes in 2020, covering both our equity and bond portfolio management. Each individual department – equity and bond – then draws on these shared themes to focus on specific initiatives in line with our updated voting policy.

- |  |  |   |
|--|--|---|
| <p><b>1. Support mitigation and adapt to climate change</b></p>  | <ul style="list-style-type: none"> <li>• By reducing CO<sub>2</sub> emissions to achieve carbon neutrality by 2050</li> <li>• By managing physical and transition risks</li> </ul> |     |
| <p><b>2. Limit impact on environmental ecosystem</b></p>         | <ul style="list-style-type: none"> <li>• By optimizing resource management</li> <li>• By safeguarding biodiversity</li> </ul>  |     |
| <p><b>3. Promote human capital</b></p>                           | <ul style="list-style-type: none"> <li>• By maintaining strong relationships with staff</li> <li>• By ensuring staff's and subcontractors' health and safety</li> </ul>            |    |
| <p><b>4. Enhance relationships with stakeholders</b></p>         | <ul style="list-style-type: none"> <li>• By guaranteeing human rights in supply chains</li> <li>• By maintaining strong relationships with local communities</li> </ul>            |     |
| <p><b>5. Ensure consumer security and protect their data</b></p> | <ul style="list-style-type: none"> <li>• By ensuring consumers' security and health</li> <li>• By ensuring their data security</li> </ul>  |    |
| <p><b>6. Safeguard business ethics</b></p>                       | <ul style="list-style-type: none"> <li>• By rolling out an anti-corruption policy</li> <li>• By ensuring a transparent tax policy</li> </ul>                                       |    |
| <p><b>7. Balance powers and compensation</b></p>                 | <ul style="list-style-type: none"> <li>• By implementing balanced governance</li> <li>• By making the compensation policy transparent</li> </ul>                                   |     |
| <p><b>8. Improve data transparency</b></p>                       | <ul style="list-style-type: none"> <li>• By facilitating access to financial and non-financial data</li> </ul>   |   |

# BOLSTERING OUR ENGAGEMENT AS SHAREHOLDER AND BOND INVESTOR

Ostrum AM believes that a committed asset manager must take the same responsible approach across all companies held in the portfolios it manages, whether via shares or bonds.

## CONSTANT DIALOGUE WITH BOND ISSUERS

Ostrum AM pursues regular dialogue with bond issuers across the full spectrum of environmental, social and governance themes, and supports them in enhancing their ESG risk management practices, and promoting transparent disclosure. We organize this dialogue process as part of our due diligence prior analysis procedure, either before making our investments or during our constant monitoring efforts for positions in our portfolios.



> 600

meetings or conferences each year with bond issuers

OUR GOAL FOR 2021

Strengthen and formally set out engagement with debt issuers

## SHAREHOLDER ENGAGEMENT TO PROMOTE STRONGER PRACTICES

Ostrum AM is committed to supporting the companies it invests in and as such we promote constructive dialogue with them ahead of shareholder meetings. Our teams draw on extensive responsible investment analysis to single out the main challenges facing each business sector and ascertain any areas for improvement, with a view to supporting issuers as they strive for progress.

- 1. We assess each issuer's ESG practices** ahead of the shareholder meeting
- 2. We communicate on areas for improvement** and expected results with the company
- 3. We monitor each issuer's progress** over the long term and review its ESG score accordingly



We engaged with

53

companies in 2020

Engagement is one of the asset management industry's most crucial responsibilities as we strive to build a more sustainable world. It is vital not only to focus on voting, but also to sustain constant dialogue with companies, including in bond portfolio management.

Ibrahima Kobar, Chief Investment Officer

# OUR THEMES FOR DIALOGUE IN 2020

Our dialogue with 30 companies in our funds in 2020 (before the business combination on October 30, 2020) covered the following themes:



- Energy transition (renewable energy, carbon footprint)
- Biodiversity (species and ecosystems)
- Waste management



- Turnover
- Shareholder payout
- Health and security (Covid-19)
- Human rights



- Data protection
- Transparency of ESG reporting
- Balance of powers
- Covid-19



● France ● North America ● Europe ● Rest of world

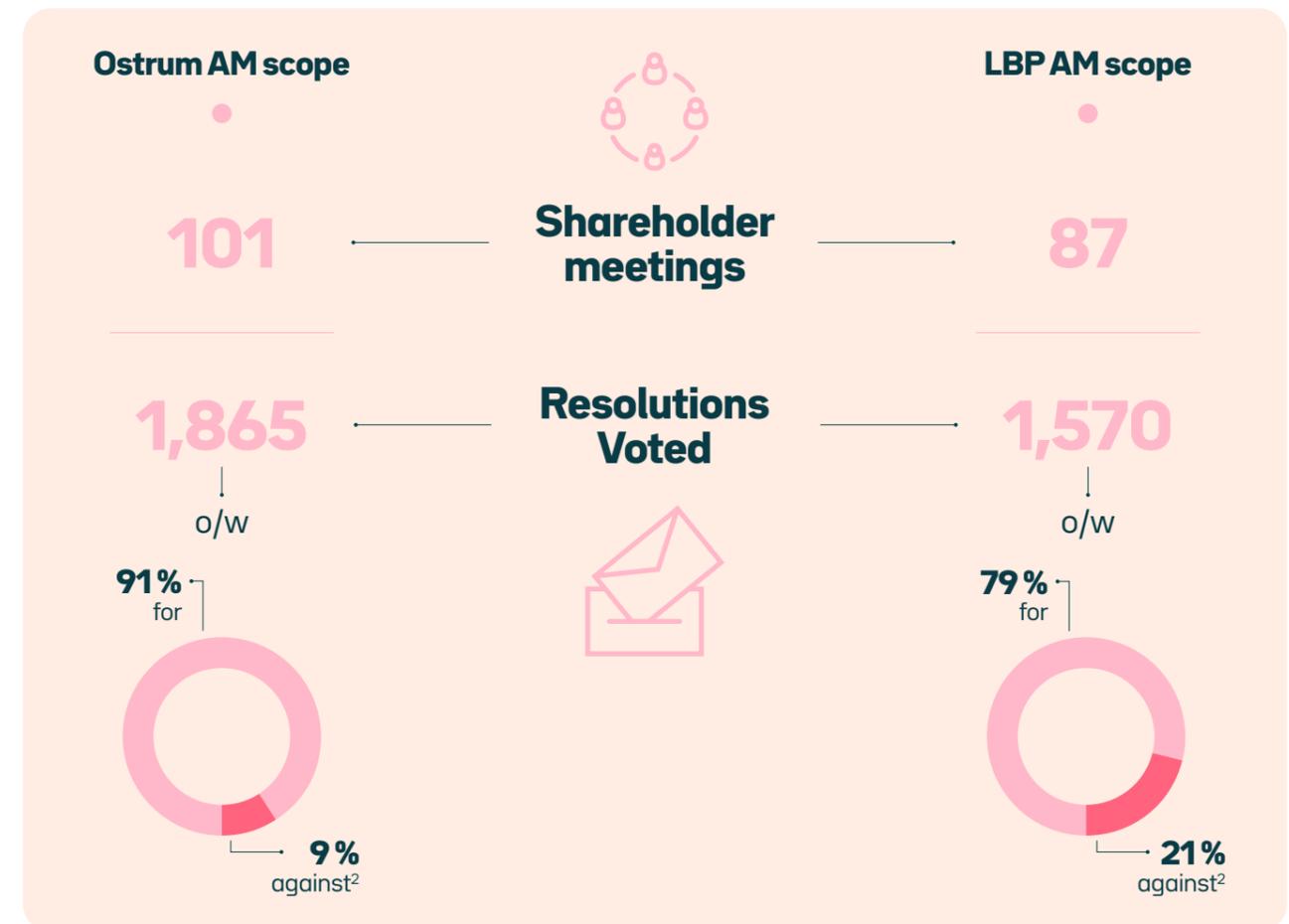
# STRINGENT AND EXACTING VOTING POLICY

Ostrum AM holds itself to the highest standards as a responsible shareholder and takes a stringent and exacting approach to the exercise of voting duties<sup>1</sup> at shareholder meetings, as part of a comprehensive voting universe addressing environmental, social and governance themes. We pursue a transparent approach and as such we disclose details on all our votes from the shareholder meetings we attend.

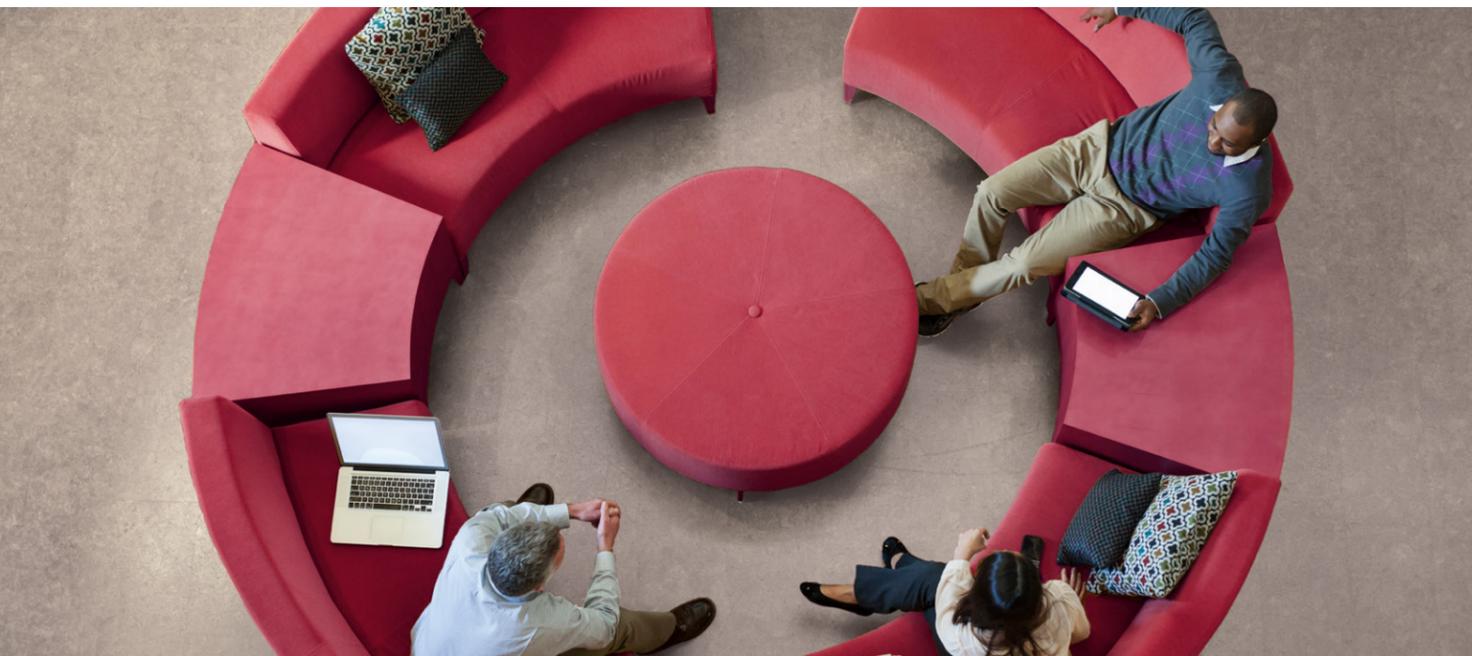


## KEY VOTING FIGURES FOR 2020

For portfolios held by Ostrum AM at 12/31/20, depending on initial scope, whether Ostrum AM or La Banque Postale Asset Management (LBP AM).



<sup>1</sup> Read our voting policy and our report on the exercise of voting rights: <https://www.ostrum.com/en/our-csr-and-esg-publications>  
<sup>2</sup> Opposition or abstention.



# PROMOTING BEST PRACTICES ON THE FINANCIAL MARKET

Ostrum AM looks beyond its investment business and plays an active role in the broader financial market, with a view to supporting the industry's transformation and the development of more responsible practices. Our approach involves bolstering our SRI accreditation policy, taking a proactive part in developing CSR-SRI standards and engaging in specific market-wide initiatives. Our responsible investment approach was commended again in 2020, with excellent scores in the annual PRI campaign.

## BOLSTERING OUR SRI ACCREDITATIONS<sup>1</sup>

**25**  
open-ended funds carry  
SRI accreditations<sup>2</sup>  
as at 12/31/2020

↓  
equating to  
**63%**  
of AuM in our  
open-ended funds

Goal for 2022



↓  
of AuM in our open-ended funds  
to carry SRI accreditations

## PLAYING AN ACTIVE ROLE IN FINANCIAL MARKET INITIATIVES

Ostrum AM is a member of

**10**  
market-wide groups and  
bodies that foster the devel-  
opment of the ESG and SRI  
standards of tomorrow



**7**  
new collaborative  
initiatives in 2020 to support  
gender equality, safeguard  
biodiversity, etc.

## ESG APPROACH WIDELY APPLAUDED

**A to A+**  
score for all our asset  
classes managed from  
the PRI



**10/10**  
for the quality of the  
coal phase-out strategy  
criterion in the Reclaim  
Finance Coal Policy Tool<sup>3</sup>

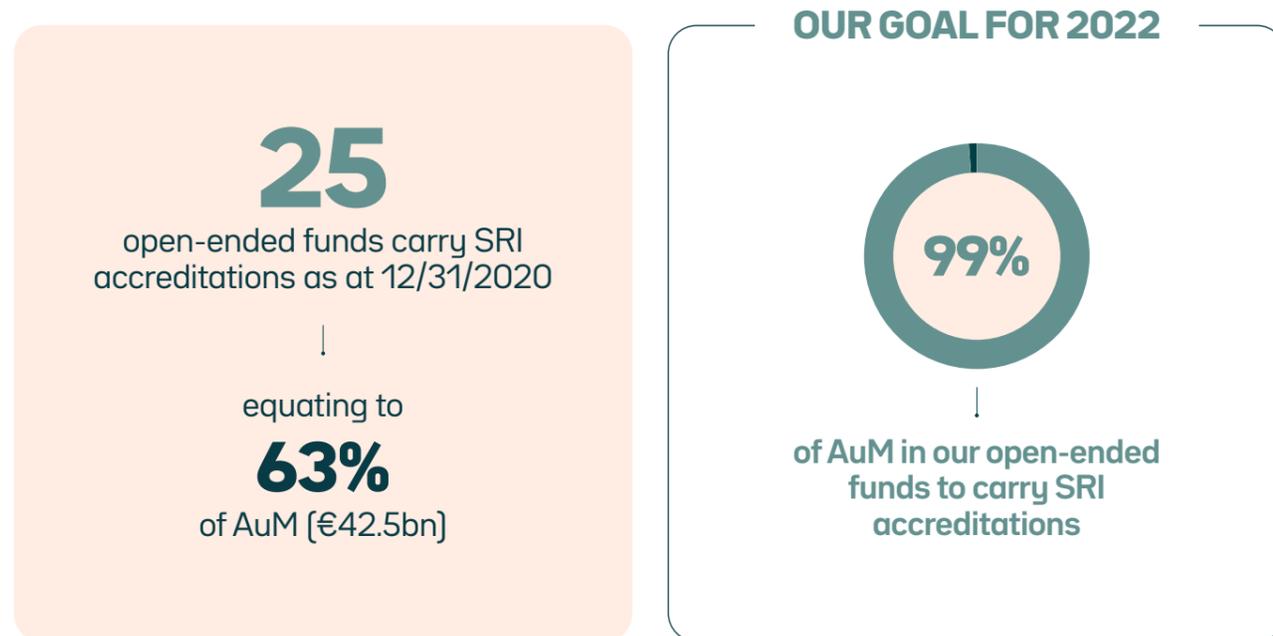
<sup>1</sup>Any reference to a ranking, a rating or an award provides no guarantee for future performances of the fund or fund manager.

<sup>2</sup> <https://www.lelabelisr.fr/> (website in French only)

<sup>3</sup> <https://coalpolicytool.org/>

# DEVELOPING OUR SRI ACCREDITATIONS

Ostrum AM is committed to working to the highest standards of responsible investment and resolutely believes in the importance of accreditations, as we pursue an ambitious SRI (Socially Responsible Investment) accreditation policy. Our aim is to achieve SRI certifications for 99% of assets managed in our open-ended funds out to 2022, while we are also working towards accreditations for mandates and dedicated funds.



## IMPORTANCE OF SRI ACCREDITATIONS FOR OUR CLIENTS

### 1. Transparency & reporting

SRI-accredited funds are required to disclose environmental, social, governance and human rights performances entirely transparently, in addition to details on CO<sub>2</sub> emissions. They must therefore issue four ESG-human rights indicators, one of which must also display greater showings than the reference universe.

### 2. Diverse range of sectors

Accredited funds cover a diverse range of sectors: the key criteria assessed are the portfolio's ESG quality along with the transparency of our investment processes.

# AWARDS FOR OUR RESPONSIBLE APPROACH

Ostrum AM is fully committed to taking all ESG dimensions on board in its investment decisions, as we draw on the main international standards to guide our actions, particularly the Principles for Responsible Investment, where we have been a signatory for 12 years.

## PRI: SCORES OF A TO A+ FOR ALL OUR ASSET CLASSES

Ostrum AM was once again applauded for the quality and ambition of our ESG approach during the PRI 2020 campaign, with excellent scores across all the asset classes we manage.



Source: Ostrum Asset Management's 2020 PRI assessment.  
\* SSA: supranational organizations, sovereign states, government agencies, subnational entities.

## OUR COAL POLICY COMMENDED BY RECLAIM FINANCE

Ostrum AM achieved outstanding 2020 scores in NGO Reclaim Finance's Coal Policy Tool, highlighting both the quality and stringency of our new coal policy, with its strict requirements in terms of exclusion, dialogue and engagement. The tool was developed as part of Reclaim Finance's commitment to stepping up the decarbonization of financial flows, and is designed to analyze the quality of coal policies and assess all French financial companies' practices and policies on the basis of five criteria.

Criterion	Projects	Developers	Relative threshold	Absolute threshold	Phase-out
<b>Ostrum AM's score</b>	N/A	9/10	8/10	8/10	10/10

- **Projects** : halt support for new coal projects
- **Developers** : halt support for companies that develop new coal projects
- **Relative threshold** : halt support for companies highly exposed to coal
- **Absolute threshold** : halt support for companies that are very active in the coal sector
- **Phase-out** : adopt a robust strategy to support the closure of existing coal infrastructure

Source: Reclaim Finance.

# COMMITTED TO DEFINING CSR & SRI STANDARDS

Ostrum AM plays an active role in developing the responsible investment standards of the future across various industry groups and bodies, supporting the promotion and standardization of CSR and ESG practices.

## SUPPORTING INDUSTRY BODIES

### In France



### Internationally



## TAXONOMY, COAL: ACTIVELY INVOLVED IN WORKING GROUPS

Ostrum AM played an active part in a raft of initiatives in 2020, such as the PRI Taxonomy Practitioners Group, and the development of the white paper "Coal Best Practices Guide" (in French only) alongside the French Asset Management Association (AFG, or *Association Française de la Gestion Financière*). This guide was published in February 2020 and is designed to support asset managers in their coal phase-out strategies by sharing best practices. Ostrum AM was also involved in initiatives by French and European authorities, such as the application of regulatory measures on disclosure of sustainability risks (SFDR) and the IOSCO questionnaire on questions related to ESG and the climate.



*Ostrum AM has a strong presence in industry-wide work in this arena, as we resolutely voice our convictions and promote stringent, transparent and sustainable market practices.*

**Nathalie Beauvir-Rodes,**  
Senior Impact Bond Analyst

# SUPPORTING COLLABORATIVE ENGAGEMENT

Ostrum AM has been committed to collective initiatives for several years as we seek to raise awareness among issuers, public authorities and regulatory bodies on the importance of environmental, social and governance challenges. We focus first and foremost on actions that target Sustainable Development Goals 3 (Good Health and Wellbeing), 5 (Gender Equality), 13 (Climate Action), 14 (Life Below Water) and 15 (Life on Land). In 2020, Ostrum AM supported the following seven initiatives<sup>1</sup>:



**CDP's science-based targets campaign**  
to accelerate the adoption of science-based climate targets in the corporate sector



**Investor statement on coronavirus response**



**Global investor engagement on meat sourcing - Phase II**



**Letter to meatpackers and processors on traceability of indirect suppliers in their Brazilian supply chains**



**Open letter to EU leaders from investors on a sustainable recovery from Covid-19**



**The need for biodiversity impact metrics**



**30% Club Investor Group** for the promotion of better gender diversity within the SBF 120's executive management teams

## FOCUS ON TWO INITIATIVES WE SUPPORTED IN 2020

### Open letter to EU leaders from investors on a sustainable recovery from Covid-19

This letter is organized by The Investor Agenda and calls for a sustainable recovery from Covid-19. It urges European Union states to include climate-related considerations in developing economic recovery programs, in line with the Green Deal and the Paris Agreement. It recommends prioritizing net zero emissions economic solutions and facilitating fresh investment and jobs in clean energy and sustainable infrastructure.

Launched in May 2020

↓

**183** investors involved

↓

**€12 trillion** in assets under management

### The 30% Club Investor Group

This group seeks to promote greater female representation in executive management teams in SBF 120 companies, by combining the engagement and voting capacities of its members. The group particularly urges companies to set clear goals relating to gender diversity, as well as setting up actions plans to achieve them by using their voting rights at annual shareholder meetings.

Launched in November 2020

↓

Target for 2025

**30%** women in executive management teams in SBF 120 companies

<sup>1</sup>View our engagement report: <https://www.ostrum.com/en/our-csr-and-esg-publications>

# A POSITIVE IMPACT ON OUR ECOSYSTEM



Ostrum Asset Management (Ostrum AM) is committed to developing its positive impact on broader society by developing a responsible investment policy and ensuring an exemplary approach in the way we operate our company, particularly as regards our carbon footprint. This commitment was reflected in 2020 in our more robust climate policy, with a stronger coal phase-out strategy in particular. Our people here at Ostrum AM also play a leading role in our social policies, with responsible resource management, ethical practices and involvement in sponsorship programs.

## COMMITTED TO A LOW-CARBON ECONOMY



**Enhanced coal policy**  
in 2020

**€14.9bn**  
in assets held in green,  
social and sustainability bonds  
at end-2020

## CURBING OUR CARBON FOOTPRINT

**2,314**  
metric tons CO<sub>2</sub>-eq of carbon  
emissions in 2020

**-90%**  
in paper use  
[compared with 2018]  
with our paperless program



↓  
of emissions offset

## COMMITTED TO SPONSORSHIP PROGRAMS



**PLANETE URGENCE**  
VOLONTARIAT & DEVELOPPEMENT  
| GROUPE SOS |

↓  
Partner since 2018<sup>1</sup>

ASSISTANCE  HÔPITAUX  
PUBLIQUE DE PARIS

FONDATION POUR LA RECHERCHE

↓  
Partner since 2020,  
for 3 years<sup>2</sup>

Source: Ostrum AM at 12/31/2021.

<sup>1</sup> <https://www.groupe-sos.org/structure/planete-urgence/> (website in French)

<sup>2</sup> <https://fondationrechercheaphp.fr/> (website in French)

# PORTFOLIO MANAGEMENT: ACTING FOR THE CLIMATE

Ostrum AM firmly believes that investment has a crucial role to play in combating climate change and as such we support protection of the climate via our responsible investment management policy. Our climate commitment sits at the very center of the way we operate our business, and draws on six areas for action:

- 1. Bolster our sector policy,**  
by excluding sectors and companies that do not comply with certain fundamental responsibility standards, first and foremost our coal sector withdrawal policy.

---

- 2. Develop a low carbon emission funding strategy.**

---

- 3. Provide a responsible and active investment management approach for our open-ended funds**  
to support our clients in their own climate policies. (cf. page 31)

---

- 4. Dialogue with companies**  
to raise awareness on the risks and opportunities resulting from climate change. (cf. page 35)

---

- 5. Contribute to financial market initiatives**  
and industry bodies that work to fight global heating. (cf. page 42)

---

- 6. Adopt tailored resources**  
with a view to addressing climate challenges i.e. organization, tools, etc.

*Today's climate emergency is at the center of our decisions and those of our clients. Protection of biodiversity has also become a crucial theme that is supported by the French Energy-Climate Law.*

**Nathalie Pistre,**  
Head of Research and SRI



## DEVOTED ORGANIZATION

We have also set up a specific organizational structure in the Research and SRI department designed to drive forward our ESG and climate pledges. Meanwhile a number of committees and working groups address climate matters in the company:

- Sector committees
- Worst offenders committee
- TCFD working group
- CSR committee
- Financial risk & performance committee
- Operational risk committee

## Coal: an ambitious sector policy

Efforts to ramp up our coal exit policy<sup>1</sup> were among our priorities in 2020. In 2019, Ostrum AM had already halted investment in companies that derive more than 25% of their revenue streams from coal-fired energy vs. 50% previously. We rolled out additional criteria in 2020, and bolstered our engagement and dialogue efforts with companies. In 2021, we will further pursue our climate strategy and look at other high-polluting sectors, such as oil and gas, where we also have ambitious dialogue and exclusion goals.

### FOUR EXCLUSION CRITERIA FOR OUR INVESTMENTS:

#### 1. Companies that develop new coal capacity

This exclusion criterion also applies to coal infrastructure developers.

##### Deadline for application:

**At January 1, 2021,** for investments

**With a six-month timescale** for divesting holdings in companies concerned under normal market conditions

#### 2. Companies that have not set out a coal phase-out policy in 2021

The phase-out plan must comply with the Paris agreement. We will undertake constant engagement efforts with companies, which were informed in 2020 of the timeframe for action via our individual engagement policy. We will monitor the credibility of the exit plans proposed and their funding.

##### Deadline for application:

**At January 1, 2022:** end to investments

**With a six-month timeframe** to run down existing positions under normal market conditions

#### 3. Companies whose main business relies on coal

This criterion covers companies producing, transporting and selling coal derived using aggressive mountain top removal methods (MTR), used in the Appalachian Mountains in the United States.

#### 4. Companies that exceed the following thresholds

as defined by the Global Coal Exit List (GCEL):

##### 20 million metric tons

of thermal coal production on an annual basis

##### 10 GW

in installed capacity

##### > 30%

coal share of power generation

### OUR GOALS FOR 2021

**10 million metric tons of thermal coal production on an annual basis**

**5 GW in installed capacity**

**20% coal share of power generation**

##### Deadline for application:

**At January 1, 2021,** for investments

**With a six-month timeframe** for divesting holdings under normal market conditions

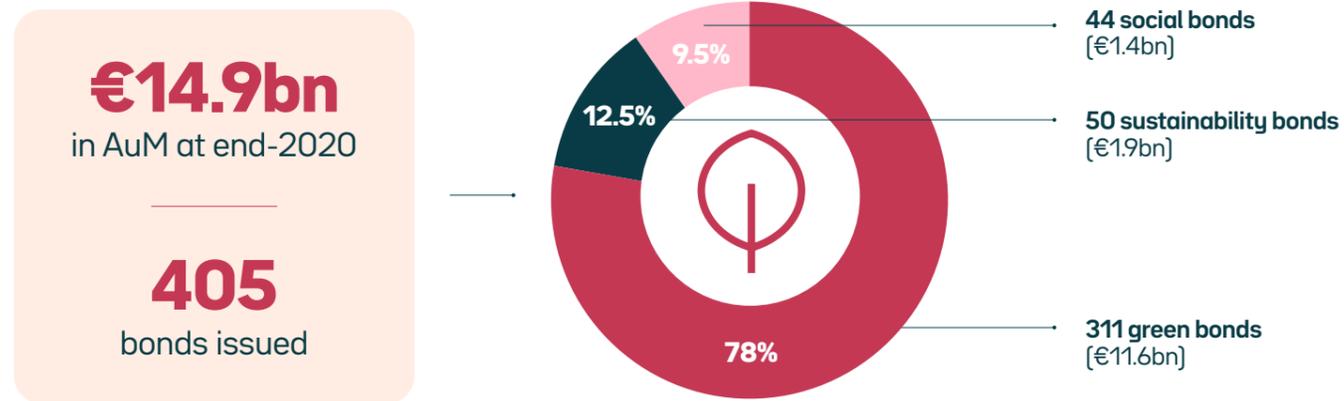
<sup>1</sup> Ostrum AM applies this policy to all dedicated funds and mandates, unless our clients request otherwise.



## Financing a low-carbon economy

Beyond our SRI management and accreditation policy (cf. pages 26-31), we also significantly ramped up our exposure to and expertise on sustainability bonds in 2020, with a view to playing an active role in financing projects that support the fight against climate change, drive the energy transition and foster a strong social impact.

### OUR EXPOSURE TO GREEN, SUSTAINABILITY AND SOCIAL BONDS IN 2020



### EXPERT AND SPECIALIST ANALYSTS

Ostrum AM draws on the expertise of two specialist sustainability bond analysts as well as a proprietary methodology to analyze and assess this type of bond.

## SAFEGUARDING BUSINESS ETHICS

The Natixis Code of Conduct was developed in 2017 and covers best practices and behavior required to safeguard our business ethics. The code applies to all our staff, as well as Natixis', its subsidiaries' and affiliates' suppliers and partners. Each of our staff took a training course on the code of conduct to ensure that ethical behavior is firmly rooted in our company.

<p><b>Be client-centric</b></p> <ul style="list-style-type: none"> <li>• Protect clients' interests</li> <li>• Communicate clearly with clients ;</li> <li>• Protect clients' information and data ;</li> <li>• Handle clients' after-sales requests in a fair and timely manner.</li> </ul>	<p><b>Behave ethically</b></p> <ul style="list-style-type: none"> <li>• Respect employees and ensure their personal development ;</li> <li>• Demonstrate professional ethics ;</li> <li>• Ensure market integrity.</li> </ul>	<p><b>Act responsibly towards society</b></p> <ul style="list-style-type: none"> <li>• Behave in accordance with Natixis' commitments with regard to Environmental and Social Responsibility ;</li> <li>• Ensure financial security.</li> </ul>	<p><b>Protect Natixis' and Groupe BPCE's assets and reputation</b></p> <ul style="list-style-type: none"> <li>• Protect assets ;</li> <li>• Ensure business continuity ;</li> <li>• Communicate responsibly with external stakeholders.</li> </ul>
--	---	---	--

## PROMOTING RESPONSIBLE PRACTICES FROM OUR SUPPLIERS

Our responsible procurement policy is managed by Natixis' Procurement department as part of the shared program with the Groupe BPCE Procurement division and aims to promote products and services that support the environment and provide social value-added. Our goals are:

- 1. Assess our suppliers** on CSR challenges related to their products, services and industries
- 2. Promote official eco-labels** and eco-designed products
- 3. Encourage our suppliers to provide greater transparency** on their products' environmental features

### OUR TOOLS

#### A responsible procurement charter:

signed in 2017 by Natixis, this charter requires our suppliers to comply with certain fundamental principles in the United Nations Global Compact regarding human rights, working conditions, the environment, and the fight against corruption.

#### A responsible purchasing database

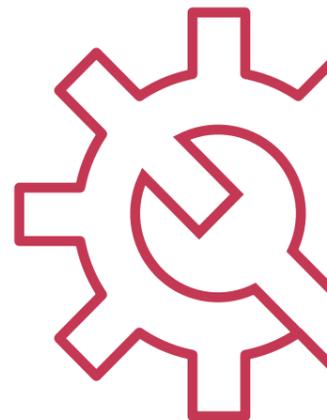
which sets out regulatory or recommended social and environmental criteria for each procurement category.

#### Sustainable development clauses

in our requests for proposals and contracts.

#### A supplier relationship charter

setting out our values on sustainable development.



### OUR MAPPING FOR CSR RISKS IN PROCUREMENT

Natixis has measured the various CSR risks for each country and procurement category since 2018, drawing on a shared mapping process for the entire Banking and Insurance industry.

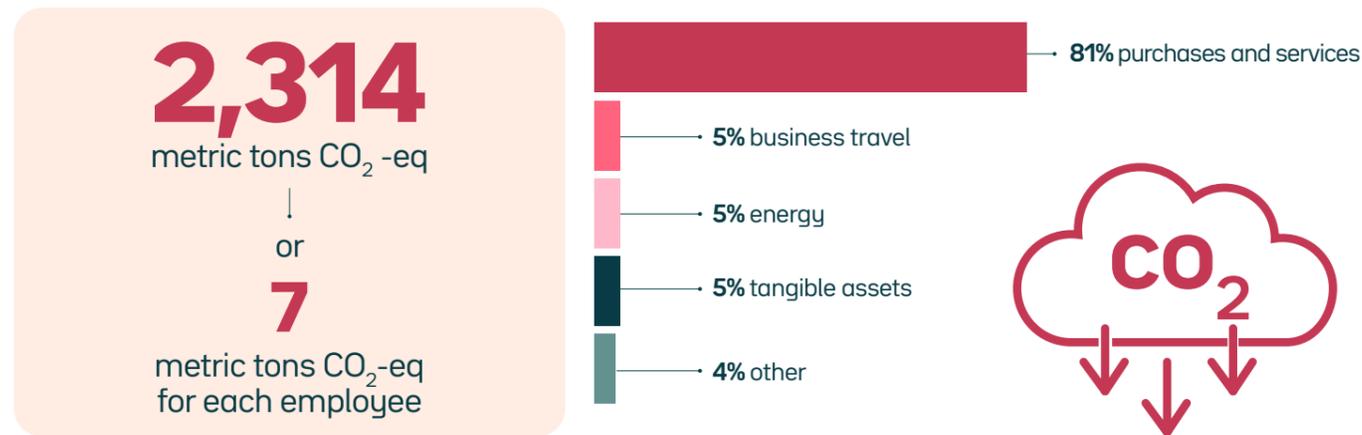
<p><b>Loyal and ethical practices</b></p> <ul style="list-style-type: none"> <li>Fraud and corruption</li> <li>Personal data protection</li> <li>Property rights and patents</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Natural resource consumption</li> <li>Pollution (air, water, land)</li> <li>Biodiversity</li> <li>Greenhouse gas emissions</li> <li>Waste management</li> </ul>	<p><b>Human rights</b></p> <ul style="list-style-type: none"> <li>Health &amp; safety</li> <li>Working conditions</li> <li>Discrimination</li> <li>Forced labor and modern slavery</li> <li>Child labor</li> </ul>
---	--	--

# MEASURING, REDUCING AND OFFSETTING OUR CARBON FOOTPRINT

We take concrete action to reduce the carbon footprint resulting from running our company, with a three-pronged strategy to measure, reduce and offset our emissions. We act at all levels of our business and draw on our staff's support to better manage our buildings' energy use, address business travel and offset our emissions.

## MEASURING OUR CARBON FOOTPRINT IN 2020

Information for our 2020 carbon assessment cannot be compared with previous years as a result of the Covid-19 pandemic. A significant drop in our emissions as compared with the previous year would have been expected, but figures were almost on a par with 2019 as a result of an increase in service provision following on from the business combination with La Banque Postale Asset Management (LBP AM).



## TAKING A COMPREHENSIVE APPROACH TO REDUCING OUR EMISSIONS

### Guaranteeing ecological building management

- ISO 9001 and ISO 14001 certifications for the Real Estate department at Natixis' Workplace division, which manages and ensures maintenance for Ostrum AM's buildings
- High environmental performance building, with certifications from NF Bâtiments Tertiaires, HQE®, HPE, Effienergie+ and BREEAM®3

### Engaging our staff

- We organize awareness programs to encourage all our staff to adopt the right habits to curb our environmental footprint

### Warding off environmental and pollution risks

- We organize specific training programs on environmental and pollution-related challenges for teams in charge of monitoring, managing and operating our buildings
- We regularly test monitoring, alert and management procedures
- We apply Groupe BPCE's regulatory and environmental charter incorporating environmental standards

### Reducing our energy use

- Our lighting systems are equipped with motion sensors and our building relies on natural light
- Our building is fitted with light-emitting diodes (LEDs)



*If we are to expect other companies to manage their environmental footprint, we must also be exemplary in the way we run our own business.*

Valérie Chaussende, CSR Manager

## OFFSETTING 100% OF OUR EMISSIONS

Ostrum AM has offset 100% of its direct carbon emissions every year since 2016 via a range of avoidance projects in partnership with Eco Act. Rather than compensation via carbon capture, this approach is designed to make a direct and immediate impact by avoiding emissions.

### Access to drinking water to avoid CO<sub>2</sub> emissions

The borehole rehabilitation project in Eritrea provides local populations with drinking water by repairing boreholes. The project supports the avoidance of carbon emissions in several ways: families no longer need to burn wood to purify water, thereby curbing combustion-related emissions, while deforestation is also reduced. Meanwhile access to clean drinking water offers a number of indirect benefits for communities, supporting children's schooling and providing paid work for women.



### DID YOU KNOW?

#### Recovering energy from our data center

Natixis' 3,000 m<sup>2</sup> VEGA datacenter is the first in France to recover and reuse heat generated to heat other buildings.

## SUSTAINABLE RESOURCE MANAGEMENT

We have rolled out a raft of initiatives and actions to raise awareness in our offices and encourage our people to take ecological initiatives and use our resources responsibly day-to-day.

### Manage waste

- Sorting and recycling paper, pens, cups, cans and plastic bottles
- Collecting and recycling used ink cartridges and batteries
- Recovering waste electrical and electronic equipment

### End single-use items

- All our staff received a vacuum flask to their home
- Plastic cups have been removed in our buildings, and replaced by mugs and glasses

### OUR GOALS FOR 2021

Eliminate 100% of still and sparkling water bottles

Gradually eliminate single-use cups

### Eliminate cigarette ends

**26,200**  
cigarette ends were collected and recycled with the company Cy-clope

↓  
this means  
**13,100 m<sup>3</sup>**  
of water protected from pollution

### Paperless program

Our paperless program was launched in 2018 and has met its goals on a long-term basis:

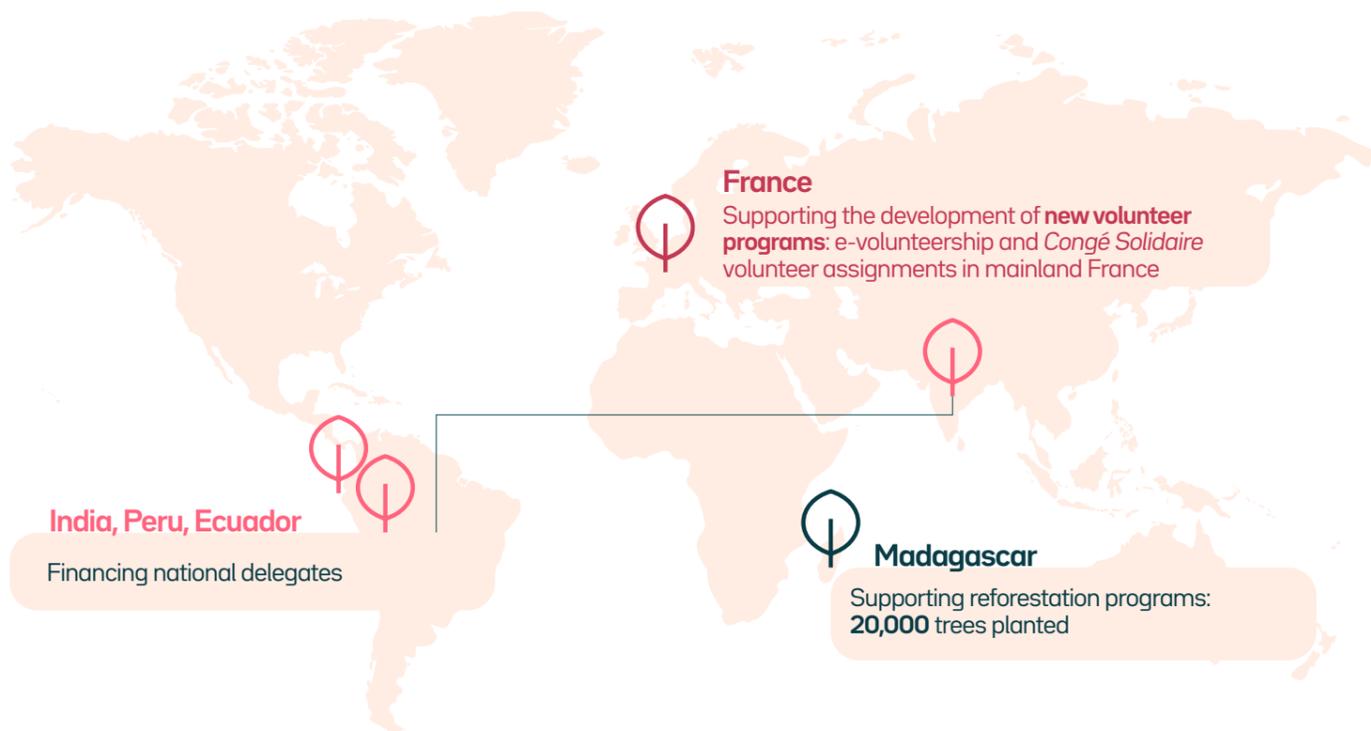
**90% reduction**  
in paper used vs. 2018 (3.6 tons)

# DISPLAYING SOLIDARITY IN OUR SPONSORSHIP PROGRAMS

Ostrum AM has made sponsorship programs a true company-wide initiative, showcasing our staff's engagement. We offer our people the opportunity to make their contribution to the initiatives we support as we partner with the various associations.

## 360° PARTNER FOR PLANÈTE URGENCE

Ostrum AM has partnered with the NGO Planète Urgence since 2018, in an initiative selected following consultation with all our staff. The organization conducts development projects in communities that are economically and socially vulnerable and where natural habitats have been damaged. In 2020, we extended our support to two new continents and we accompany the organization across all its areas of work.



## SUPPORTING CORONAVIRUS RESEARCH

Ostrum AM decided to support the Fondation AP-HP in its research on Covid-19 for a period of three years to address the recent unprecedented pandemic. Our contribution will help support one or several of the Foundation's research projects across all areas i.e. patient treatment trials, prevention efforts for carers, research on at-home care for patients, etc. We also offered our staff the opportunity to get involved in this initiative by setting up a donation system for all our people to contribute as they wished.



## Additional notes

Ostrum Asset Management  
Asset management company regulated by AMF under n° GP-18000014 - Limited company with a share capital of 48 518 602 €. 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

This document is intended for professional and non professional clients in accordance with MIFID. It may not be used for any purpose other than that for which it was conceived and may not be copied, distributed or communicated to third parties, in part or in whole, without the prior written authorization of Ostrum Asset Management.

None of the information contained in this document should be interpreted as having any contractual value. This document is produced purely for the purposes of providing indicative information. This document consists of a presentation created and prepared by Ostrum Asset Management based on sources it considers to be reliable. Ostrum Asset Management will not be held responsible for any decision taken or not taken on the basis of the information contained in this document, nor in the use that a third party might make of the information.

Figures mentioned refer to previous years. Past performance does not guarantee future results. Any reference to a ranking, a rating or an award provides no guarantee for future performance and is not constant over time. Reference to a ranking and/or an award does not indicate the future performance of the UCITS/AIF or the fund manager.

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.

All statutory documents, including our commitments with regard to voting policy, are available on our web site ostrum.com (<https://www.ostrum.com/en/statutory-documents>).



[www.ostrum.com](http://www.ostrum.com)

**Ostrum Asset Management**

Asset management company regulated by AMF under n° GP-18000014 - Limited company with a share capital of 48 518 602 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)



An affiliate of:  **NATIXIS**  
INVESTMENT MANAGERS