



UNEP FINANCE INITIATIVE



## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status  |
|--------|---|
| ✓      | The signatory has completed all mandatory parts of this indicator |
| ☑      | The signatory has completed some parts of this indicator          |
| 🔒      | This indicator was not relevant for this signatory                |
| -      | The signatory did not complete any part of this indicator         |
| 🔍      | The signatory has flagged this indicator for internal review      |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

| Organisational Overview |  |        |                              | Principle |   |   |   |   |   | General |
|-------------------------|--|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator               | Short description  | Status | Disclosure                   | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OO TG                   |  | 🔒      | n/a                          |           |   |   |   |   |   |         |
| OO 01                   | Signatory category and services  | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 02                   | Headquarters and operational countries                                       | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 03                   | Subsidiaries that are separate PRI signatories                               | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 04                   | Reporting year and AUM   | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 05                   | Breakdown of AUM by asset class  | ✓      | Asset mix disclosed in OO 06 |           |   |   |   |   |   | ✓       |
| OO 06                   | How would you like to disclose your asset class mix                          | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 07                   | Fixed income AUM breakdown   | ✓      | Private                      |           |   |   |   |   |   | ✓       |
| OO 08                   | Segregated mandates or pooled funds  | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO 09                   | Breakdown of AUM by market   | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 10                   | Active ownership practices for listed assets                                 | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 11                   | ESG incorporation practices for all assets                                   | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 12                   | Modules and sections required to complete                                    | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO LE 01                | Breakdown of listed equity investments by passive and active strategies      | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO LE 02                | Reporting on strategies that are <10% of actively managed listed equities    | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO FI 01                | Breakdown of fixed income investments by passive and active strategies       | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO FI 02                | Reporting on strategies that are <10% of actively managed fixed income       | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO FI 03                | Fixed income breakdown by market and credit quality                          | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO SAM 01               | Breakdown of externally managed investments by passive and active strategies | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO PE 01                | Breakdown of private equity investments by strategy                          | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO PE 02                | Typical level of ownership in private equity investments                     | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO PR 01                | Breakdown of property investments  | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO PR 02                | Breakdown of property assets by management                                   | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO PR 03                | Largest property types   | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO INF 01               | Breakdown of infrastructure investments                                      | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO INF 02               | Breakdown of infrastructure assets by management                             | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO INF 03               | Largest infrastructure sectors   | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO HF 01                | Breakdown of hedge funds investments by strategies                           | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO End                  | Module confirmation page   | ✓      | -                            |           |   |   |   |   |   |         |

| CCStrategy and Governance |  |        |            | Principle |   |   |   |   |   | General |
|---------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                 | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| SG 01                     | RI policy and coverage   | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 01 CC                  | Climate risk   | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 02                     | Publicly available RI policy or guidance documents                 | ✓      | Public     |           |   |   |   |   | ✓ |         |
| SG 03                     | Conflicts of interest  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 04                     | Identifying incidents occurring within portfolios                  | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 05                     | RI goals and objectives  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 06                     | Main goals/objectives this year                                    | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 07                     | RI roles and responsibilities                                      | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 07 CC                  | Climate-issues roles and responsibilities                          | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 08                     | RI in performance management, reward and/or personal development   | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 09                     | Collaborative organisations / initiatives                          | ✓      | Public     |           |   |   | ✓ | ✓ |   |         |
| SG 09.2                   | Assets managed by PRI signatories                                  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| SG 10                     | Promoting RI independently   | ✓      | Public     |           |   |   | ✓ |   |   |         |
| SG 11                     | Dialogue with public policy makers or standard setters             | ✓      | Private    |           |   |   | ✓ | ✓ | ✓ |         |
| SG 12                     | Role of investment consultants/fiduciary managers                  | ✓      | Public     |           |   |   | ✓ |   |   |         |
| SG 13                     | ESG issues in strategic asset allocation                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| SG 13 CC                  |  | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 14                     | Long term investment risks and opportunity                         | ✓      | Public     | ✓         |   |   |   |   |   |         |
| SG 14 CC                  |  | ✓      | Private    |           |   |   |   |   |   | ✓       |
| SG 15                     | Allocation of assets to environmental and social themed areas      | ✓      | Private    | ✓         |   |   |   |   |   |         |
| SG 16                     | ESG issues for internally managed assets not reported in framework | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 17                     | ESG issues for externally managed assets not reported in framework | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| SG 18                     | Innovative features of approach to RI                              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| SG 19                     | Communication  | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |
| SG End                    | Module confirmation page   | ✓      | -          |           |   |   |   |   |   |         |

| Direct - Listed Equity Incorporation |  |        |            | Principle |   |   |   |   |   | General |
|--------------------------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                            | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEI 01                               | Percentage of each incorporation strategy                                    | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 02                               | Type of ESG information used in investment decision                          | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 03                               | Information from engagement and/or voting used in investment decision-making | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 04                               | Types of screening applied   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 05                               | Processes to ensure screening is based on robust analysis                    | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 06                               | Processes to ensure fund criteria are not breached                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 07                               | Types of sustainability thematic funds/mandates                              | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 08                               | Review ESG issues while researching companies/sectors                        | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 09                               | Processes to ensure integration is based on robust analysis                  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 10                               | Aspects of analysis ESG information is integrated into                       | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 11                               | ESG issues in index construction   | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 12                               | How ESG incorporation has influenced portfolio composition                   | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 13                               | Examples of ESG issues that affected your investment view / performance      | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI End                              | Module confirmation page   | ✓      | -          |           |   |   |   |   |   |         |

| Direct - Listed Equity Active Ownership |  |        |            | Principle |   |   |   |   |   | General |
|---|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                               | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEA 01                                  | Description of approach to engagement  | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 02                                  | Reasoning for interaction on ESG issues                                      | ✓      | Public     | ✓         | ✓ | ✓ |   |   |   |         |
| LEA 03                                  | Process for identifying and prioritising engagement activities               | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 04                                  | Objectives for engagement activities   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 05                                  | Process for identifying and prioritising collaborative engagement            | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 06                                  | Role in engagement process   | ✓      | Public     |           | ✓ |   | ✓ |   |   |         |
| LEA 07                                  | Share insights from engagements with internal/external managers              | ✓      | Public     | ✓         | ✓ |   |   |   |   |         |
| LEA 08                                  | Tracking number of engagements   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 09                                  | Number of companies engaged with, intensity of engagement and effort         | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 10                                  | Engagement methods   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 11                                  | Examples of ESG engagements  | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 12                                  | Typical approach to (proxy) voting decisions                                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 13                                  | Percentage of voting recommendations reviewed                                | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 14                                  | Securities lending programme   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 15                                  | Informing companies of the rationale of abstaining/voting against management | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 16                                  | Informing companies of the rationale of abstaining/voting against management | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 17                                  | Percentage of (proxy) votes cast   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 18                                  | Proportion of ballot items that were for/against/abstentions                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 19                                  | Proportion of ballot items that were for/against/abstentions                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 20                                  | Shareholder resolutions  | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 21                                  | Examples of (proxy) voting activities  | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA End                                 | Module confirmation page   | ✓      | -          |           |   |   |   |   |   |         |

| Direct - Fixed Income |   |        |            | Principle |   |   |   |   |   | General |
|-----------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator             | Short description                                     | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| FI 01                 | Incorporation strategies applied                      | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 02                 | ESG issues and issuer research                        | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 03                 | Processes to ensure analysis is robust                | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 04                 | Types of screening applied                            | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 05                 | Examples of ESG factors in screening process          | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 06                 | Screening - ensuring criteria are met                 | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 07                 | Thematic investing - overview                         | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 08                 | Thematic investing - themed bond processes            | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 09                 | Thematic investing - assessing impact                 | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 10                 | Integration overview                                  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 11                 | Integration - ESG information in investment processes | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 12                 | Integration - E,S and G issues reviewed               | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 13                 | ESG incorporation in passive funds                    | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 14                 | Engagement overview and coverage                      | ✓      | Private    |           | ✓ |   |   |   |   |         |
| FI 15                 | Engagement method                                     | ✓      | Private    | ✓         | ✓ |   |   |   |   |         |
| FI 16                 | Engagement policy disclosure                          | ✓      | Private    | ✓         | ✓ |   |   |   |   |         |
| FI 17                 | Financial/ESG performance                             | ✓      | Private    |           |   |   |   |   |   | ✓       |
| FI 18                 | Examples - ESG incorporation or engagement            | ✓      | Private    | ✓         | ✓ |   |   |   |   |         |
| FI End                | Module confirmation page                              | ✓      | -          |           |   |   |   |   |   |         |

| Confidence building measures |                                    |        |            | Principle |   |   |   |   |   | General |
|------------------------------|------------------------------------|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                    | Short description                  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| CM1 01                       | Assurance, verification, or review | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 02                       | Assurance of last year's PRI data  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 03                       | Other confidence building measures | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 04                       | Assurance of this year's PRI data  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 05                       | External assurance                 | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 06                       | Assurance or internal audit        | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 07                       | Internal verification              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| CM1 01 End                   | Module confirmation page           | ✓      | -          |           |   |   |   |   |   |         |



# OSTRUM ASSET MANAGEMENT

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

| Select the services and funds you offer                  | % of asset under management (AUM) in ranges   |
|--|---|
| Fund management  | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50% |
| Fund of funds, manager of managers, sub-advised products | <input type="radio"/> 0%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% |
| Other  | <input checked="" type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50% |
| Total 100%   |   |

Further options (may be selected in addition to the above)

- ☐ Hedge funds
- ☐ Fund of hedge funds

OO 01.2

Additional information. [Optional]

Ostrum Asset Management has been committed to helping clients provide for their future and achieve other long-term goals for more than 30 years. Our fund managers combine high-quality proprietary research with stringent risk analysis at each stage of the investment process to drive their decisions and deliver the highest quality outcomes for clients.

Ostrum Asset Management is based in Europe, with a local presence in the United States<sup>1</sup> and Asia<sup>2</sup>, and provides a full range of high-performance active fundamental fixed-income and equity expertise, along with insurance investment management solutions to address investors' needs worldwide.

Ostrum Asset Management ranks among the leading asset managers in Europe<sup>3</sup> with €274.1 billion in assets under management<sup>4</sup> for institutional clients, individual investors and distributors.

Ostrum Asset Management is an affiliate of Natixis Investment Managers.

Natixis Investment Managers serves financial professionals with more insightful ways to construct portfolios. Powered by the expertise of 26 specialized investment managers globally, we apply Active Thinking<sup>SM</sup> to deliver proactive solutions that help clients pursue better outcomes in all markets.

During 2019, Ostrum took back the services it delegated to MIROVA for the end of the year. He set out to have an in depth knowledge, a mastery of the processes, a real reappropriation to implement it in his DNA. Independence, mastery of data and processes and in-depth knowledge to strengthen your own management philosophy and conviction.

1 US via Ostrum Asset Management U.S., LLC, limited liability company, registered as an investment adviser with the SEC. -

2 Asia via Ostrum Asset Management Asia Limited - Registered as a fund management company with the Monetary Authority of Singapore - Ostrum Asset Management subsidiary.

3 IPE Top 400 Asset Managers 2018 ranked Ostrum Asset Management, previously Natixis Asset Management, as the 52nd largest asset manager, as at 12/31/2017. -

4 31/12/2019 - Ostrum Asset Management

| OO 02 | Mandatory | Public | Peering | General |
|-------|-----------|--------|---------|---------|
|-------|-----------|--------|---------|---------|

|         |  |
|---------|--|
| OO 02.1 | Select the location of your organisation's headquarters. |
|---------|--|

France

|         |   |
|---------|---|
| OO 02.2 | Indicate the number of countries in which you have offices (including your headquarters). |
|---------|---|

- ☐ 1  
☒ 2-5  
☐ 6-10  
☐ >10

|         |   |
|---------|---|
| OO 02.3 | Indicate the approximate number of staff in your organisation in full-time equivalents (FTE). |
|---------|---|

|  |     |
|--|-----|
|  | FTE |
|--|-----|

357

| OO 03 | Mandatory | Public | Descriptive | General |
|-------|-----------|--------|-------------|---------|
|-------|-----------|--------|-------------|---------|

|         |   |
|---------|---|
| OO 03.1 | Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right. |
|---------|---|

- ☐ Yes  
☒ No

|         |                                    |
|---------|------------------------------------|
| OO 03.3 | Additional information. [Optional] |
|---------|------------------------------------|

No subsidiary

| OO 04 | Mandatory | Public | Gateway/Peering | General |
|-------|-----------|--------|-----------------|---------|
|-------|-----------|--------|-----------------|---------|

**OO 04.1**

Indicate the year end date for your reporting year.

31/12/2019

**OO 04.2**

Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     |           | 261      | 264      | 526       | 265      |
| Currency      | EUR       |          |          |           |          |
| Assets in USD |           | 287      | 992      | 226       | 225      |

☐ Not applicable as we are in the fund-raising process
**OO 04.4**

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     |           | 12       | 808      | 932       | 260      |
| Currency      | EUR       |          |          |           |          |
| Assets in USD |           | 14       | 119      | 302       | 646      |

☐ Not applicable as we do not have any assets under execution and/or advisory approach

|       |           |        |             |         |
|-------|-----------|--------|-------------|---------|
| OO 06 | Mandatory | Public | Descriptive | General |
|-------|-----------|--------|-------------|---------|

|         |   |
|---------|---|
| OO 06.1 | Select how you would like to disclose your asset class mix. |
|---------|---|

☐ as percentage breakdown

☒ as broad ranges

|                          | Internally managed (%) | Externally managed (%) |
|--------------------------|------------------------|------------------------|
| Listed equity            | <10%                   | 0                      |
| Fixed income             | >50%                   | 0                      |
| Private equity           | 0                      | 0                      |
| Property                 | 0                      | 0                      |
| Infrastructure           | 0                      | 0                      |
| Commodities              | 0                      | 0                      |
| Hedge funds              | 0                      | 0                      |
| Fund of hedge funds      | 0                      | 0                      |
| Forestry                 | 0                      | 0                      |
| Farmland                 | 0                      | 0                      |
| Inclusive finance        | 0                      | 0                      |
| Cash                     | 0                      | 0                      |
| Money market instruments | 10-50%                 | 0                      |

|                    |      |   |
|--------------------|------|---|
| Other (1), specify | <10% | 0 |
| Other (2), specify | 0    | 0 |

|  |                       |
|--|-----------------------|
|  | `Other (1)` specified |
|--|-----------------------|

Private debt and real asset

|                |   |
|----------------|---|
| <b>OO 06.2</b> | Publish asset class mix as per attached image [Optional]. |
|----------------|---|

|                |   |
|----------------|---|
| <b>OO 06.3</b> | Indicate whether your organisation has any off-balance sheet assets [Optional]. |
|----------------|---|

☐ Yes

☒ No

|                |   |
|----------------|---|
| <b>OO 06.5</b> | Indicate whether your organisation uses fiduciary managers. |
|----------------|---|

☐ Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.

☒ No, we do not use fiduciary managers.

|                |  |
|----------------|--|
| <b>OO 06.6</b> | Provide contextual information on your AUM asset class split. [Optional] |
|----------------|--|

Ostrum Asset Management is based in Europe, with a local presence in the United States and Asia, and provides a full range of high-performance active fundamental fixed-income and equity expertise, along with insurance investment management solutions to address investors' needs worldwide.

|              |                  |               |                |                |
|--------------|------------------|---------------|----------------|----------------|
| <b>OO 09</b> | <b>Mandatory</b> | <b>Public</b> | <b>Peering</b> | <b>General</b> |
|--------------|------------------|---------------|----------------|----------------|

|                |  |
|----------------|--|
| <b>OO 09.1</b> | Indicate the breakdown of your organisation's AUM by market. |
|----------------|--|

|  |                   |
|--|-------------------|
|  | Developed Markets |
|--|-------------------|

99.21

|  |                  |
|--|------------------|
|  | Emerging Markets |
|--|------------------|

00.79

|  |                  |
|--|------------------|
|  | Frontier Markets |
|--|------------------|

0

|  |               |
|--|---------------|
|  | Other Markets |
|--|---------------|

0

|  |            |
|--|------------|
|  | Total 100% |
|--|------------|

100%

## Asset class implementation gateway indicators

| OO 10 | Mandatory | Public | Gateway | General |
|-------|-----------|--------|---------|---------|
|-------|-----------|--------|---------|---------|

|         |   |
|---------|---|
| OO 10.1 | Select the active ownership activities your organisation implemented in the reporting year. |
|---------|---|

|  |                            |
|--|----------------------------|
|  | Listed equity – engagement |
|--|----------------------------|

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

|  |                        |
|--|------------------------|
|  | Listed equity – voting |
|--|------------------------|

- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

|  |                               |
|--|-------------------------------|
|  | Fixed income SSA – engagement |
|--|-------------------------------|

- ☒ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

|  |   |
|--|---|
|  | Fixed income Corporate (financial) – engagement |
|--|---|

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

|  |   |
|--|---|
|  | Fixed income Corporate (non-financial) – engagement |
|--|---|

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

|  |   |
|--|---|
|  | Fixed income Corporate (securitised) – engagement |
|--|---|

- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

| OO 11 | Mandatory | Public | Gateway | General |
|-------|-----------|--------|---------|---------|
|-------|-----------|--------|---------|---------|

**OO 11.1**

Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - SSA

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Fixed income - securitised

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Money market instruments

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

Other (1)

- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

`Other (1)` [as defined in OO 05]

Private debt and real asset

**OO 12**

**Mandatory**

**Public**

**Gateway**

**General**

**OO 12.1**

Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.



|   |  |
|---|--|
| Core modules  |  |
| <input checked="" type="checkbox"/>                 | Organisational Overview                  |
| <input checked="" type="checkbox"/>                 | Strategy and Governance                  |
| RI implementation directly or via service providers |  |
| Direct - Listed Equity incorporation                |  |
| <input checked="" type="checkbox"/>                 | Listed Equity incorporation              |
| Direct - Listed Equity active ownership             |  |
| <input checked="" type="checkbox"/>                 | Engagements                              |
| <input checked="" type="checkbox"/>                 | (Proxy) voting                           |
| Direct - Fixed Income                               |  |
| <input checked="" type="checkbox"/>                 | Fixed income - SSA                       |
| <input checked="" type="checkbox"/>                 | Fixed income - Corporate (financial)     |
| <input checked="" type="checkbox"/>                 | Fixed income - Corporate (non-financial) |
| <input type="checkbox"/>                            | Fixed income - Securitised               |
| Closing module                                      |  |
| <input checked="" type="checkbox"/>                 | Closing module                           |

## Peering questions

| OO LE 01 | Mandatory to Report Voluntary to Disclose | Public | Gateway | General |
|----------|---|--------|---------|---------|
|----------|---|--------|---------|---------|

|            |   |
|------------|---|
| OO LE 01.1 | Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies. |
|------------|---|

### Percentage of internally managed listed equities



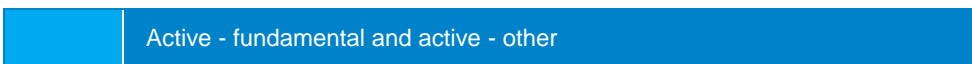



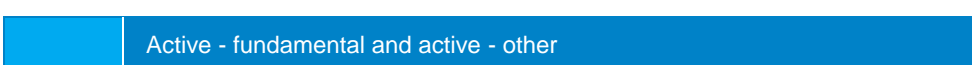

|   |  |
|---|--|
| Passive                                 |  |
| 0                                       |  |
| Active - quantitative (quant)           |  |
| 0                                       |  |
| Active - fundamental and active - other |  |
| 100                                     |  |

|  |       |
|--|-------|
|  | Total |
|--|-------|

100%

|          |   |        |         |         |
|----------|---|--------|---------|---------|
| OO FI 01 | Mandatory to Report Voluntary to Disclose | Public | Gateway | General |
|----------|---|--------|---------|---------|

|            |   |
|------------|---|
| OO FI 01.1 | Provide a breakdown of your internally managed fixed income securities by active and passive strategies |
|------------|---|

|                                  |  |
|----------------------------------|--|
| <b>SSA</b>                       |  Passive                                   |
|                                  | 0  |
|                                  |  Active - quantitative (quant)             |
|                                  | 0  |
|                                  |  Active - fundamental and active - other   |
| <b>Corporate (financial)</b>     | 100  |
|                                  |  Total                                     |
|                                  | 100%   |
|                                  |  |
|                                  |  |
| <b>Corporate (non-financial)</b> |  Passive                                   |
|                                  | 0  |
|                                  |  Active - quantitative (quant)            |
|                                  | 0  |
|                                  |  Active - fundamental and active - other |
|                                  | 100  |
|                                  |  Total                                   |
|                                  | 100%   |
|                                  |  |
|                                  |  |

|             |      |   |
|-------------|------|---|
| Securitised |      | Passive                                 |
|             | 0    |   |
|             |      | Active - quantitative (quant)           |
|             | 0    |   |
|             |      | Active - fundamental and active - other |
|             | 100  |   |
|             |      | Total                                   |
|             | 100% |   |

#### OO FI 01.2 Additional information. [Optional]

The Fixed-income investment division implements an active fundamental management, where risk is taken into account at every stage of the investment process. The directional views are developed by committees of specialists under the leadership of the Investment directors. For issuers selection, the fund managers rely on the recommendations of the sector teams, which bring together fund managers, credit analysts and strategists to discuss a theme or a management strategy.

In all, the Fixed-income investment division is supported by close to 100 specialists, including asset managers, credit analysts, strategists, financial engineers and economists.

|          |           |        |             |         |
|----------|-----------|--------|-------------|---------|
| OO FI 03 | Mandatory | Public | Descriptive | General |
|----------|-----------|--------|-------------|---------|

Update: this indicator has changed from "*Mandatory to report, voluntary to disclose*" to "*Mandatory*". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

#### OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.

|     |      |                   |
|-----|------|-------------------|
| SSA |      | Developed markets |
|     | 99   |                   |
|     |      | Emerging markets  |
|     | 1    |                   |
|     |      | Total             |
|     | 100% |                   |

**OO FI 03.2**

Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

| Type                      | Investment grade (+/- 5%)   | High-yield (+/- 5%)   | Total internally managed |
|---------------------------|---|---|--------------------------|
| Corporate (financial)     | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> 0% | <input type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 0% | <b>100%</b>              |
| Corporate (non-financial) | <input checked="" type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input type="radio"/> <10%<br><input type="radio"/> 0% | <input type="radio"/> >50%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> <10%<br><input type="radio"/> 0% | <b>100%</b>              |

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

☐ OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

# OSTRUM ASSET MANAGEMENT

Reported Information

Public version

Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

| Policy components/types   | Coverage by AUM  |
|---|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach<br><input checked="" type="checkbox"/> Formalised guidelines on environmental factors<br><input checked="" type="checkbox"/> Formalised guidelines on social factors<br><input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors<br><input checked="" type="checkbox"/> Fiduciary (or equivalent) duties<br><input checked="" type="checkbox"/> Asset class-specific RI guidelines<br><input checked="" type="checkbox"/> Sector specific RI guidelines<br><input checked="" type="checkbox"/> Screening / exclusions policy<br><input checked="" type="checkbox"/> Engagement policy<br><input checked="" type="checkbox"/> (Proxy) voting policy<br><input type="checkbox"/> Other, specify (1)<br><input type="checkbox"/> Other, specify(2) | <input checked="" type="radio"/> Applicable policies cover all AUM<br><input type="radio"/> Applicable policies cover a majority of AUM<br><input type="radio"/> Applicable policies cover a minority of AUM |

**SG 01.3**

Indicate if the investment policy covers any of the following

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- ☒ Your investment objectives that take ESG factors/real economy influence into account
- ☒ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities
- ☒ ESG incorporation approaches
- ☒ Active ownership approaches
- ☒ Reporting
- ☒ Climate change
- ☒ Understanding and incorporating client / beneficiary sustainability preferences
- ☐ Other RI considerations, specify (1)
- ☐ Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Ostrum AM has been involved in Responsible Investing for close to 30 years and the company has been PRI signatory for more than 10 years. It is a core part of the firm's identity.

Ostrum AM is convinced that the integration of ESG dimensions are enriching its activities and therefore contribute to better serve its clients. The company has designed a framework for responsible asset management deeply implemented to its investment processes following a period of in-depth analysis and development carried out over several years, this framework for responsible asset management rests on the following core areas:

- **ESG analysis: understand the challenges of sustainable development, analyse their impact on each industry and sector and assess a broad universe of issuers.**
- **ESG integration and screening**
- **Practice Responsible Asset Management, taking ESG criteria into account in investment decisions by incorporating ESG criteria and applying ESG screening.**
- **Vote & engage:** encourage issuers to improve their practices by speaking up at general meetings and initiating constructive dialogue with companies.
- **Create innovative SRI products in line with our ambition and our client expectations.**
- **SRI Label development**
- **Participate to industry body members and increase our active contribution**

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As Ostrum AM is a key player on Responsible Investment, **its ESG approach is widely implemented on its business :**

- **100% of its AUM applied negative and normed based screening**
- **More than 90% of its AUM integrate ESG dimensions :** ESG incorporation is applied on **100% of Ostrum AM Equity AUM**, thanks to the ambitious approach defined by the Equity team of Ostrum AM
- ESG integration is applied on 100% of Ostrum AM Sovereign AUM, for both developed and emerging countries' issuers.
- ESG integration into **Credit analysis** covers **more than 90% of the AUM under management.**
-



- **Exercise of voting rights is applied on a comprehensive universe** : our participation rate in annual general meetings (AGMs) reached **98.9% in 2019**; the proxy voting process is **being fully handled by Analysts-PM** (voting policy update, analysis of resolutions, individual engagement...
- **Collaborative engagement** actions are undertaken for the main holdings, in order to encourage better sectorial practices
- To fulfil its ambition on ESG and in order to best serve its clients with dedicated strategies, Ostrum AM also applied **SRI strategies on more than 20% of its AUM**
- **Reporting** initiatives are in place to provide information on ESG incorporation to clients : The ESG integration aspects are described in investment committees and/or **funds report**
- **Dedicated carbon reports** covers between 15% and 20% of Ostrum AM AUM, as the company is fully committed to best integrate regulation constraints related to CO2 emissions and to provide full transparency to its clients.

☐ No

|       |           |        |               |       |
|-------|-----------|--------|---------------|-------|
| SG 02 | Mandatory | Public | Core Assessed | PRI 6 |
|-------|-----------|--------|---------------|-------|

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

|         |  |
|---------|--|
| SG 02.1 | Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document. |
|---------|--|

☒ Policy setting out your overall approach

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

|  |     |
|--|-----|
|  | URL |
|--|-----|

<https://www.ostrum.com/en-UK/p/about-us/our-csr-strategy/responsible-investment>

☐ Attachment (will be made public)

☒ Formalised guidelines on environmental factors

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

URL

[https://www.ostrum.com/Content/Files/2018\\_Rapport%20LTE.pdf](https://www.ostrum.com/Content/Files/2018_Rapport%20LTE.pdf)

- ☐ Attachment (will be made public)
- ☐ Formalised guidelines on social factors
- ☐ Formalised guidelines on corporate governance factors
- ☐ Fiduciary (or equivalent) duties
- ☒ Asset class-specific RI guidelines

URL/Attachment

- ☒ URL

URL

[https://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web\\_final.pdf#page=14](https://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web_final.pdf#page=14)

- ☐ Attachment (will be made public)
- ☐ Sector specific RI guidelines
- ☒ Screening / exclusions policy

URL/Attachment

- ☒ URL

URL

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

- ☐ Attachment (will be made public)
- ☒ Engagement policy

URL/Attachment

- ☒ URL

URL

[https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/2018\\_Engagement%20%20Report%20Ostrum\\_ENG.pdf](https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/2018_Engagement%20%20Report%20Ostrum_ENG.pdf)

- ☐ Attachment (will be made public)
- ☒ (Proxy) voting policy

| URL/Attachment |
|----------------|
|----------------|

☒ URL

| URL |
|-----|
|-----|

[https://www.ostrum.com/Content/Files/Voting%20Policy\\_2020.pdf](https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf)

☐ Attachment (will be made public)

☐ We do not publicly disclose our investment policy documents

| SG 02.2 | Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document. |
|---------|---|
|---------|---|

☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

| URL/Attachment |
|----------------|
|----------------|

☒ URL

| URL |
|-----|
|-----|

<https://www.ostrum.com/Content/Files/Rapport%20de%20gestion%20OSTRUM%20-%202019%20-%20vf.pdf>

☐ Attachment

☒ Your investment objectives that take ESG factors/real economy influence into account

| URL/Attachment |
|----------------|
|----------------|

☒ URL

| URL |
|-----|
|-----|

<https://www.ostrum.com/Content/Files/Rapport%20de%20gestion%20OSTRUM%20-%202019%20-%20vf.pdf>

☐ Attachment

☐ Time horizon of your investment

☒ Governance structure of organisational ESG responsibilities

| URL/Attachment |
|----------------|
|----------------|

☒ URL

|  |     |
|--|-----|
|  | URL |
|--|-----|

<https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/7411E9D6-70D8-403E-8B21-DAB0C4A44E2B/79894dbc337a40828d895f9402aa63de/html/2/?lang=en &a=1>

☐ Attachment

☒ ESG incorporation approaches

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

|  |     |
|--|-----|
|  | URL |
|--|-----|

[https://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web\\_final.pdf#page=14](https://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web_final.pdf#page=14)

☐ Attachment

☒ Active ownership approaches

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

|  |     |
|--|-----|
|  | URL |
|--|-----|

[https://www.ostrum.com/Content/Files/Voting%20Policy\\_2020.pdf](https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf)

☐ Attachment

☒ Reporting

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

|  |     |
|--|-----|
|  | URL |
|--|-----|

[http://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web\\_final.pdf#page=21](http://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web_final.pdf#page=21)

☐ Attachment

☒ Climate change

|  |                |
|--|----------------|
|  | URL/Attachment |
|--|----------------|

☒ URL

|     |
|-----|
| URL |
|-----|

[https://www.ostrum.com/Content/Files/2018\\_Rapport%20LTE.pdf](https://www.ostrum.com/Content/Files/2018_Rapport%20LTE.pdf)

☐ Attachment

☒ Understanding and incorporating client / beneficiary sustainability preferences

|                |
|----------------|
| URL/Attachment |
|----------------|

☒ URL

|     |
|-----|
| URL |
|-----|

[http://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web\\_final.pdf#page=20](http://www.ostrum.com/Content/Documents/Rapport%20RSE/2017-2018/Ostrum%20RSE%20brochure%20Eng%20web_final.pdf#page=20)

☐ Attachment

☐ We do not publicly disclose any investment policy components

|         |                                    |
|---------|------------------------------------|
| SG 02.3 | Additional information [Optional]. |
|---------|------------------------------------|

**Ostrum AM is fully committed to transparency and therefore discloses all relevant information that may help stakeholders, among which its clients, to understand the rationale behind its responsible asset management policy, its approach and investment processes.**

This information:

- takes the form of several documents publicly available
- is summarized on its website (<http://www.ostrum.com>)
- or take the form of dedicated inputs and reports, integrated into the funds annual reports

Our support to TCFD is disclosed since 2017 (<https://www.fsb-tcfd.org/tcfd-supporters>).

| SG 03 | Mandatory | Public | Core Assessed | General |
|-------|-----------|--------|---------------|---------|
|-------|-----------|--------|---------------|---------|

|         |   |
|---------|---|
| SG 03.1 | Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process. |
|---------|---|

☒ Yes

|         |   |
|---------|---|
| SG 03.2 | Describe your policy on managing potential conflicts of interest in the investment process. |
|---------|---|

#### Detection of conflict of interest

In accordance with the AMF General Regulations of the French Financial Markets Authority, Ostrum AM has taken "all reasonable steps" to identify potential situations of conflict of interest arising in the course of business. To this end, Compliance has established a risk map that identifies all potential or proven conflicts of interest situations and the mitigation measures to prevent material risk of damage to the interests of a client.

#### Prevention of conflict of interest, relies on :

- Education and awareness and the implementation of controls,
- Implementation of information barriers "Chinese Walls",
- Existence of internal procedures (notably procedures on order execution and "gifts and benefits")

- Existence of a Code of Ethics

**Management and resolution of conflicts of interest rely notably on :**

- Employees alert and escalation of any relevant information or situation,
- Clear information provided by Ostrum AM to clients, before acting on their behalf, about the general nature or the source of conflicts of interest when the measures taken to prevent conflicts of interest are not sufficient to ensure with reasonable certainty that the risk of harming their interests will be avoided;
- Implementation of corrective action where necessary

☐ No

| SG 03.3 | Additional information. [Optional] |
|---------|------------------------------------|
|---------|------------------------------------|

The policy of conflict of interest , which is available on the company's website, sets the ways in which Ostrum AM will manage Conflicts of Interest.

Ostrum AM maintains and regularly updates a log of investment service carried out by it or on its behalf where a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, is likely to arise.

The conflicts of interest compliance program established by Ostrum AM is regularly reviewed.

Furthermore , the activities of corporate/investment banking and asset management are housed in distinct entities within Natixis. This regulatory Chinese Wall (information barrier) between third-party asset management and corporate and investment banking ensures the independence of our investment decisions, as well as independence regarding ESG engagement and in the voting decisions.

**Concerning the exercise of voting rights, Ostrum AM excludes from its investment universe securities when impartiality could be contested, i.e., a significant client representing a huge proportion of assets under management, and all entities of its parent company, Natixis.**

A procedure for preventing, identifying and managing conflicts of interests is also stipulated in Ostrum AM's voting policy:

*« (...) In general, the asset management company exercises voting rights solely in the general interest of its unitholders, irrespective of its own interests, and in compliance with its guiding principles. Ostrum AM has introduced a procedure to anticipate, identify and manage potential conflicts of interest. Thus:*

- *If a conflict of interest should arise between Ostrum AM and one of its clients, the Head of Compliance, Internal Control and Risks, in coordination with the Voting Committee, would rule on what steps to take.*
- *If a member of the team responsible for the "exercise of voting rights" should find him/herself in a conflict of interest regarding a vote, he/she would immediately notify the Voting Committee, the Head of Compliance, Internal Control and Risks and take no part in the exercise of the vote concerned. If exercising its voting right for a given company exposes Ostrum AM to a significant conflict of interest, the Voting Committee of Ostrum AM will refer the matter to the Head of compliance, Internal Control and Risks, who will decide the appropriate measures, including the decision to participate in said company's general meetings*

## Objectives and strategies

| SG 05 | Mandatory | Public | Gateway/Core Assessed | General |
|-------|-----------|--------|-----------------------|---------|
|-------|-----------|--------|-----------------------|---------|

|                |   |
|----------------|---|
| <b>SG 05.1</b> | Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities. |
|----------------|---|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

|                |                                    |
|----------------|------------------------------------|
| <b>SG 05.2</b> | Additional information. [Optional] |
|----------------|------------------------------------|

Ostrum AM makes Responsible Investment one of the four axes of its strategic plan. RI ambition has been reviewed and is regularly shared within the company.

- Ambition is updated on a yearly basis by the Executive Committee, objectives are followed-up ( monitoring and updates) **on a quarterly basis** via direct presentation to the Executive Committee.
- CSR committees monitor the CSR initiatives of Ostrum AM on a quaterly basis
- Dedicated committees (exclusion, labels, SRI manangement, ..) are also in place in order to address specific or general ESG issues within business lines

## Governance and human resources

|              |                  |               |                      |                |
|--------------|------------------|---------------|----------------------|----------------|
| <b>SG 07</b> | <b>Mandatory</b> | <b>Public</b> | <b>Core Assessed</b> | <b>General</b> |
|--------------|------------------|---------------|----------------------|----------------|

|                |   |
|----------------|---|
| <b>SG 07.1</b> | Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment. |
|----------------|---|

|  |              |
|--|--------------|
|  | <b>Roles</b> |
|--|--------------|

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Internal Roles (triggers other options)

|  |                                      |
|--|--------------------------------------|
|  | Select from the below internal roles |
|--|--------------------------------------|

- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify  
Heads of investment divisions

- ☒ Oversight/accountability for responsible investment
- ☒ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Portfolio managers
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Investment analysts
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Dedicated responsible investment staff
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Investor relations
- ☒ Other role, specify (1)

Other description (1)

#### Business Projects Leader/CSR Officer

- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other role, specify (2)

Other description (2)

#### Product specialists

- ☒ Oversight/accountability for responsible investment
- ☐ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ External managers or service providers

#### SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

To ensure an efficient responsible asset management strategy, in terms of both oversight and implementation, Ostrum AM has set up a robust and structured governance.

**As regards oversight, we consider that forging a real leadership requires responsibility sharing at the highest level. As a consequence:**

- The Board also get a yearly presentation of CSR/ESG strategy and main achievement on a yearly basis. The Board and the Executive Committee validate the voting policy on a yearly basis.
- The Executive Committee define the CSR/ESG ambition of the company and closely follow the action plan implementation (quarterly basis presentation)



- A CSR Committee monitors the CSR strategy, in order to meet the ambition defined by the executive committee. The CSR Committee is notably made up of CIOs of all the investment divisions and CSR officer.
- The Fineqx (transversal Committee regrouping the heads of investment teams) analyses the propositions of updates in the list of "Worst Offenders" (issuers in breach with international standards - to be excluded) and validates the new list (including the new entries / exits) before final validation by the Executive Committee.
- **SRI Investment Group** has been set up in 2018 and continued in 2019: all investment teams are represented into this committee which goal is to share all initiatives on which each investment team is working
- **Dedicated ESG ambassadors** are identified in each investment teams. They are analysts, PM, products specialists, Financial engineers, ... in charge of dedicated ESG projects, and/or to bridge the gap between their teams and the company ambition and initiative (coordination, promotion of their team initiative, promotion of other teams progress into their team...)
- **The operational implementation** of the RI approach is carried out by all the analysts & PMs
- **All Credit/Sovereign Analysts as well as all Equity PMs/Analysts** are in charge both of financial and ESG analysis
- **4 employees are fully dedicated to ESG : they bring full support to the ESG approach and to PM/Analysts.**

The overall coordination of the responsible asset management strategy is carried out by CSR officer, a business project leader that is in charge of the coordination of the CSR/RI activities and ESG coordinator.

|                |  |
|----------------|--|
| <b>SG 07.3</b> | Indicate the number of dedicated responsible investment staff your organisation has. |
|----------------|--|

|  |        |
|--|--------|
|  | Number |
|--|--------|

4

|                |                                    |
|----------------|------------------------------------|
| <b>SG 07.4</b> | Additional information. [Optional] |
|----------------|------------------------------------|

It is worth noting that, an increasingly number of employees, with different levels of responsibility, with different activities (investment activities or back office activities) are naturally involved in the RI approach implementation. Indeed, RI is one of the strategic axes of Ostrum AM. It is therefore part of its investment team activity.

- **All members of the executive committee** are defining the company CSR strategy and following its implementation.
- **40 analysts** are in charge of both financial and ESG analysis
- **ESG ambassadors**, in charge of ESG strategy implementation (direct implementation within their activity, promotion and coordination within their colleagues, etc.)
- Moreover, **4 persons** are fully dedicated to ESG expertise .
- **One person in charge** of CSR

## Promoting responsible investment

|              |                  |               |                      |                |
|--------------|------------------|---------------|----------------------|----------------|
| <b>SG 09</b> | <b>Mandatory</b> | <b>Public</b> | <b>Core Assessed</b> | <b>PRI 4,5</b> |
|--------------|------------------|---------------|----------------------|----------------|

|                |   |
|----------------|---|
| <b>SG 09.1</b> | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |
|----------------|---|

**Select all that apply**

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum AM is a signatory since 2008 and is a member of several steering committees

Ostrum AM takes part on collaborative engagement initiative led by the PRI collaborative platform (Investor Expectations on climate change for airlines and aerospace companies).

Ostrum has sent 8 representatives to participate in the 2019 PRI In Person Conference, across all asset classes.

Ostrum participated to the PRI-SFAF roundtable in Paris on December 2nd 2019, on ESG risk and ratings evaluation. Ostrum AM also agreed to be part of PRI Taxonomy practitioners group that will actually take place in 2020.

- ☐ Asian Corporate Governance Association  
☐ Australian Council of Superannuation Investors  
☐ AVCA: Sustainability Committee  
☐ France Invest – La Commission ESG  
☐ BVCA – Responsible Investment Advisory Board  
☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum AM become a direct signatory in 2018 and has responded to the CDP survey since 2010 via its parent company Natixis

- ☐ CDP Forests  
☐ CDP Water  
☐ CFA Institute Centre for Financial Market Integrity  
☒ Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum has signed the statement led by Climate Action 100+: Investor Expectations on climate change for airline and aerospace companies..

- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ Invest Europe Responsible Investment Roundtable
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Green Bond Principles
- ☐ HKVCA: ESG Committee
- ☒ Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum AM is a member of IIGCC. Ostrum AM supports engagement initiative led notably by IIGCC such as the Global investor Statement to governments on climate change send to G7 and G20 members. It also supports the new **Investor Statement on Methane Emissions in Oil & Gas** .

- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☒ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Ostrum supports the CERES and specifically the initiative about the Deforestation and forest fires in the Amazon.

- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify Italian SIF, Spanish SIF, UK SIF, US SIF, and EUROSIF through Vice-Presidency of the French SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

**Since December 2019, Ostrum is directly engage with FIR (the French SIF) to participate to different working groups.**

- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☒ United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum AM is a signatory to the initiative, through its parent Group Natixis

Ostrum implements Global Compact Principles across all its investments thanks to its "Worst Offenders" Policy: we have chosen to exclude issuers in severe Breach of the Global Compacts Principles. We have completely internalized this process in 2019: we have now a dedicated Committee that annually update the Worst Offender exclusion list of issuers, based on the principles of the UN Global Compact.

☒ Other collaborative organisation/initiative, specify

AFG

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

- Ostrum AM is a member of the Association Française de la Gestion Financière (AFG), which groups together and promotes the interests of the French asset management industry.
- Ostrum's CEO is Vice-President of the AFG, and Ostrum representatives take part to the Comité IR or sustainable Finance.
- In 2019, Ostrum has participated to the writing of AFG's White Paper on Coal Exit, providing guidelines to all asset managers regarding coal's divestment.

☒ Other collaborative organisation/initiative, specify

EFAMA

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Ostrum AM is a member of EFAMA, the main association of the European investment management industry, and is a member of the Stewardship and ESG investment steering committee. With a role of regulatory watch and with the will to contribute to create sustainable finance European standards.

☒ Other collaborative organisation/initiative, specify

TCFD

|  |  |
|--|--|
|  | Your organisation's role in the initiative during the reporting year (see definitions) |
|--|--|

- ☒ Basic  
☐ Moderate  
☐ Advanced

|  |  |
|--|--|
|  | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Ostrum AM officially supports TCFD.

Ostrum is moreover investor signatories of the CDP. CDP recognizes the important role of the TCFD in mainstreaming climate-related information and advancing the availability of financially relevant information for global markets. [...] In recognition of the TCFD's report CDP has committed to align its information requests with the TCFD's recommendations [...].

Ostrum is member of the IIGCC which is a demonstration of our leadership on the climate change issue.

IIGCC supports the uptake of the recommendations of the TCFD and IIGCC shapes the investor practice around the recommendations of the TCFD by providing report guidance. (These docs are only for members.)

- ☒ Other collaborative organisation/initiative, specify

Share Action

|  |  |
|--|--|
|  | Your organisation's role in the initiative during the reporting year (see definitions) |
|--|--|

- ☐ Basic  
☒ Moderate  
☐ Advanced

|  |  |
|--|--|
|  | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Ostrum AM participates in the Share Action global asset managers survey. It also participate to the Workforce Disclosure Initiative.

| SG 10 | Mandatory | Public | Core Assessed | PRI 4 |
|-------|-----------|--------|---------------|-------|
|-------|-----------|--------|---------------|-------|

|                |  |
|----------------|--|
| <b>SG 10.1</b> | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|----------------|--|

- ☒ Yes

|                |  |
|----------------|--|
| <b>SG 10.2</b> | Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution. |
|----------------|--|

- ☒ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

| Description |
|-------------|
|-------------|

Internal trainings have been largely displayed inside Ostrum AM either on ESG issues or on coal/climate main stakeholders .  
Continuous discussion is also held with our main institutional clients about best practise, evolution of regulatory framework, UN green deal etc.  
Regular meetings and dialogue with brokers about sustainability issues: we explicitly encourage sell-side analysts to develop and improve their ESG research as part of their engagement process. We have formalized these requirements and takes them into account while assessing sell-side research during the biannual "broker review".  
Moreover, Ostrum AM is helping insurer clients implementing their ESG approaches thanks to dedicated ESG/ SRI strategies defined specifically for their portfolios. Those strategies are carefully monitored with clients through regular dialogue and SRI committee are settled in order to discuss evolutions of ESG approaches, and/or dedicated ESG impacts on issuers in portfolios.  
Last, Ostrum is very keen on participating to actions towards its peers in order to share best practices. In 2019 Ostrum has participated to the elaboration of a white paper on Coal Exit within the AFG.

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Provided input and/or collaborated with academia on RI related work
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

| Description |
|-------------|
|-------------|

Direct advocacy and collaborative engagement actions are implemented through a strong involvement in many professional bodies and Ostrum AM collaborative engagement initiatives.  
By being transparent, Ostrum wants to set an example in the investment industry.

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☒ Other

| specify |
|---------|
|---------|

#### Continuous actions

- ☒ Spoke publicly at events and conferences to promote responsible investment

| Description |
|-------------|
|-------------|

Experts of Ostrum AM investment teams participate regularly to conferences / round table dedicated to RI subjects : EFAMA, IIGCC, PRI in Person, Climate Finance Day, PRI conferences, AFG (steering committees, specific commissions) and some press publications.

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published in-house research papers on responsible investment

| Description |
|-------------|
|-------------|

In house credit research papers are written about main E, S,G aspects relevant for the understanding of the industries . They are given to portfolio managers and some selected clients and published on our internal Credit platform .

Focus on Social impact: following the second crash of a 737 Max in 2019, as the industry still mourn the tragic loss of human life, many questions have already been raised on its potential origins. Our Aircraft specialist assess the implication of Aircraft Lenders.

<https://www.linkedin.com/pulse/737-max-what-aircraft-lenders-aymeric-angotti/>

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Encouraged the adoption of the PRI

| Description |
|-------------|
|-------------|

We promote PRI in several publications or RFP



| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

| Description |
|-------------|
|-------------|

We often answer these types of consultations: AMF, AFG, EFAMA , WWF, Share action ....

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published articles on responsible investment in the media

| Description |
|-------------|
|-------------|

Ostrum AM has been featured in many articles in 2019 at both local and international levels. In 2019, Tobacco and coal exclusion policies or engagement initiatives were the main topics.

For instance our CEO published an article "Integrer les enjeux ESG: une priorité pour Ostrum AM" Agefi Hebdo, spring 2019

| Frequency of contribution |
|---------------------------|
|---------------------------|

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ A member of PRI advisory committees/ working groups, specify

| Description |
|-------------|
|-------------|

Ostrum AM agreed at the end of 2019 to be part of the Taxonomy praticionners Group that effectively began in 2020.

## Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other
- ☐ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- ☐ Other, specify
- ☐ No

## SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

### Ostrum AM is promoting RI through different initiatives:

- **individual engagement** that are conducted by analysts and PM analysts when analysing ESG practices of issuers and during voting exercise and also dialogue.

### - collaborative engagements :

Ostrum AM also takes part in collaborative initiatives led by several investors. These actions raise awareness among companies, public powers and regulators about the importance of ESG and CSR issues.

The support of investors statement that Ostrum AM joins whenever relevant, i.e. if the theme is compatible with Ostrum AM's vision, objectives and priorities in terms of responsible asset management. Ostrum actually joins initiatives if they meet the 10 UN principles, the Paris agreement's goal and more specifically if the initiatives meet the criteria of SDG 3, 5, 13, 14 and 15.

In 2019, Ostrum also joined 7 other collaborative initiatives led by RI professional bodies or by other investors, for example:

- WDI - Workforce Disclosure Initiative - phase II: Share Action
- Investor Statement on Methane Emissions in Oil & Gas: IIGCC et Ceres
- Deforestation and forest fires in the Amazon: Ceres
- Tobacco Free Finance Pledge: Free Tobacco portfolios
- Gender Equity in the workplace: Mirova
- Green finance campaign: SomofUs, WWF, ShareAction, ZeroWaste, Osfam, ...
- Investor Expectations on climate change for airlines and aerospace companies: Climate action 100 +

### - Co-construction and promotion of ESG standards

Ostrum AM is an active member of more than 10 French and international workshops. In this way the company contributes to the industry initiatives dedicated to the improvement and standardization of responsible investment practices.

Ostrum AM contributes to different working groups as **the writing of AFG's White Paper on Coal Exit**, providing guidelines to all asset managers regarding coal's divestment.

End of June 2019, Ostrum AM has publicly announced his new exclusion policy: any issuers, which derive more than 25% of their revenues from coal production or from coal-powered energy (instead of 50% initially) are excluded from the investment.

Moreover, Ostrum AM set a close relation with its insurer clients in order to work with them on the definition of their own RI approach.

- **Involvement or membership in market bodies associations such as AFG, EFAMA, IIGCC, ICMA, French Eurosif ....**

## Outsourcing to fiduciary managers and investment consultants

|       |           |        |               |       |
|-------|-----------|--------|---------------|-------|
| SG 12 | Mandatory | Public | Core Assessed | PRI 4 |
|-------|-----------|--------|---------------|-------|

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

|         |   |
|---------|---|
| SG 12.1 | Indicate whether your organisation uses investment consultants. |
|---------|---|

- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

## ESG issues in asset allocation

|       |           |        |             |       |
|-------|-----------|--------|-------------|-------|
| SG 13 | Mandatory | Public | Descriptive | PRI 1 |
|-------|-----------|--------|-------------|-------|

|         |  |
|---------|--|
| SG 13.1 | Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.). |
|---------|--|

- ☒ Yes, in order to assess future ESG factors

|  |          |
|--|----------|
|  | Describe |
|--|----------|

Credit analysts have a sectorial approach to ESG issues , therefore they examine potential consequences of certain scenarios (regulatory, scarcity of ressources,...) to asset classes or sectors. This is much of a qualitative assessment of scenarios except for CO2 for which we use quantitative scenarios as given by data our providers .

- ☒ Yes, in order to assess future climate-related risks and opportunities

|  |          |
|--|----------|
|  | Describe |
|--|----------|

Equity portfolio managers and Credit analysts look at climate risks as part of their risk analysis, and assess transition risks and/or physical risks. We also assess climate trajectories in our LTE reports .

- ☐ No, our organisation does not currently carry out scenario analysis and/or modelling

|         |   |
|---------|---|
| SG 13.2 | Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets. |
|---------|---|

|  |                     |
|--|---------------------|
|  | We do the following |
|--|---------------------|

- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☒ Allocation of assets between geographic markets
- ☒ Sector weightings
- ☒ Other, specify
- Security level
- ☐ We do not consider ESG issues in strategic asset allocation

**SG 13.3****Additional information. [OPTIONAL]**

Geographical exposures or sector views can be impacted by ESG aspects (for example the US Pharmacy sector is severely impacted by High level of controversies and pending litigations). Moreover, environmental trends are generally integrated into sectorial views. The impacts and issues on sectors are therefore taken into account (when relevant) while analyzing issuers and highlighted while discussions with management of companies. This is often the case regarding Energy transition.

This has obviously an impact on asset allocation.

ESG incorporation strategies are also implemented at security level.

**SG 14****Mandatory to Report Voluntary to Disclose****Public****Additional Assessed****PRI 1****SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- ☒ Changing demographics
- ☒ Climate change
- ☒ Resource scarcity
- ☒ Technological developments
- ☐ Other, specify(1)
- ☐ Other, specify(2)
- ☐ None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- ☐ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☒ Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     |           | 196      | 438      | 756       | 977      |
| Currency      | EUR       |          |          |           |          |
| Assets in USD |           | 216      | 534      | 696       | 644      |

Specify the framework or taxonomy used.

In line with the commitment of its parent company Natixis, Ostrum AM excludes from its portfolios:

- Electric utilities (i.e. 25 % of revenues derived from the electricity out of coal).
- Mining companies which derive 25% or more of their revenue from coal.
- Companies employing the "mountaintop removal" technique, one of the most aggressive methods of mining coal, in the Appalachian Mountains in the eastern United States

- ☐ Phase out your investments in your fossil fuel holdings
- ☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☐ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☐ Other, specify
- ☐ None of the above

#### SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- ☒ Scenario analysis
- ☒ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☒ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☒ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☒ Total carbon emissions
- ☒ Carbon intensity
- ☒ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☐ Other, specify
- ☐ None of the above

#### SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We use the general framework of TCFD and quantitative tools as Carbone 4 , that can give information about the impact for a firm of its emissions, and its contribution to CO2 emissions and increase in temperature. We extensively discuss with our investors of the composition of their portfolio and its consequence

We also discuss with investors for which we have a dedicated portfolio management about reputation risks for certain issuers or their compliance with the "accord de Paris" alignment.

#### SG 14.5

Additional information [Optional]

As Ostrum AM developed a strong RI approach, the company naturally defined a policy on Climate issues.

##### **Reduction on Carbon exposure**

In line with the commitment of its parent company Natixis, Ostrum AM excludes from its portfolios:

- Electric utilities (i.e. 25 % of revenues derived from the electricity out of coal).
- Mining companies which derive 25% or more of their revenue from coal.
- Companies employing the "mountaintop removal" technique, one of the most aggressive methods of mining coal, in the Appalachian Mountains in the eastern United States

##### **Carbon evaluation methodology and reporting**

Ostrum AM calculates the CO2 footprint of portfolios:

- emissions generated by issuers' activities across their entire scope of responsibility, from raw material extraction to the use of their products;
- emissions avoided as a result of issuers' implementation of low-carbon strategies;
- the overall contribution from each company in addressing climate issues, using qualitative indicators (strategy, clear targets and figures, R&D budget, etc.).

Ostrum AM is providing Carbon reports on each of its main funds (more than € 500 millions AUM as of the end of the reported year)

#### Monitoring Climate risks and opportunities

Each PM / Analysts have direct access to issuers carbon evaluation integrated into Front Tools.

Moreover, on the Equity side, Climate issues is one of the key ESG issues systematically integrated into direct exchange with issuers. It feeds PM/Analysts analysis and therefore directly impacts the issuers' eligibility to investment.

#### Dedicated climate strategies

On dedicated Client request, Ostrum AM is setting and following dedicated carbon intensity threshold to meet the client philosophy.

### Asset class implementation not reported in other modules

| SG 16          | Mandatory  | Public | Descriptive | General |
|----------------|--|--------|-------------|---------|
| <b>SG 16.1</b> | Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold. |        |             |         |

| Asset Class  | Describe what processes are in place and the outputs or outcomes achieved  |
|--|--|
| Fixed income - Securitised                               | - Ostrum AM exclusion policy are implemented   |
| Money market instruments                                 | Ostrum AM exclusion policy are implemented. A best in class approach is developed on a large part of the AUM   |
| Other (1) [as defined in Organisational Overview module] | RI approach is on going on private debt and real asset.<br>A first SRI funds on real asset has been launched on 2018 and a global ESG approach is on going. Please note that private and real assets represented 1.01% of our Fixed income AUM |

### Innovation

| SG 18 | Voluntary | Public | Descriptive | General |
|-------|-----------|--------|-------------|---------|
|-------|-----------|--------|-------------|---------|

|                |  |
|----------------|--|
| <b>SG 18.1</b> | Indicate whether any specific features of your approach to responsible investment are particularly innovative. |
|----------------|--|

☒ Yes

|                |   |
|----------------|---|
| <b>SG 18.2</b> | Describe any specific features of your approach to responsible investment that you believe are particularly innovative. |
|----------------|---|

**Ostrum AM RI approach is particularly innovative as each of its investment staff is in charge of the quality of Ostrum AM RI approach as well as ESG incorporation.**

The company made the strong choice to make RI, fully part of each and everyone activities within the company, instead of having dedicated staff (few of employees are fully dedicated to ESG). Moreover :

**On the Equity side :**

- the approach of ESG incorporation has been fully reviewed by Investment team, in order to deeply integrate it into investment process, as it is a key contributor at each stage of the investment process.
- ESG incorporation relies a proprietary ESG analysis methodology. It is made on each issuers, via quantitative ESG data automatically integrated into ESG analysis
- qualitative analysis made by PM/Analysts thanks to dialogue and direct exchange with issuer.
- 
- This new incorporation process is also fully consistent with the active ownership practices as PM/Analysts will be in charge of the resolutions analysis as of the end of 2018

This proprietary model, fully relying on PM/Analysts knowledge and experiences place ESG at the very heart of the investment process.

**On the Fixed income part, it is worth noticed that even if the team get very mature on ESG integration, they decided to go a step forward on :**

- ESG risks materiality analysis : workshop has been conducted in order to define and share a same vision of ESG issues and materiality on each sector
- ESG integration on the sovereign relies on to complementary approaches : a proprietary machine learning model, that evaluate the potential of Sovereign evaluation evolution, and a Sovereign assessment made by dedicated Analysts. Each of those key elements integrate ESG factors.

Ostrum AM investment teams are always being innovative on ESG, as we are collectively led by our ambition to be recognized as an ESG leader.

☐ No

## Communication

|              |                  |               |                      |                 |
|--------------|------------------|---------------|----------------------|-----------------|
| <b>SG 19</b> | <b>Mandatory</b> | <b>Public</b> | <b>Core Assessed</b> | <b>PRI 2, 6</b> |
|--------------|------------------|---------------|----------------------|-----------------|

|                |   |
|----------------|---|
| <b>SG 19.1</b> | Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information. |
|----------------|---|

|  |                               |
|--|-------------------------------|
|  | Listed equity - Incorporation |
|--|-------------------------------|

Do you disclose?

- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- ☐ Yes
- ☒ No



| Disclosure to public and URL  |  | Disclosure to clients/beneficiaries  |
|---|--|--|
| <div>Disclosure to public and URL</div> <p> <input checked="" type="radio"/> Broad approach to ESG incorporation<br/> <input type="radio"/> Detailed explanation of ESG incorporation strategy used         </p>  |  | <div>Disclosure to clients/beneficiaries</div> <p> <input type="radio"/> Broad approach to ESG incorporation<br/> <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used         </p>  |
| <div>Frequency</div> <p> <input type="checkbox"/> Quarterly or more frequently<br/> <input type="checkbox"/> Biannually<br/> <input checked="" type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad-hoc/when requested         </p>  |  | <div>Frequency</div> <p> <input checked="" type="checkbox"/> Quarterly or more frequently<br/> <input type="checkbox"/> Biannually<br/> <input type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad-hoc/when requested         </p> |
| <div>URL</div> <p><a href="https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf">https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf</a></p> <div>URL</div> <p><a href="https://ppu.am.natixis.com/SDU/NAM/7S5ZQ0hLqf1vrNevsENdsPUWZZzSA9WyfhyGHZBWzum8MTtmmismfpMLe_WCkYaHrJAh7W48jcy48551BLM4lpb28J4Dz3pd1ZWmmAxN8=">https://ppu.am.natixis.com/SDU/NAM/7S5ZQ0hLqf1vrNevsENdsPUWZZzSA9WyfhyGHZBWzum8MTtmmismfpMLe_WCkYaHrJAh7W48jcy48551BLM4lpb28J4Dz3pd1ZWmmAxN8=</a></p> |  |  |

Listed equity - Engagement

Do you disclose?

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

|                                     |  |
|-------------------------------------|--|
| <b>Disclosure to public and URL</b> |  |
|                                     | <div>Disclosure to public and URL</div> <div> <input checked="" type="checkbox"/> Details on the overall engagement strategy<br/> <input checked="" type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals<br/> <input checked="" type="checkbox"/> Number of engagements undertaken<br/> <input type="checkbox"/> Breakdown of engagements by type/topic<br/> <input type="checkbox"/> Breakdown of engagements by region<br/> <input type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives<br/> <input type="checkbox"/> Examples of engagement cases<br/> <input type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)<br/> <input type="checkbox"/> Details on whether the provided information has been externally assured<br/> <input type="checkbox"/> Outcomes that have been achieved from the engagement<br/> <input type="checkbox"/> Other information </div> |
|                                     | <div>Frequency</div> <div> <input type="checkbox"/> Quarterly or more frequently<br/> <input type="checkbox"/> Biannually<br/> <input checked="" type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad-hoc/when requested </div>   |
|                                     | <div>URL</div> <div> <a href="https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf">https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf</a> </div> <div>URL</div> <div> <a href="https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mir ova_Vfinale_TRA-FR2.pdf">https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mir ova_Vfinale_TRA-FR2.pdf</a> </div>  |

|                                       |  |
|---------------------------------------|--|
| <b>Listed equity – (Proxy) Voting</b> |  |
|                                       | <div>Do you disclose?</div> <div> <input type="radio"/> We do not disclose to either clients/beneficiaries or the public.<br/> <input type="radio"/> We disclose to clients/beneficiaries only.<br/> <input checked="" type="radio"/> We disclose to the public </div> |

The information disclosed to clients/beneficiaries is the same

☐ Yes

☒ No

| Disclosure to public and URL  | Disclosure to clients/beneficiaries  |
|---|--|
| <div>Disclosure to public and URL</div> <p> <input type="radio"/> Disclose all voting decisions<br/> <input checked="" type="radio"/> Disclose some voting decisions<br/> <input type="radio"/> Only disclose abstentions and votes against management         </p>   | <div>Disclosure to clients/beneficiaries</div> <p> <input checked="" type="radio"/> Disclose all voting decisions<br/> <input type="radio"/> Disclose some voting decisions<br/> <input type="radio"/> Only disclose abstentions and votes against management         </p>                             |
| <div>Frequency</div> <p> <input type="checkbox"/> Quarterly or more frequently<br/> <input type="checkbox"/> Biannually<br/> <input checked="" type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad hoc/when requested         </p>  | <div>Frequency</div> <p> <input checked="" type="checkbox"/> Quarterly or more frequently<br/> <input type="checkbox"/> Biannually<br/> <input type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad hoc/when requested         </p> |
| <div>URL</div> <p> <a href="https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf">https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf</a> </p> <div>URL</div> <p> <a href="https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mirova_Vfinale_TRA-FR2.pdf">https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mirova_Vfinale_TRA-FR2.pdf</a> </p> |  |

Fixed income

|                  |
|------------------|
| Do you disclose? |
|------------------|

- ☐ We do not disclose to either clients/beneficiaries or the public.  
☐ We disclose to clients/beneficiaries only.  
☒ We disclose to the public

|  |
|--|
| The information disclosed to clients/beneficiaries is the same |
|--|

- ☐ Yes  
☒ No

| Disclosure to public and URL  | Disclosure to clients/beneficiaries  |
|---|--|
| <div style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">Disclosure to public and URL</div> <p> <input checked="" type="radio"/> Broad approach to RI incorporation<br/> <input type="radio"/> Detailed explanation of RI incorporation strategy used         </p>   | <div style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">Disclosure to clients/beneficiaries</div> <p> <input type="radio"/> Broad approach to RI incorporation<br/> <input checked="" type="radio"/> Detailed explanation of RI incorporation strategy used         </p>   |
| <div style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">Frequency</div> <p> <input type="checkbox"/> Quarterly<br/> <input type="checkbox"/> Biannually<br/> <input type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input checked="" type="checkbox"/> Ad hoc/when requested         </p>  | <div style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">Frequency</div> <p> <input checked="" type="checkbox"/> Quarterly<br/> <input type="checkbox"/> Biannually<br/> <input type="checkbox"/> Annually<br/> <input type="checkbox"/> Less frequently than annually<br/> <input type="checkbox"/> Ad hoc/when requested         </p> |
| <div style="background-color: #0070C0; color: white; text-align: center; padding: 2px;">URL</div> <p> <a href="https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf">https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf</a> </p> <div style="background-color: #808080; color: white; text-align: center; padding: 2px;">URL</div> <p> <a href="https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mirova_Vfinale_TRA-FR2.pdf">https://www.ostrum.com/Content/Documents/Engagements/Rapport%20d'engagement/Engagement%20Mirova_Vfinale_TRA-FR2.pdf</a> </p> |  |

For information, we have given an example of a transparency code for an european fund (Ostrum Gloal Alpha Consumer), but each labelled fund has a transparency code, published on our website [www.ostrum.com](http://www.ostrum.com) when prospectus are validated.

# OSTRUM ASSET MANAGEMENT

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed listed equities

### Implementation processes

| LEI 01 | Mandatory | Public | Gateway | PRI 1 |
|--------|-----------|--------|---------|-------|
|--------|-----------|--------|---------|-------|

|                 |   |
|-----------------|---|
| <b>LEI 01.1</b> | Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies. |
|-----------------|---|

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e., not combined with any other strategies)
- ☐ Thematic alone (i.e., not combined with any other strategies)
- ☐ Integration alone (i.e., not combined with any other strategies)
- ☒ Screening and integration strategies

|   |  |
|---|--|
| Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5% | <div> <div></div> <div>%</div> </div> <div>100</div> |
|---|--|

- ☐ Thematic and integration strategies
- ☐ Screening and thematic strategies
- ☐ All three strategies combined
- ☐ We do not apply incorporation strategies

|  |  |
|--|--|
|  | Total actively managed listed equities |
|--|--|

100%

|                 |   |
|-----------------|---|
| <b>LEI 01.2</b> | Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies. |
|-----------------|---|

As for other asset classes, Ostrum AM develops for listed equity a responsible asset management strategy because, beyond sustainability concerns, certain ESG criteria may influence the companies' financial performance in the form of risks and/or opportunities. Furthermore, fully client centric, Ostrum AM is deeply committed to best serve its clients with sustainable and long-term performance return, dedicated responsible products that respond to each of them ESG approaches, and fulfil new regulatory requests.

This conviction stands on robust and complementary strategies applied on all its own portfolios :

#### - Negative screening : exclusion policies applied to all portfolios

Controversial company that does not comply with ESG standards are excluded from all our portfolios, considering the potential material impacts on portfolios arising from significant reputational risks and unacceptable non-compliance with fundamental standards of Responsibility. Ostrum AM defined several exclusion policies (Coal, controversial weapons, tobacco, "Worst Offenders") that are shared with all portfolios managers and implemented within our tools. Strict control mechanisms are in place to ensure these screening rules are not breached.

<https://www.ostrum.com/en-UK/p/About-us/Our-CSR-strategy/Responsible-investment/Exclusion-policy>



**- ESG integration approach applied to all our portfolios, given the potential impact of material ESG criteria on the portfolio holding**

This ESG Integration is successfully implemented thanks to a proprietary model. Indeed, in 2018, Ostrum AM Equity teams reinforce its approach to ESG incorporation, so that it is fully integrated in each stage of its investment process. Via their approach, the Equity team reaffirm their strong conviction of the potential influence of ESG issues on each of the 3 pillars the assessed when analysing quality of companies, as :

- social practices have a close link with the franchise quality
- governance practices is logically linked the management quality
- environmental risks may impact the quality of balance sheet

**ESG incorporation is therefore fully integrated into each stage of the Equity investment process :**

- **Eligibility to investment** : the Equity investment teams based the investment process on quality of companies. The analysis of the quality of each company stands on its ESG analysis, quality analysis and growth potential analysis.
- To ensure the robustness of the ESG analysis made on each company, Ostrum AM Equity team set up **adedicated and proprietary ESG evaluation tool** relying on quantitative and qualitative inputs from direct dialogue with companies
- Companies are analysed under each of the three E, S and G dimensions, via a sectorial agnostic ESG analysis and a bottom-up approach.
- Quality analysis is the first stage of the investment process each under which each company is scored on ESG
- **Companies that do not meet minimum ESG standards - in global and on each of the three E, S and G pillars - won't be considered as eligible for investment.**
- **Valuation analysis** : If companies are considered as eligible for investment, then PM analyse their valuation. On this stage, the ESG evaluation tools also contribute to upgrade or to downgrade ESG score that is one of the key contributor of companies' valuation, the second main stage of the investment process
- **Investment committee** : investments committees that analyses and confirm each potential investment cases, rely on all PM analysis of which Company quality analysis and company valuationPortfolio Construction: ESG is one of the Portfolio construction parameters, along with upside, quality and growth for all the Portfolios. For SRI Funds there is even an ESG score floor equal to the ESG score of the 4 first ESG quintiles of the reference index.

**ESG positive screenings applied to certain investment strategies**, to offer specific SRI strategies in line with our ESG ambition and our client expectation. It consists in selecting companies with an attractive financial profile and assessed above a pre-defined ESG threshold that varies depending on portfolio, particularly in the case of segregated funds or mandates managed for asset owners.

**LEI 01.3**

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

**100% of the equity AUM (€ 24Md) of Ostrum AM applied both exclusion (i.e. negative/norms based screening) and ESG integration approach.**

- Exclusion/negative screening are first used to defined Ostrum AM investment universe, so we do not invest on company that do not complain with minimum ESG standards
- Incorporation approach is then applied in order to analyse the impacts and the integration of ESG issues on/into each company on which Ostrum AM is invested in. The approach also define a strict ESG quality threshold, expected from each invested / future invested company of Ostrum AM Equity universe.

Within this scope, almost 60% of the equity AUM of Ostrum AM (€ 14 Mrd as at year-end 2019) applies an additional incorporation strategy

- Positive screening: Highest ESG score or Lowest CO2 footprint companies are selected

|        |           |        |                     |       |
|--------|-----------|--------|---------------------|-------|
| LEI 02 | Voluntary | Public | Additional Assessed | PRI 1 |
|--------|-----------|--------|---------------------|-------|

|          |   |
|----------|---|
| LEI 02.1 | Indicate what ESG information you use in your ESG incorporation strategies and who provides this information. |
|----------|---|

#### Type of ESG information

- ☒ Raw ESG company data

#### Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

#### Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

#### Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☐ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Country-related analysis or ratings
- ☐ Screened stock list
- ☒ ESG issue-specific analysis or ratings

#### Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

|          |   |
|----------|---|
| LEI 02.2 | Indicate whether you incentivise brokers to provide ESG research. |
|----------|---|

- ☒ Yes

**LEI 02.3**

Describe how you incentivise brokers.

Ostrum AM explicitly encourages sell-side analysts to improve their ESG research and has formalized 5 requirements taking into account during biannual "broker-review":

- developing research to enhance its understanding of sustainability and governance issues
- closely monitoring ESG newsflow (at company' level, but also the changes in regulatory framework, new drivers, etc.)
- undertaking ESG issues-related studies (exposure of industries to sustainability matters, impacts on companies' valuation, identification of specific risks, etc.).
- establishing relevant stock lists that fit with sustainability themes
- organizing events to foster a better understanding of a) companies' strategies / business models

☐ No

**LEI 02.4**

Additional information. [Optional]

As of 2019, ESG analysis is conducted by the Equity teams on each company. It takes the form of a dedicated ESG evaluation tool that is made of quantitative data and qualitative comments, viewable by all Equity PMs.

- **quantitative data:** ESG providers and company reports provide the necessary ESG data, automatically integrated into the ESG evaluation tool (Refinitiv, CDP...)
- **qualitative ESG analysis,** made by PMs relying on: direct dialogue with companies: one-to-one meeting conducted between PM and CEO/ CFO, relying on a dedicated model analysis that formalizes all ESG issues that have to be addressed by companies.
- raw company data analysis: public information (CSR or dedicated extra-financial, report, annual reports, press...)
- 
- other dedicated ESG data and analysis to feed specific client's needs (i.e. mainly on SRI strategies for segregated funds and mandate), such as research and scores provided by the extra-financial team of Mirova

Ostrum Equity set up dedicated governance and shared responsibilities

- 1 ESG Equity Ambassador and 2 dedicated ESG& governance specialists help analyst-PMs improve their understanding of ESG issues
- Each Equity Analyst/PM is in charge of the ESG analysis of companies, as ESG is fully part of the research process.

**LEI 03****Voluntary****Public****Additional Assessed****PRI 1**

|                 |  |
|-----------------|--|
| <b>LEI 03.1</b> | Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making. |
|-----------------|--|

☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

|                 |                                    |
|-----------------|------------------------------------|
| <b>LEI 03.2</b> | Additional information. [Optional] |
|-----------------|------------------------------------|

The spreading of relevant information arising from the active ownership initiatives is fully part of Ostrum AM ESG integration process, even though such information does not have systematically a direct impact on investment decisions. Such information is made available through the following channels:

- PMs take part in Corporate Governance meetings with companies
- PMs are in charge of the governance analysis and engagement with companies (under their research coverage) in the context of the proxy voting activity
- All PMs have direct access to the ESG evaluation tool on each company, made of quantitative and qualitative ESG analysis
- Annual 'Voting and Engagement' presentations are held for listed equity portfolio management teams. These presentations cover the evolution of the voting policy, a review of votes cast, the engagement strategy and a review of the engagement actions undertaken.

**All information related to voting and engagement activities are made available to PMs.**

Furthermore, since 2016, all voting decisions are made available on an online platform, for each security of the voting universe. Thanks to this new tool, the information related to voting activities is systematically made available to investment teams.

## (A) Implementation: Screening

|               |                  |               |                    |              |
|---------------|------------------|---------------|--------------------|--------------|
| <b>LEI 04</b> | <b>Mandatory</b> | <b>Public</b> | <b>Descriptive</b> | <b>PRI 1</b> |
|---------------|------------------|---------------|--------------------|--------------|

|                 |  |
|-----------------|--|
| <b>LEI 04.1</b> | Indicate and describe the type of screening you apply to your internally managed active listed equities. |
|-----------------|--|

**Type of screening**

- ☒ Negative/exclusionary screening

**Screened by**

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☐ Environmental and social practices and performance
- ☐ Corporate governance

|  | Description |
|--|-------------|
|--|-------------|

Respectively for sustainability duty and regulatory reasons, Ostrum AM applies the following exclusion policies:

- **Controversial weapons policy:** Companies directly involved in the use, development, production, marketing, distribution, storage or transportation of cluster bombs and/or antipersonnel landmines; and companies holding 50% or more of a company involved in the activities mentioned above, are not eligible to Ostrum AM portfolios.
- **Coal exclusion policy:** In line with the commitment of its parent company Natixis, Ostrum AM excludes from its portfolios:
  - Electric utilities (i.e. 25% of revenues derived from electricity), if coal represents more than 25% of the energy mix.
  - Mining companies which derive 25% or more of their revenue from coal.
  - Companies employing the "mountaintop removal" technique
  - Tobacco: as of 2019, Ostrum AM exclude from its investment universe all producers and manufacturer of tobacco products

#### Country/ geographic region exclusions:

- all investments in countries under total American or European embargo,
- countries subject to a Financial Action Task Force (FATF) call to apply countermeasures to protect the international financial system from on-going and substantial money laundering and terrorist financing
- countries included in the list of countries judged by France to be uncooperative for tax purposes (Article 238-0 A of the General Tax Code)

- ☒ Positive/best-in-class screening

#### Screened by

- ☐ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

|  | Description |
|--|-------------|
|--|-------------|

Certain investment strategies (€ 14 Mrd as at-year end 2019) apply a positive screening, which directly impacts the eligible investment universe. This consists in primarily selecting companies that best address UN Sustainable Developments Goals, by adapting their business models to sustainability issues (products and services with positive impacts), and by mitigating their negative social and environmental negative externalities, thanks to good ESG practices.

Security selection draws on the RI Research performed by Mirova: each company is assessed on a 5-level scale: "Negative", "Risk", "Neutral", "Positive" and "Committed". Then the portfolio managers define the eligible investment universe, i.e. companies assessed above a pre-defined threshold that varies depending on portfolio.

Moreover, on those SRI strategies, climat countraints are also applied under clients requests, such as a maxium threshold of CO2per invested euro.

☒ Norms-based screening

#### Screened by

- ☒ UN Global Compact Principles
- ☐ The UN Guiding Principles on Business and Human Rights
- ☒ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☒ Other, specify

Exclusion lists from pension funds

|  | Description |
|--|-------------|
|--|-------------|

Ostrum AM excludes from its investments all companies identified as "Worst Offenders", i.e. those that fail to comply with certain fundamental requirements.

- Companies committing serious breaches of the United Nations' Global Compact principles;
- Companies targeted by complaints following cases investigated by the OECD's national contact points (NCPs) for non-compliance with OECD Guidelines For Multinational Enterprises;
- Companies included in exclusion lists of several institutional investors (mostly pension funds) on the basis of the above-mentioned principles

#### Identification of Worst Offenders:

- A specialized data provider proposes a regularly updated list of issuers that could be considered as Worst Offenders
- Investment teams (portfolio managers, analysts and product specialists) may propose additional names as potential Worst Offenders for analysis

New process in place since Q3 2019 to validate the updated list of Worst Offenders with high implication of investment teams required before submission to Executive Committee for validation:

- Presentation of proposed updates with new issuers (in / out) of the Worst Offenders list and Watch list (Watch list = issuers with high risk of becoming Worst Offenders and under close monitoring)
- Possible contradictory debate if necessary if an issuer is not validated collectively (period of 1 month max.)
- Pre-Validation with Global CIO

**LEI 04.2**

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

**As regards of negative screening criteria**

There is no predetermined frequency for reviewing the screening criteria or themes, the exclusion policies are refined and/or supplemented whenever an overriding ESG-related issue is identified. The exclusion policies are ultimately validated by Ostrum AM's executive committee, which also reviews the updated lists at least once a year, or more frequently if necessary (depending on potential new issues or ad hoc significant update).

In case of new screening implementation:

- The information would be disclosed on Ostrum AM website: [www.ostrum.com](http://www.ostrum.com) and on diverse public communication support (press release, social media, news...)
- The Client Services Department would directly inform clients to confirm their approval before applying any new exclusion policy on dedicated funds or mandates.

In case of significant impacts on mandates due to the update of existing policy / screening (for example, in case of the downgrade of an ESG scores of a company that may results to its exclusion from Ostrum AM Equity portfolios universe), **PMs will directly discussed investment impacts with clients during Investment Committee.**

**LEI 05****Mandatory****Public****Core Assessed****PRI 1****LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- ☒ Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- ☒ Trading platforms blocking / restricting flagged securities on the black list.
- ☒ A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- ☒ A periodic review of internal research is carried out.
- ☒ Review and evaluation of external research providers.
- ☐ Other; specify
- ☐ None of the above

**LEI 05.2**

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

**LEI 05.3**

Indicate how frequently third party ESG ratings are updated for screening purposes.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

**LEI 05.4**

Indicate how frequently you review internal research that builds your ESG screens.

- ☐ Quarterly or more frequently
- ☐ Bi-Annually
- ☒ Annually
- ☐ Less frequently than annually

**LEI 05.5**

Additional information. [Optional]

Ostrum AM defines a robust process that guaranty the transparency and the reliability of its exclusion processes.

**As regard of negative screening on Tobacco, coal and norms-based exclusion policies, implemented on all Ostrum AM Equity portfolios:**

**1/ Robust sources identified to targeted company**

Worst Offenders companies identified are those:

- committing serious breaches of the United Nations' Global Compact principles;
- Companies targeted by complaints following cases investigated by the OECD's national contact points (NCPs) for non-compliance with OECD Guidelines For Multinational Enterprises;
- Companies included in exclusion lists of several institutional investors (mostly pension funds) on the basis of the above-mentioned principles.

Thanks to those primary robust sources, Ostrum AM investment teams analyse the seriousness of the controversies impacting those companies. The combination of robust sources, and analysis of investment teams assure the robustness of the exclusion process.

- A specialized data provider proposes a regularly updated list of issuers that could be considered as Worst Offenders
- Investment teams (portfolio managers, analysts and product specialists) may propose additional names as potential Worst Offenders for analysis

Besides the seriousness of the sources selected to identify those company, Ostrum AM also set up a strong exclusion process.

1. The exclusion themes and screening criteria are established by Ostrum AM's CSR Committee, relying on Ostrum convictions on ESG
2. At least once a year, exclusion lists are updated to guarantee that Ostrum AM fulfil its commitment not to support those activities and company. This update is made by Ostrum and dedicated ESG provider mentioned above.
3. Investment teams analyse the evolution of the company targeted by the exclusion criterion and present it to the Executive Committee of Ostrum AM, who is in charge of the confirmation of the exclusion list updates.
4. Exclusion lists are then implemented:
5. Wide communication within Ostrum (investment teams, Risks department, Clients Departments, products specialists ...)
6. Company are created into Ostrum AM tools



7. Pre-trade blocking alerts are setting up by the Risks Department on each of the targeted company, in order to forbid any investments on those company
8. Sales and Clients Department inform Clients of dedicated funds and mandates of exclusion lists updates and the potential impacts on their portfolios.

This process relies on dedicated procedure and on public policies posted on [www.ostrum.com](http://www.ostrum.com)

New process in place since Q3 2019 to validate the updated list of Worst Offenders with high implication of investment teams required before submission to Executive Committee for validation:

- Presentation of proposed updates with new issuers (in / out) of the Worst Offenders list and Watch list (Watch list = issuers with high risk of becoming Worst Offenders and under close monitoring)
- Possible contradictory debate if necessary if an issuer is not validated collectively (period of 1 month max.)
- Pre-Validation by Fineqx (transversal Committee regrouping the heads of investment teams)

## 2/ As regard of geographical exclusion

Our investment guidelines monitoring system generates pre-trade alerts for investments in connection with jurisdictions identified by the FATF as having strategic AML/CFT deficiencies is subject to pre-trade monitoring and screening (FATF 2). The Compliance team, which receives a copy of these alerts, reviews the company and decides whether the alert is founded - in which case the order cannot be executed.

Our investment guidelines monitoring system generates pre-trade alerts for investments in connection with jurisdictions identified by the FATF as having strategic AML/CFT deficiencies is subject to pre-trade monitoring and screening (FATF 2). The Compliance team, which receives a copy of these alerts, reviews the company and decides whether the alert is founded - in which case the order cannot be executed.

- Positive screening implemented on dedicated SRI portfolios

Ostrum AM defined dedicated SRI strategies in line with our our client needs. It consists in selecting company with an attractive financial profile and assessed above a pre-defined ESG threshold that varies depending on portfolio, particularly in the case of segregated funds or mandates managed for asset owners. Those strategies and threshold rely on dedicated ESG research and inputs are mostly provided by Mirova.

To ensure the robustness of the ESG analysis, Mirova

- relies on various providers carefully selected for the quality of their research
- reviews or validated the external ESG providers analysis and input thanks to an in-house research team on a quarterly basis (in case of a major event concerning a specific company, ESG rating can be updated inbetween).
- the RI Research team follows the newsfeeds on company on a real time basis to ensure that the Sustainability Opinion continually corresponds to companies' actual practices
- Oekom\*\*'s analyses are annually updated, controversies and other important information are integrated in oekom's own tools as soon as their rating update is finalised
- Each quarter, newly updated information is integrated in the data delivered to Ostrum AM).

Periodic reviews of research quality are also carried out by third parties (EY, the General Inspection Department of BPCE Group).

|        |           |        |                     |       |
|--------|-----------|--------|---------------------|-------|
| LEI 06 | Voluntary | Public | Additional Assessed | PRI 1 |
|--------|-----------|--------|---------------------|-------|

**LEI 06.1**

Indicate which processes your organisation uses to ensure fund criteria are not breached.

- ☒ Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Periodic auditing/checking of the organisations RI funds by external party
- ☐ Other; specify
- ☐ None of the above

**LEI 06.2**

If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

**Ostrum AM relies on its strong risk management organisation to ensure that fund screening criteria (among which its exclusion policies and other ESG-related screening criteria) are not breached. To this end, the process described below is strictly applied.**

Considerable attention is paid to monitoring compliance with established guidelines. Given the in-depth risk monitoring and the ability to pre-test trades both for consistency with the model portfolio and for guideline compliance, the potential for breaches based on portfolio management activity should be low. Further, any breach that does occur due to market action can be quickly highlighted and resolved given the systems that actively monitor guideline compliance at Ostrum AM.

All portfolio constraints are input into the Guardian dedicated software by the Risk Constraints and Operations Team (RCO) of the Risk Department. Guardian (Compliance module of CRD) is linked to the Charles River Development order management system and to the Gaia central record keeping system for portfolio positions, which is updated daily. The RCO Team develops and maintains pre-trade controls for the use of portfolio managers before submitting trades. These controls are performed in real time, before a broker or counterparty has been contacted by a dealer. These pre-trade controls concern mainly eligibility and investment constraint calculations and are intended to prevent breaches. Pre-trade compliance strengthens the asset management process by reducing risk of late corrections and end-of-day non-compliance.

In addition, the RCO Team uses Guardian to perform post-trade controls. The parameters monitored include portfolios' financial management such as intelligence and validation, exhaustiveness, effective control, adjustment procedure, audit trails, and reporting. Controls cover the prospectus specifications for funds and contractual constraints for mandates, including specific investment guidelines as well as regulatory requirements (among which exclusion policies). Any breaches are reviewed daily by the middle office team and brought to the portfolio manager for resolution. There is a formal escalation procedure if the breach is not resolved quickly. Should the breach continue beyond two day, the RCO follows the event until it is fully resolved, activating the escalation procedure. If the breach is deemed urgent, the RCO contacts the manager for immediate resolution, according to the emergency procedure. Every event relative to the escalation is logged in the Guardian audit trail of the breach. Guardian time stamps and records the full audit trail. This record is available for fund managers, risk teams, or audit purposes. Reports on breaches are sent twice a month to the heads of investment departments and the heads of Risk Department. Ostrum Asset Management ensures that breaches in portfolio guidelines are resolved in the best interest of the client. Both pre-trade and post-trade controls are therefore undertaken to ensure that exclusion policies and other ESG-related screening criteria are not breached.

Strict control mechanisms are in place to ensure these screening rules are not breached. Among them, pre-trade rules and their type (blocking / non-blocking), according to the exclusion policy and the type of portfolio:

Open funds Mandates / Dedicated funds

BASM - MAP Blocking Blocking

COAL Blocking non-blocking

TOBACCO Blocking non-blocking

WORST OFFENDERS list Blocking non-blocking

Watch List (WO) non-blocking non-blocking

*\* Internal audits of fund holdings are undertaken regularly, but it is to be noted that such controls are made by Risk Constraints and Operations Team (RCO), and not by the internal control team which is rather in charge of monitoring the application of internal processes*

## (C) Implementation: Integration of ESG factors

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEI 08 | Mandatory | Public | Core Assessed | PRI 1 |
|--------|-----------|--------|---------------|-------|

### LEI 08.1

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

| ESG issues           | Proportion impacted by analysis   |
|----------------------|---|
| Environmental        | <div> <div></div> <div>Environmental</div> </div> <p> <input type="radio"/> &lt;10%<br/> <input type="radio"/> 10-50%<br/> <input type="radio"/> 51-90%<br/> <input checked="" type="radio"/> &gt;90%         </p>        |
| Social               | <div> <div></div> <div>Social</div> </div> <p> <input type="radio"/> &lt;10%<br/> <input type="radio"/> 10-50%<br/> <input type="radio"/> 51-90%<br/> <input checked="" type="radio"/> &gt;90%         </p>               |
| Corporate Governance | <div> <div></div> <div>Corporate Governance</div> </div> <p> <input type="radio"/> &lt;10%<br/> <input type="radio"/> 10-50%<br/> <input type="radio"/> 51-90%<br/> <input checked="" type="radio"/> &gt;90%         </p> |

### LEI 08.2

Additional information. [Optional]

Ostrum AM Equity teams defined a new approach of ESG integration, fully integrated into the investment process, relying on a proprietary ESG evaluation tool and applied in all Ostrum AM equity strategies.

**ESG quantitative** datas come from ESG providers (Refinitiv, Sustainalytics,...) :

- Environmental data: environmental footprint (production chain, product life cycle), energy and water consumption, CO2 emissions, waste management, ...
- Social data: ethics and working conditions, employees' treatment (security, well-being, diversity, representation, compensation...), products/ services quality ...
- Governance: Capital structure, protection of the interests of the minority shareholder, board of Directors and General Management quality and governance, Management compensation, accounting practices and financial Risks, ethical practices, etc.

**ESG qualitative analyses** of each company are made by the PMs who rely on direct dialogue with company. The ESG assessment tool helps the analysts identifying all ESG issues that have to be discussed with companies.

**Qualitative and quantitative datas are integrated into the ESG evaluation tool which produces global ESG score and scores on each of the three E, S and G pillars. Companies that do not obtain a higher score than 10/20 on their global ESG score are not eligible for investment.**

| LEI 09 | Mandatory | Public | Core Assessed | PRI 1 |
|--------|-----------|--------|---------------|-------|
|--------|-----------|--------|---------------|-------|

#### LEI 09.1

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Third-party ESG ratings are updated regularly
- ☒ A periodic review of the internal research is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☒ Analysis of the impact of ESG factors on investment risk and return performance
- ☐ Other; specify
- ☐ None of the above

#### LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

#### LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

**LEI 09.4**

Indicate how frequently you review internal research that builds your ESG integration strategy.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

**LEI 09.5**

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- ☒ Other; specify  
ESG assessment is part of document presented by analysts during investment committees. If ESG risk is material, PMs decide: not to invest or calibrate position
- ☐ None of the above

**LEI 09.6**

Additional information. [Optional]

To ensure the robustness of our ESG analysis, our Equity team set up a dedicated and proprietary ESG evaluation tools:

- Companies are analysed under each of the three E, S and G dimensions, via a sectorial agnostic ESG analysis and a bottom-up approach.
- ESG analysis is conducted by PMs, and rely on quantitative and qualitative data:
- quantitative data come from dedicated ESG providers carefully selected by investment team for their coverage and the quality of their methodologies (Reuters, Sustainalytics,...). Those are directly integrated into the ESG evaluation tools.
- ESG qualitative analyses of each company are made by the PMs thanks to:
- Direct dialogue with company and dedicated tools that formalizes all ESG issues that have to be addressed to companies.
- Public ESG data
- The support of ESG ambassadors and ESG/Governance analyst
- companies' analysis is updated at least once a year and up to 5 to 6 times/ year, as analysts maintain close relations with investees on-going process)
- Close dialogue is settled up after major ESG breach. It leads to increase /decrease exposure or to divest
- All Equity Department have access to all ESG analysis and sources (shared library)
- The Equity Investment process is approved by the Risks Department

# OSTRUM ASSET MANAGEMENT

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEA 01 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

### LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

☒ Yes

### LEA 01.2

Attach or provide a URL to your active ownership policy.

☐ Attachment provided:

☒ URL provided:

URL

[https://www.ostrum.com/Content/Files/Voting%20Policy\\_2020.pdf](https://www.ostrum.com/Content/Files/Voting%20Policy_2020.pdf)

### LEA 01.3

Indicate what your active engagement policy covers:

#### General approach to Active Ownership

- ☒ Conflicts of interest
- ☒ Alignment with national stewardship code requirements
- ☒ Assets/funds covered by active ownership policy
- ☒ Expectations and objectives
- ☒ Engagement approach

#### Engagement

- ☒ ESG issues
- ☒ Prioritisation of engagement
- ☒ Methods of engagement
- ☒ Transparency of engagement activities
- ☒ Due diligence and monitoring process
- ☒ Insider information
- ☒ Escalation strategies
- ☒ Service Provider specific criteria
- ☐ Other; (specify)
- ☒ (Proxy) voting approach

## Voting

- ☒ ESG issues
- ☒ Prioritisation and scope of voting activities
- ☒ Methods of voting
- ☒ Transparency of voting activities
- ☒ Regional voting practice approaches
- ☒ Filing or co-filing resolutions
- ☒ Company dialogue pre/post-vote
- ☒ Decision-making processes
- ☒ Securities lending processes
- ☐ Other; (specify)

☐ Other

☐ None of the above

☐ No

### LEA 01.4

Do you outsource any of your active ownership activities to service providers?

☐ Yes

☒ No

### LEA 01.6

Additional information [optional]

While Ostrum Asset Management has been involved in sustainable development and Responsible Investing for more than 30\* years, the company design a framework for responsible asset management implemented through all its investment processes. In this sense, Ostrum Asset Management define an active ownership approach that is fully part of its responsible investment approach, and that is relying on the following focus:

#### **A CONTINUOUS ENGAGEMENT WITH COMPANIES (i.e. "Individual engagement")**

Ostrum AM's engage a permanent dialogue with companies to gain a better understanding of their practices. This individual engagement is held by Ostrum Equity PMs since 2018 via direct and regular exchange while analysing companies' practices and during voting exercise. Indeed, ESG analysis is fully integrated into each stage of the Equity Investment process.

More specifically during the voting season, Ostrum Equity PMs Helped by our ESG and voting specialists, analyse voting resolutions and engage with companies before taking voting decisions for companies belonging to our research universe.

#### **AN ACTIVE AND RESPONSIBLE VOTING POLICY**

Ostrum AM exercises its voting rights at annual general meetings, on a comprehensive voting universe according to a rigorous and demanding policy that addresses social and environmental issues, in addition to corporate governance guidelines.

Ostrum AM commits itself to vote:

- on the full scope of portfolios where Ostrum AM has the delegation to vote
- on the full scope of corporates present in the portfolios (best effort)
- on the full scope of securities of a given corporate (except those used for flexibility purpose to manage Subscriptions / Redemptions). All lent securities are systematically recalled before and during the Shareholders' general meetings period.

Dedicated dialogue is carried out by Ostrum AM PMs on specific governance issues, which are also in charge of resolutions analysis.

#### **COLLABORATIVE ENGAGEMENT INITIATIVES**



Ostrum AM also takes part in collaborative initiatives led by several investors. These actions raise awareness among companies, public powers and regulators about the importance of ESG and CSR issues. In 2019, Ostrum AM was member of different collaborative actions:

- WDI - Workforce Disclosure Initiative - phase II (Share Action)
- Investor Statement on Methane Emissions in Oil & Gas (IIGCC)
- Investor Statement on Methane Emissions in Oil & Gas (IIGCC)
- Deforestation and forest fires in the Amazon (Ceres)
- Tobacco Free Finance Pledge (Tobacco Free Portfolios)
- Gender Equility in the workplace (Mirova)
- The Green finance campaign
- Investor Expectations on climate change for airlines and aerospace companies

Ostrum AM also pursues continuing initiatives:

- Antibiotics overuse in livestock (FAIRR)
- Arctic Drilling in Wildlife Sanctuary (Waxman Strategies and Sierra Club)
- Climate Action 100 +
- Corporate Tax practices (PRI)
- Investor decarbonisation Initiative (Share action)
- Investor initiative on sustainable Forest (Ceres & PRI)
- Support for the Cerrado Manifesto and the Cerrado Working group
- Water Risk in the Agricultural Supply Chains (PRI platform)

## CO-CONSTRUCTION AND PROMOTION OF ESG STANDARDS

Ostrum AM is an active member of more than 10 French and international workshops. In this way the company contributes to the industry initiatives dedicated to the improvement and standardization of responsible investment practices.

It takes part of several working groups as the Taxonomy Practitioners Group (PRI) or the white paper of the carbon best practices.

| Engagement |  |        |               |           |
|------------|--|--------|---------------|-----------|
| LEA 02     | Mandatory  | Public | Core Assessed | PRI 1,2,3 |
| LEA 02.1   | Indicate the method of engagement, giving reasons for the interaction. |        |               |           |

| Type of engagement                      | Reason for interaction  |
|---|---|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues<br><input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure<br><input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management<br><input type="checkbox"/> We do not engage via internal staff            |
| Collaborative engagements               | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues<br><input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure<br><input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management<br><input type="checkbox"/> We do not engage via collaborative engagements |
| Service provider engagements            | <input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues<br><input type="checkbox"/> To encourage improved/increased ESG disclosure<br><input type="checkbox"/> To gain an understanding of ESG strategy and/or management<br><input checked="" type="checkbox"/> We do not engage via service providers                               |

#### LEA 02.4

#### Additional information. [Optional]

As a key player in the European asset management market, Ostrum AM is committed to wisely using its power of influence by encouraging companies to improve their environmental, social and corporate governance practices, as well as their transparency. Ostrum AM therefore sets itself high standards about being an active and involved shareholder through constructive dialogue.

#### As regards individual engagement

The ESG integration approach defined by Ostrum AM Equity Team is applied to all our portfolios, given the potential impact of material ESG criteria on the portfolio holding. The consistency of the ESG analysis made on each company rely on robust quantitative and qualitative inputs from direct dialogue with companies. This on-going engagement conducted by PMs is a key focus of the ESG analysis conducted during the year as well as an entire part of the voting exercise with direct exchange on governance issues.

The aim is to draw companies' attention on potential ESG risks that would not have been taken into account and to share with them some of the best ESG practices. In this context of incentive to progress, the identified areas for improvement and the expected progress are formally conveyed to the firm either verbally or in writing. The evolutions are monitored through time to assess the company's improvement and to adjust its ESG notation accordingly.

#### As regards collaborative engagement

Ostrum AM establish a dedicated process to contribute with investors in order to encourage better ESG practices and/or improvement of their disclosure by companies. To this end, investment Team is selecting collaborative engagements supported by Ostrum AM. Collaborative engagement consist in :

- identifying major risks/controversial practices applied by several companies or by a whole business sector; regarding the 10 principles of UN Global Compact and Paris Agreement
- engaging in dialogue with the latter to require more transparency and, whenever possible, changes in the identified controversial practices. Given the importance of these issues, several investors frequently join their efforts to collectively have more power of influence.

Whether for Individual or collaborative engagement, the constructive dialogue carried out aims at encouraging more transparency and/or the improvement of companies' ESG practices (sometimes through collaborative dialogue for the most controversial practices applied by several companies or a whole business sector).

Individual engagement forms an integral part of the ESG analysis and exercise of voting rights and collaborative engagement enables the identification and the monitoring of significant risks. Such dialogue can therefore also support investment decision-making. The companies could be targeted either in reaction if an important event already occurred, or in anticipation if they are identified as exposed to significant risks.

In this way, Ostrum AM meets its fiduciary duty by controlling to what extent key ESG issues - potentially material from a financial perspective - are taken into account by the main companies held in its portfolios, so as to protect its clients' interests

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEA 03 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

|          |   |
|----------|---|
| LEA 03.1 | Indicate whether your organisation has a formal process for identifying and prioritising engagements. |
|----------|---|

☒ Yes

|          |  |
|----------|--|
| LEA 03.2 | Indicate the criteria used to identify and prioritise engagements for each type of engagement. |
|----------|--|

| Type of engagement                      | Criteria used to identify/prioritise engagements  |
|---|---|
| Individual / Internal staff engagements | <div>Individual / Internal staff engagements</div> <input checked="" type="checkbox"/> Geography/market of the companies<br><input checked="" type="checkbox"/> Materiality of the ESG factors<br><input checked="" type="checkbox"/> Exposure (size of holdings)<br><input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred<br><input type="checkbox"/> Responses to divestment pressure<br><input type="checkbox"/> Consultation with clients/beneficiaries<br><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)<br><input checked="" type="checkbox"/> Follow-up from a voting decision<br><input checked="" type="checkbox"/> Client request<br><input checked="" type="checkbox"/> Breaches of international norms<br><input type="checkbox"/> Other; (specify)<br><input type="checkbox"/> We do not outline engagement criteria for our individual engagements  |
| Collaborative engagements               | <div>Collaborative engagements</div> <input type="checkbox"/> Potential to enhance knowledge of ESG issues through other investors<br><input checked="" type="checkbox"/> Ability to have greater impact on ESG issues<br><input checked="" type="checkbox"/> Ability to add value to the collaboration<br><input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration<br><input checked="" type="checkbox"/> Materiality of the ESG factors addressed by the collaboration<br><input type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration<br><input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred<br><input checked="" type="checkbox"/> Responses to divestment pressure<br><input type="checkbox"/> Follow-up from a voting decision<br><input type="checkbox"/> Alleviate the resource burden of engagement<br><input type="checkbox"/> Consultation with clients/beneficiaries<br><input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)<br><input type="checkbox"/> Other; (specify)<br><input type="checkbox"/> We do not outline engagement criteria for our collaborative engagement providers |

☐ No

#### LEA 03.3

Additional information. [Optional]

#### Individual engagement conducted by Ostrum AM PM/analysts

As ESG incorporation is fully integrated into each stage of the Equity investment process:

- Ostrum AM Equity team set up a dedicated and proprietary ESG evaluation tools relying on quantitative and qualitative inputs from direct dialogue with companies undertaken by PMs

- Its aims to better understand companies ESG practices, ESG risks management and/or ESG opportunities
- It may take the form of
- Direct exchange on ESG issues; dedicated tools are in place in order to dialogue on all ESG issues identified as material by the Equity Teams
- Dedicated corporate governance meetings with companies during voting exercise
- It covers all companies that are in Ostrum AM portfolios and companies on which PMs have an interest to invest on.
- It is an on-going engagement process, as ESG analysis are updated at least once a year and as much as needed (dialogue between companies and Ostrum Equity PMs may occur up to 6 times a year)
- Geographical market, companies' capitalization, companies' historical practices, are some of the several drivers of engagements specificities

#### **As part as the collaborative engagement**

Ostrum AM has a formal process to identify and prioritise collaborative dialogue. Engagements initiative supported by Ostrum AM are:

#### **1/ Initiatives identifying and followed-up by collaborative platforms such as PRI platform, share action, ...**

Ostrum AM is an active member the collaborative actions led by the PRI. The Company decided in 2019 to prioritize as follow:

- To support all initiatives in order to respect the 10 UN principles
- To support all initiatives reinforcing the Paris agreement
- To focus on five SDG:
  - o Good health and well being (SDG 3)
  - o Gender equality (SDG 5)
  - o Climate action (SDG 13)
  - o Life below water (SDG 14)
  - o Life on land (SDG 15)

#### **2/ Initiatives identifying and followed-up through head of CRS and ESG coordinator, structured around three distinct phases: planning, dialogue and reporting.**

#### **3/ Identifying and supported via investor statements**

A dedicated process is in place to identified on-going collaborative initiatives. Then, they are analysed by Ostrum Investment team who decide of the Ostrum AM support, depending of the nature of the statement, Ostrum exposure on targeted companies, and the materiality of the ESG issues targeted by the statement

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEA 04 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

|          |  |
|----------|--|
| LEA 04.1 | Indicate whether you define specific objectives for your organisation's engagement activities. |
|----------|--|

|   |  |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="radio"/> All engagement activities<br><input type="radio"/> Majority of engagement activities<br><input type="radio"/> Minority of engagement activities<br><input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff     |
| Collaborative engagements               | <input checked="" type="radio"/> All engagement activities<br><input type="radio"/> Majority of engagement activities<br><input type="radio"/> Minority of engagement activities<br><input type="radio"/> We do not define specific objectives for engagement activities carried out through collaboration |

#### LEA 04.2

#### Additional information. [Optional]

Ostrum AM engagement approach relies on its ambition to act as an responsible asset manager that uses its power of influence in order to make companies more transparent on their ESG practices as well as to encourage better ESG practices.

This ambition is declined on the initiatives handled by Ostrum AM, either on individual and collaborative engagement.

Following these discussions and the completion of an ESG assessment, the RI analysts send a letter or an email to the company highlighting: a) the most important areas for improvement identified during their analysis; b) Ostrum AM's expectations in terms of progress. In terms of monitoring, a report on each engagement action is logged by the team and is shared upon request with Ostrum AM teams.

#### **In terms of collaborative engagement**

Ostrum AM's collaborative engagement consists in:

- identifying controversial practices applied by several companies or by a whole business sector;
- engaging in dialogue with the latter to require more transparency and, whenever possible, changes in the identified controversial practices. Given the importance of these issues, several investors join their efforts to collectively have more power of influence.

The engagement themes are defined on the basis of the significance of the issue in terms of both sustainability (important negative externalities despite existing levers for improvement) and potential impacts on investments (materiality).

Depending on the issues addressed, Ostrum AM can collaboratively engage in dialogue with companies with to aim to obtain:

- more transparency from targeted companies' to gain a better understanding of the environmental and/or social impacts of their controversial production processes and/or products;
- more transparency and improved practices when negative impacts of production processes and/or products are identified and confirmed;
- improved environmental and/or social impacts of the products and/or services offered by the targeted companies.

Ostrum AM pay a high attention of the robustness and transparency of the engagement process followed by those three different canals. A close follow-up of the engagement initiatives is reported in an annual Engagement Report.

It is worth than noting that Ostrum AM is working on the full re-appropriation of Engagement actions, individual and collaborative, as ESG is fully integrated into investment process and directly undertaken by investment teams. Indeed, PMs are now on in charge of ESG analysis of company, relying on dialogue and close monitoring of ESG practices.

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEA 05 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

|          |   |
|----------|---|
| LEA 05.1 | Indicate whether you monitor and/or review engagement outcomes. |
|----------|---|

|   |  |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="radio"/> Yes, in all cases<br><input type="radio"/> Yes, in a majority of cases<br><input type="radio"/> Yes, in a minority of cases<br><input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff. |
| Collaborative engagements               | <input checked="" type="radio"/> Yes, in all cases<br><input type="radio"/> Yes, in a majority of cases<br><input type="radio"/> Yes, in a minority of cases<br><input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration. |

|          |  |
|----------|--|
| LEA 05.2 | Indicate whether you do any of the following to monitor and/or review the progress of engagement activities. |
|----------|--|

|   |  |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> Define timelines/milestones for your objectives<br><input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs<br><input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met<br><input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis<br><input type="checkbox"/> Other; specify |
| Collaborative engagements               | <input checked="" type="checkbox"/> Define timelines/milestones for your objectives<br><input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs<br><input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met<br><input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis<br><input type="checkbox"/> Other; specify |

|          |                                    |
|----------|------------------------------------|
| LEA 05.3 | Additional information. [Optional] |
|----------|------------------------------------|

Ostrum AM engagement approach rely on a robust process, that define engagement topics and objectives as well as the monitoring and follow-up of the engagement initiatives.

#### In terms of collaborative engagement

Each one of Ostrum AM's collaborative engagement initiative includes specific goals and a close monitoring of targeted companies' practices.

- Specific: Engagement is limited to a specific ESG topic that a business is exposed to as a result of its sector, its geographical footprint, or its practices.
- Measurable: Engagement consists of well-defined actions coordinated with measurable and predetermined objectives. Assessment criteria are defined in the initial action plan prior to implementation.
- Attainable: the objectives that the engagement activities aim to achieve are realistic and attainable within the given timeframe.

Concretely, for each collaborative initiative, the engagement platform establishes:

- The topic(s), the objectives and the means for the engagement. The number of objectives is limited to ensure they can be correctly monitored by the platform and achieved by the targeted companies.
- The list of targeted companies.
- A blueprint for action.
- KPIs to measure and assess the results of the engagement and/or assessment of companies' responsiveness

At the end of the engagement cycle, a full report on the actions taken and results achieved is compiled, and if the engagement fails at the ultimate step, recommendations are made to investors participating in the engagement (among which Ostrum AM). The final decision regarding how to respond to recommendations received from the engagement committee are at the sole discretion of each investor involved within the platform.

Collaborative engagement actions undertaken alongside other investors within a RI professional body (PRI, other investor-led initiatives etc.) are also tracked, both in-house and within the industry organization.

As they rely on an on-going and on a long terms process, engagement initiatives are carefully monitored, followup and shared by Ostrum AM.

|        |           |        |                     |         |
|--------|-----------|--------|---------------------|---------|
| LEA 06 | Mandatory | Public | Additional Assessed | PRI 2,4 |
|--------|-----------|--------|---------------------|---------|

|          |  |
|----------|--|
| LEA 06.1 | Indicate whether your organisation has an escalation strategy when engagements are unsuccessful. |
|----------|--|

☒ Yes

|          |  |
|----------|--|
| LEA 06.2 | Indicate the escalation strategies used at your organisation following unsuccessful engagements. |
|----------|--|

- ☒ Collaborating with other investors
- ☐ Issuing a public statement
- ☐ Filing/submitting a shareholder resolution
- ☒ Voting against the re-election of the relevant directors
- ☐ Voting against the board of directors or the annual financial report
- ☐ Submitting nominations for election to the board
- ☐ Seeking legal remedy / litigation
- ☒ Reducing exposure (size of holdings)
- ☒ Divestment
- ☐ Other; specify

☐ No

|        |           |        |                     |         |
|--------|-----------|--------|---------------------|---------|
| LEA 07 | Voluntary | Public | Additional Assessed | PRI 1,2 |
|--------|-----------|--------|---------------------|---------|

|          |   |
|----------|---|
| LEA 07.1 | Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers. |
|----------|---|



| Type of engagement                      | Insights shared   |
|---|---|
| Individual / Internal staff engagements | <input checked="" type="radio"/> Yes, systematically<br><input type="radio"/> Yes, occasionally<br><input type="radio"/> No |
| Collaborative engagements               | <input checked="" type="radio"/> Yes, systematically<br><input type="radio"/> Yes, occasionally<br><input type="radio"/> No |

#### LEA 07.2

Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.

- ☒ Involving investment decision-makers when developing an engagement programme
- ☒ Holding investment team meetings and/or presentations
- ☒ Using IT platforms/systems that enable data sharing
- ☐ Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- ☐ Other; specify
- ☐ None

#### LEA 07.3

Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

| Type of engagement                    | Insights shared   |
|---------------------------------------|---|
| Individual/Internal staff engagements | <input checked="" type="radio"/> Yes, systematically<br><input type="radio"/> Yes, occasionally<br><input type="radio"/> No |
| Collaborative engagements             | <input checked="" type="radio"/> Yes, systematically<br><input type="radio"/> Yes, occasionally<br><input type="radio"/> No |

#### LEA 07.4

Additional information. [Optional]

As Engagement is fully part of the RI approach developed by Ostrum AM, engagement initiatives are shared with all Investment teams.

- **In terms of individual engagement initiative handled by Ostrum AM Equity PMs during ESG analysis and voting exercise**

Dialogue with companies are conducted by PMs, either for ESG analysis and during proxy voting exercise. ESG analysis is based on a shared tool that defined ESG topics that have to be addressed to companies. ESG analysis is an on-going process ; each ESG analysis of companies is updated at least once a year and up to 5 to 6 times a years, as the Equity team maintain close relations with investees.

During voting exercise, resolutions are analysed by PMs and dedicated governance meeting may be settled with companies.

**All Equity Department have access to ESG analysis thanks to a shared library.**

In case of a major breach on ESG impacting a company or a strong evolution of practices impacting ESG analysis and score, Equity team will set up close dialogue with the company. This could lead to an increase or to a decrease of Portfolios exposure, possibly up to a total divestment if companies do not meet any more the ESG standards of Ostrum Equity Department

PMs are therefore actors of individual engagement initiatives

- **In terms of collaborative engagement initiatives**

Ostrum AM investment team are directly implicated into collaborative engagement activities.

- Engagement initiatives propositions coming from PRI platform or investors statements are submitted to an expert group composed by; Asset managers, head of ESG, CSR, Communication, HR and Risk& compliance, who decided whether or not Ostrum AM would support the initiatives
- Dedicated presentation have been organised to present Ostrum Engagement initiative to all employees
- Each collaborative engagement initiative supported by Ostrum AM is promoted via an internal Intranet opened to all employees
- A public information is posted on Ostrum website
- Annual Engagement report formalized all engagement initiatives and outcomes. This public document is accessible on Ostrum AM website

|        |           |        |         |       |
|--------|-----------|--------|---------|-------|
| LEA 08 | Mandatory | Public | Gateway | PRI 2 |
|--------|-----------|--------|---------|-------|

|          |  |
|----------|--|
| LEA 08.1 | Indicate whether you track the number of your engagement activities. |
|----------|--|

| Type of engagement                    | Tracking engagements   |
|---------------------------------------|--|
| Individual/Internal staff engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full<br><input type="radio"/> Yes, we partially track the number of our engagements<br><input type="radio"/> We do not track                         |
| Collaborative engagements             | <input checked="" type="radio"/> Yes, we track the number of collaborative engagements in full<br><input type="radio"/> Yes, we partially track the number of our collaborative engagements<br><input type="radio"/> We do not track |

|          |                                    |
|----------|------------------------------------|
| LEA 08.2 | Additional information. [Optional] |
|----------|------------------------------------|

**Concerning individual engagements , Ostrum AM is committed to transparency and its engagement approach seeks tangible impacts.**

To ensure traceability, efficiency and reliability of their engagement actions, the RI research teams fill out and keep updated an in-house tracking database.

Its purpose is twofold:

- On one hand, to track any changes in companies' practices that would result from the dialogue process, and therefore appropriately update the Sustainability Opinion depending on the outcomes.
- On the other hand, to provide data:for the engagement report performed on a yearly basis on Ostrum AM's investment scope,
- for custom reports provided to clients upon request
- 

The database is comprised of the following data: the name of the company, the goals of the engagement, details on meetings held and other interactions with the company, the achieved improvements, and the final result of the engagement.

In its detailed engagement report, publicly made available online on a yearly basis, Ostrum AM discloses several kinds of information:

- The breakdown of companies targeted by investment theme
- For each above-mentioned investment theme, the report also discloses an explanation of the ESG sectoral issues, the number of companies targeted, a summary of the main achievements in 2018 and the breakdown of engagement carried out by topics.
- A focus on cross-investment engagement themes is also included, for example on the G-pillar

## Outputs and outcomes

| LEA 10 | Voluntary | Public | Additional Assessed | PRI 2 |
|--------|-----------|--------|---------------------|-------|
|--------|-----------|--------|---------------------|-------|

| LEA 10.1 | Indicate which of the following your engagement involved. |
|----------|---|
|----------|---|

- ☒ Letters and emails to companies
  - ☒ In a minority of cases
  - ☐ In a majority of cases
  - ☐ In all cases
- ☒ Meetings and/or calls with board/senior management
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Meetings and/or calls with the CSR, IR or other management
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Visits to operations
  - ☒ In a minority of cases
  - ☐ In a majority of cases
  - ☐ In all cases
- ☐ Visits to supplier(s) in supplier(s) from the company's supply chain
- ☒ Participation in roadshows
  - ☐ In a minority of cases
  - ☒ In a majority of cases
  - ☐ In all cases
- ☒ Other

(specify)

Investor statements, participation to industry initiatives

- ☒ In a minority of cases
- ☐ In a majority of cases
- ☐ In all cases

|                 |                                    |
|-----------------|------------------------------------|
| <b>LEA 10.2</b> | Additional information. [Optional] |
|-----------------|------------------------------------|

All Ostrum AM's engagement activities draw on the extensive ESG analysis. Engagement with management of investees companies can take several forms depending on the kind of dialogue (individual/collaborative) and the desired result:

- Individual engagement activities carried out as part of the analysis: 100% of our engagement actions resulted in a direct exchange with the management of companies, that is handled by PMs at least once a year and up to 5 to 6 time a year
- Individual engagement activities carried out as part of the exercise of voting rights: Most of our engagement actions were conducted through meetings and conference calls. For all companies within the engagement scope, Ostrum AM systematically sent emails to inform the companies of the way it would vote and to remind them of the principal areas of potential improvement on environmental, social, and governance issues.
- Collaborative engagement carried out through Mirova's proprietary platform: As part of our engagement strategy within the platform, all engagements initiatives took the form of a letter sent to the Chairman, followed by conference calls and/or company meetings. Actions also includes investors statements and formal participation to industry initiatives (e.g. SAC for the textile industry).

### (Proxy) voting and shareholder resolutions

|               |                  |               |                    |              |
|---------------|------------------|---------------|--------------------|--------------|
| <b>LEA 12</b> | <b>Mandatory</b> | <b>Public</b> | <b>Descriptive</b> | <b>PRI 2</b> |
|---------------|------------------|---------------|--------------------|--------------|

|                 |  |
|-----------------|--|
| <b>LEA 12.1</b> | Indicate how you typically make your (proxy) voting decisions. |
|-----------------|--|

|  |          |
|--|----------|
|  | Approach |
|--|----------|

- ☒ We use our own research or voting team and make voting decisions without the use of service providers.

|  |          |
|--|----------|
|  | Based on |
|--|----------|

- ☒ Our own voting policy
- ☐ Our clients` requests or policies
- ☐ Other (explain)
- ☐ We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- ☐ We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- ☐ We hire service providers who make voting decisions on our behalf.

Barring exceptions, Ostrum AM exercises voting rights for all the UCITS (undertakings for collective investments in transferable securities) and AIF (Alternative Investment Funds) that it manages and for which it holds voting rights. Ostrum AM will exercise its voting rights for all assets in portfolios for which it holds voting rights and identified as being eligible towards the end of the year preceding the voting campaign, on condition that regulatory and technical requirements from both the markets and custodians allow for voting rights to be exercised in the best interests of unitholders.

### Organization of voting rights

The organization of 'exercise of voting rights' activities is articulated around one pole of expertise in charge of ensuring the exercise of voting rights in the interests of unitholders.

- Resolution analysis prior conducted by the Voting and Governance division of Mirova's responsible investment research department, is now fully handled by Ostrum AM Equity team, based on the principles described in the voting policy as determined by Ostrum AM and approved by its Executive Committee. This voting procedure involves the analysis of resolutions presented at general meetings and dialogue with the companies in the context of Ostrum engagement policy as well as its ESG analysis approach. Ostrum AM has also adopted a specific and detailed approach for around four hundred stocks that make up its research universe and for which it has adopted an extensive engagement approach. The list of this so-called universe is approved by the Executive Committee at the same time as the voting policy. Voting decision for these stocks will be made on the one hand on the basis of principles defined in the policy and on the other hand by taking into account the results of dialogue conducted with the company as part of the engagement process. Thus, Ostrum AM can be flexible in applying its voting principles, while still remaining true to the spirit of its voting policy. In order to ensure strict application of the voting policy, Ostrum AM has established a Voting Committee under the supervision of the Equity CIO, who is in charge of ruling on any particularly critical resolutions or for which principles have not been defined in the voting policy
- The exercise of voting rights: performed by Ostrum AM's Flow Middle Office department, which is also in charge of relations with service providers and custodians.

### Ostrum AM employs an independent voting services provider. The service provider is tasked with:

- informing Ostrum AM of upcoming shareholder meetings related to securities in the Ostrum AM voting universe;
- analyzing resolutions according to the principles defined in Ostrum AM's voting policy;
- providing access to a voting platform for exercising voting rights;
- forwarding voting instructions to the company, depending on circumstances.

This service provider has direct contact with the custodian banks from which it receives a list of the positions in all the portfolios in the Ostrum AM voting universe on a daily basis.

### As of the voting exercise of 2019

Ostrum AM exercised its voting rights as shareholder of securities in the UCITS and AIF it manages, in accordance with AMF regulations on asset management companies' exercise of voting rights and in line with the principles outlined in its voting policy.

### In 2019, Ostrum AM voting universe was made up of 636 assets.

Within this voting perimeter, 737 general meetings (GM) were held in 2019. Ostrum has exercised voting rights at 729 general meetings, making its participation rate 98.9%.

Ostrum did not exercise voting rights at 8 general assemblies due to technical problems (fund migration into proxy systems and administrative systems, validity of power of attorney, etc.). Ostrum is committed to transparency and discloses an annual report on votes cast available on its website, and all Ostrum votes on resolutions presented at the general meetings of companies held in its voting funds (not including dedicated funds) are disclosed through an online platform, accessible through Ostrum website : <https://vds.issgovernance.com/vds/#/MTEyODk=/>

Ostrum has defined guidelines for the application of these voting principles by markets, detailed in its voting policy, available online on its website: [www.ostrum.com](http://www.ostrum.com).

Exceptions to our general guidelines are notably detailed for specific markets (France, Italy, Japan, UK, etc.), but also for small capitalisations.

|        |           |        |                     |       |
|--------|-----------|--------|---------------------|-------|
| LEA 14 | Voluntary | Public | Additional Assessed | PRI 2 |
|--------|-----------|--------|---------------------|-------|

|          |   |
|----------|---|
| LEA 14.1 | Does your organisation have a securities lending programme? |
|----------|---|

☒ Yes

|          |   |
|----------|---|
| LEA 14.3 | Indicate how the issue of voting is addressed in your securities lending programme. |
|----------|---|

- ☒ We recall all securities for voting on all ballot items
- ☐ We maintain some holdings, so that we can vote at any time
- ☐ We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- ☐ We recall some securities so that we can vote on their ballot items on an ad-hoc basis
- ☐ We empower our securities-lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our securities for voting purposes
- ☐ Other (specify)

☐ No

|          |                                    |
|----------|------------------------------------|
| LEA 14.4 | Additional information. [Optional] |
|----------|------------------------------------|

Ostrum AM commits itself to vote:

- on the full scope of portfolios where Ostrum AM has the delegation to vote
- on the full scope of corporates present in the portfolios (best effort)
- on the full scope of securities of a given corporate (except those used for flexibility purpose to manage Subscriptions / Redemptions).

Since end of 2019, all lent securities are systematically recalled before and during the Shareholders' general meetings period to make sure that Ostrum AM acts as a Responsible Investor exercising all its voting rights.

|        |           |        |             |       |
|--------|-----------|--------|-------------|-------|
| LEA 15 | Mandatory | Public | Descriptive | PRI 2 |
|--------|-----------|--------|-------------|-------|

|          |  |
|----------|--|
| LEA 15.1 | Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting. |
|----------|--|

- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ Neither we nor our service provider(s) raise concerns with companies ahead of voting

**LEA 15.2**

Indicate the reasons for raising your concerns with these companies ahead of voting.

- ☒ Vote(s) concerned selected markets
- ☐ Vote(s) concerned selected sectors
- ☒ Vote(s) concerned certain ESG issues
- ☒ Vote(s) concerned companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concerned significant shareholdings
- ☒ Client request
- ☐ Other

**LEA 15.3**

Additional information. [Optional]

As part of Ostrum engagement approach, we implement a deeper dialogue process in three main cases:

- for Ostrum largest holding positions (i.e. the "Core Universe"). Ostrum geographic investment universe is also taken into account in the definition of its engagement universe.
- for companies with governance specific issues
- or at a company's request

This specific engagement process covered 150 companies in 2019, i.e. 70% of Ostrum equity assets under management. In the context of this dialogue, the Equity team raised the identified concerns with companies ahead of voting and shared with them the rationale when they abstained or voted against management recommendations.

Ostrum engagement approach related to votes is described in its voting policy, and the dialogue carried out over the year is disclosed in its engagement report. The latter includes a section that describes the engagement focused on governance (number of companies targeted, themes addressed, etc.). Both documents are available on its website:

[https://www.ostrum.com/Content/Files/2019\\_Rapport%20sur%20l'exercice%20des%20droits%20de%20vote%20Ostrum%202019.pdf](https://www.ostrum.com/Content/Files/2019_Rapport%20sur%20l'exercice%20des%20droits%20de%20vote%20Ostrum%202019.pdf)

Furthermore, all Ostrum votes on resolutions presented at the general meetings of companies held in its voting funds (except for dedicated funds) are disclosed through an online platform: [https://vds.issgovernance.com/vds/#/MTEyODk=](https://vds.issgovernance.com/vds/#/MTEyODk=/)

**LEA 16****Mandatory****Public****Core Assessed****PRI 2****LEA 16.1**

Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- ☐ 100%
- ☐ 99-75%
- ☒ 74-50%
- ☐ 49-25%
- ☐ 24-1%
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers did not abstain or vote against management recommendations

|                 |   |
|-----------------|---|
| <b>LEA 16.2</b> | Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations. |
|-----------------|---|

- ☒ Vote(s) concern selected markets
- ☐ Vote(s) concern selected sectors
- ☒ Vote(s) concern certain ESG issues
- ☒ Vote(s) concern companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concern significant shareholdings
- ☒ Client request
- ☐ Other

|                 |  |
|-----------------|--|
| <b>LEA 16.3</b> | In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public. |
|-----------------|--|

- ☐ Yes
- ☒ No

|                 |                                    |
|-----------------|------------------------------------|
| <b>LEA 16.4</b> | Additional information. [Optional] |
|-----------------|------------------------------------|

This discussion was notably part of the in-depth dialogue on companies that are in Ostrum "core" universe, i.e. those representing a significant shareholding.

|               |                  |               |                      |              |
|---------------|------------------|---------------|----------------------|--------------|
| <b>LEA 17</b> | <b>Mandatory</b> | <b>Public</b> | <b>Core Assessed</b> | <b>PRI 2</b> |
|---------------|------------------|---------------|----------------------|--------------|

|                 |   |
|-----------------|---|
| <b>LEA 17.1</b> | For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year. |
|-----------------|---|

- ☒ We do track or collect this information

|  |                                |
|--|--------------------------------|
|  | Votes cast (to the nearest 1%) |
|--|--------------------------------|

|  |   |
|--|---|
|  | % |
|--|---|

98

|  |  |
|--|--|
|  | Specify the basis on which this percentage is calculated |
|--|--|

- ☒ Of the total number of ballot items on which you could have issued instructions
- ☐ Of the total number of company meetings at which you could have voted
- ☐ Of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information



**LEA 17.2**

Explain your reason(s) for not voting on certain holdings

- ☐ Shares were blocked  
☐ Notice, ballots or materials not received on time  
☐ Missed deadline  
☐ Geographical restrictions (non-home market)  
☒ Cost  
☒ Conflicts of interest  
☐ Holdings deemed too small  
☒ Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)  
☐ Client request  
☐ Other (explain)

**LEA 18**

Voluntary

Public

Additional Assessed

PRI 2

**LEA 18.1**

Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

- ☒ Yes, we track this information

**LEA 18.2**

Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

| Voting instructions                           | Breakdown as percentage of votes cast       |
|---|---|
| For (supporting) management recommendations   | <div> <div></div> <div>%</div> </div><br>77 |
| Against (opposing) management recommendations | <div> <div></div> <div>%</div> </div><br>19 |
| Abstentions                                   | <div> <div></div> <div>%</div> </div><br>4  |

100%

- ☐ No, we do not track this information

**LEA 18.3**

In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

50

|        |           |        |               |       |
|--------|-----------|--------|---------------|-------|
| LEA 19 | Mandatory | Public | Core Assessed | PRI 2 |
|--------|-----------|--------|---------------|-------|

|          |  |
|----------|--|
| LEA 19.1 | Indicate whether your organisation has a formal escalation strategy following unsuccessful voting. |
|----------|--|

☐ Yes

☒ No

# OSTRUM ASSET MANAGEMENT

## Reported Information

### Public version

### Direct - Fixed Income













## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

### Implementation processes

| FI 01   | Mandatory   | Public | Gateway | PRI 1 |
|---------|---|--------|---------|-------|
| FI 01.1 | Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to. |        |         |       |

|                       |   |      |
|-----------------------|---|------|
| SSA                   |  Screening alone                       | 0    |
|                       |  Thematic alone                        | 0    |
|                       |  Integration alone                     | 0    |
|                       |  Screening + integration strategies    | 100  |
|                       |  Thematic + integration strategies     | 0    |
|                       |  Screening + thematic strategies      | 0    |
|                       |  All three strategies combined       | 0    |
|                       |  No incorporation strategies applied | 0    |
|                       |   | 100% |
| Corporate (financial) |  Screening alone                     | 0    |
|                       |  Thematic alone                      | 0    |
|                       |  Integration alone                   | 0    |
|                       |  Screening + integration strategies  | 100  |

|  |  |
|--|--|
|  | <div> <div></div> <div>Thematic + integration strategies</div> </div> <div>0</div>   |
|  | <div> <div></div> <div>Screening + thematic strategies</div> </div> <div>0</div>     |
|  | <div> <div></div> <div>All three strategies combined</div> </div> <div>0</div>       |
|  | <div> <div></div> <div>No incorporation strategies applied</div> </div> <div>0</div> |
|  | 100%   |

|                           |                                     |      |
|---------------------------|-------------------------------------|------|
| Corporate (non-financial) | Screening alone                     | 0    |
|                           | Thematic alone                      | 0    |
|                           | Integration alone                   | 0    |
|                           | Screening + integration strategies  | 100  |
|                           | Thematic + integration strategies   | 0    |
|                           | Screening + thematic strategies     | 0    |
|                           | All three strategies combined       | 0    |
|                           | No incorporation strategies applied | 0    |
|                           |                                     | 100% |

#### FI 01.2

Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Ostrum AM has implemented a responsible asset management strategy on the fixed income asset class because, **beyond sustainability concerns, certain ESG criteria may influence the issuers' risk evaluation. Such criteria are therefore considered as potentially "material" from a financial perspective.**

- **ESG integration approaches are applied to almost 100% of the above perimeter** and adapted to each category of issuer, to systematically assess the impact of ESG risks on the portfolio holding the securities.
- **Exclusion policies applied to 100% of our asset under management**, considering the potential material impacts on portfolios arising from significant reputational risks and unacceptable non-compliance with fundamental standards of Responsibility.
- **ESG positive screenings applied to SRI portfolios.** Our fixed Income SRI strategies represent 18,5 % of our Assets Under Management. Our approach relies on external providers we identified as being global leaders in extra-financial research.

**A/ ESG integration strategies and exclusion policies are applied to all our fixed income portfolios.**

**a/ First, exclusion policies are applied upstream, as an ESG-compliance filter.** For any investment decision, strict control mechanisms are in place to ensure screening rules are not breached.\*

- **CONTROVERSIAL WEAPONS:** In full compliance with the Ottawa Convention and the Oslo Treaty, we exclude all companies involved in manufacturing, using, storing, trading or transferring anti-personal landmines and cluster bombs.
- **COAL:** We exclude issuers that derive more than 25% of their revenues from coal production or from coal-powered energy, and issuers whose main business relies on the production, transportation and sales of coal extracted by Mountaintop Removal.
- **TOBACCO:** we implemented an exclusion policy for tobacco issuers.
- **WORST OFFENDERS:** We exclude all listed and non-listed companies in severe breach with principles of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.
- **BLACKLISTED STATES:** we do not invest in countries under US and European embargo, or those which have been identified as strategically failing to combat money laundering and funding for terrorism by the Financial Action Task Force (FATF).

**b/ Then, the portfolio managers apply their investment processes and notably rely on in-house fundamental analysis that systematically includes ESG criteria and assess their materiality, while selecting securities**

- **On the corporate issuers side,** we systematically review extra-financial criterion material from a fixed income perspective. The analysis is conducted by our internal credit research team in dedicated sections of our reports. Material ESG elements are taken into account in the credit fundamental score. In addition, analysts systematically provide a measure of the ESG impact on a given Issuer's risk evaluation, ranking from ESG 0 (the lowest) to ESG 3 (the most material). This impact score is reviewed and documented in a centralized database accessible to all investment staff \*\*.
- **On the SSA side,** ESG criteria are taken into account in the overall risk assessment of governments, agencies and quasi-government issuers. ESG integration is applied to 100% of EuroZone and Emerging Markets/EMBIG (most of our investment universe). The Governance of supranational issuers is systematically assessed through a qualitative approach.

This combination of negative screenings and ESG Integration approaches is applied to all our investment processes (for both the whole SSA, and Investment Grade corporate issuers and a large part of HY corporate issuers) and therefore covers almost 100% of Ostrum AM's fixed-income AuM (portfolios directly managed by our Fixed Income department).

**B/ In addition, a positive ESG screening is also applied to SRI portfolios that represent 18% of Ostrum AM assets under management. For these SRI portfolios, the PMs only select issuers assessed above a pre-defined threshold.**

Our approach on SRI portfolios is based on two external providers that we identified as being global leader in extra-financial research.

- **First, Sustainalytics,** that we use for Corporate issuers, is global leader in ESG analysis and extra-financial scorings since more than 25 years, giving access to 11000 companies across the world. Sustainalytics produces an in-depth qualitative research at our disposal and a rigorous research on ongoing controversies. Based on a structured, objective and transparent methodology the output of their research is an overall score out of 100 that we use in our SRI portfolio constructions for corporate debt.
- **Secondly, The UN Sustainable Development Solutions Network (SDSN) and Bertelsmannstiftung,** are our external provider for Sovereign issuers (both developed and Emerging countries). They release the Sustainable Development Report presenting the SDG Index The SDG Index aggregates available data on all the 17 SDGs into a highly preliminary composite index and provides a quick assessment of how countries are performing relative to their peers, with a numerical score between 0 and 100 available to all



fixed income specialists. It tracks the progress achieved by countries in their pursuit of the 17 SDGs of the United Nation Organization.

Furthermore, Portfolios Managers and Credit Research Team undergo specific training sessions throughout the year\*\*\* to keep a high understanding of ESG issues and ESG regulations. Led by internal staff dedicated to ESG or by external ESG experts, those sessions allow the consistency of responsible investment policy implementation.

\* For more information about the processes set up to ensure that screening criteria are not breached, please refer to FI 04.

\*\* 96% of issuers covered by the Credit Research Team have a dedicated ESG analysis and an impact score (ESG impact Scale from 0 to 3 where 3 is the most material impact). ESG is material for 84% of the issuers covered (ESG 1, 2, 3), of which the impact of ESG on the credit view is particularly significant for 27% (ESG 2 and 3).

\*\*\* See SG 06.1 and SG 08.3 for details.

|       |           |        |                     |       |
|-------|-----------|--------|---------------------|-------|
| FI 03 | Mandatory | Public | Additional Assessed | PRI 1 |
|-------|-----------|--------|---------------------|-------|

|         |   |
|---------|---|
| FI 03.1 | Indicate how you ensure that your ESG research process is robust: |
|---------|---|

- ☒ Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- ☒ A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- ☐ Other, specify
- ☐ None of the above

|         |   |
|---------|---|
| FI 03.2 | Describe how your ESG information or analysis is shared among your investment team. |
|---------|---|

- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is displayed on front office research platforms
- ☒ ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- ☒ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

|         |                                    |
|---------|------------------------------------|
| FI 03.3 | Additional information. [Optional] |
|---------|------------------------------------|

**A materiality/sustainability framework is regularly updated with key ESG risks and opportunities for each sector/country.**

- **Corporates:** Analysts regularly identify key ESG sectorial items having a material impact. When certain ESG risks are only material in the long term, we highlight them, and monitor their progress.

- **SSA issuers** : robustness of the ESG indicators is ensured by the reliability of sources selected (World Bank, NG-GAIN index, UNDP/IDHi) enforced by in-house machine learning model developed by our quantitative research team.

**ESG information is held within an internal centralized database accessible to all investment staff.**

Sustainalytics scores are also available via front office tools for Portfolio Managers.

**Our Research Team provides analysis factsheets for each issuer in our internal library.** They include dedicated sections for Governance, Environmental and Social material issues.

**During investment Committee meetings PMs and analysts are required to discuss any material ESG item. They incorporate the outcome of these exchange into investment decisions.** We systematically exclude from our open ended funds a list of "Worst Offenders" for corporate and sovereign issuers. Moreover, when an issuer is identified as "Avoid" by the research team, the Insurance Team does not invest. Note that 1/3rd of "Avoid" are due to governance reasons.

## (A) Implementation: Screening

|       |           |        |         |       |
|-------|-----------|--------|---------|-------|
| FI 04 | Mandatory | Public | Gateway | PRI 1 |
|-------|-----------|--------|---------|-------|

|         |   |
|---------|---|
| FI 04.1 | Indicate the type of screening you conduct. |
|---------|---|

Select all that apply

|                                  | SSA                                 | Corporate (financial)               | Corporate (non-financial)           |  |
|----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| Negative/exclusionary screening  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| Positive/best-in-class screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| Norms-based screening            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |

|         |  |
|---------|--|
| FI 04.2 | Describe your approach to screening for internally managed active fixed income |
|---------|--|

In addition the integration of material ESG elements to our Fixed Income risk analysis, Ostrum AM has defined two levels of screening:

- Mainstream negative and norms-based screenings, applied to all its directly managed portfolios. This includes exclusion policies (coal, controversial weapons, tobacco, and issuers identified as "worst offenders"). Worst offenders can be financial or non financial corporate issuers as well as SSA issuers.
- Positive screenings applied to SRI funds (18% of AuM), to offer specific SRI products as part as its investment solutions. These screenings consist in selecting issuers rated above a pre-defined threshold\*\* or to selecting issuers thanks to dedicated Best in Class approaches that exclude 20% of issuers getting the worst rating.

## ADDITIONAL INFORMATION ABOUT SCREENINGS APPLIED TO EACH CATEGORY OF ISSUERS ADDITIONAL INFORMATION ABOUT SCREENINGS APPLIED TO EACH CATEGORY OF ISSUERS

### Corporate non-financial and corporate financial issuers:

Ostrum AM has an exclusion policy concerning some sectors and issuers qualified as "worst offenders". Since 2016, Ostrum AM has strengthened the processes to ensure the robustness of its exclusion policy and the thoroughness of its application.

Ostrum AM has implemented a process that excludes from its investments all private issuers identified as "worst offenders", i.e. those that fail to comply with certain requirements:

- Companies committing serious breaches of the United Nations' Global Compact principles;
- Companies targeted by complaints following cases investigated by the OECD's National Contact Points (NCPs) for non-compliance with OECD Guidelines for Multinational Enterprises;

**With regards to Worst Offenders**, Ostrum AM has reviewed its own processes (identification of issuers to exclude ; validation ; implementation) in 2019 to become fully autonomous (independently from Mirova's research team from Q3 2019) with a **high implication of investment teams** themselves.

### Identification of Worst Offenders:

- A specialized data provider proposes a regularly updated list of issuers that could be considered as Worst Offenders
- Investment teams (portfolio managers, analysts and product specialists) may propose additional names as potential Worst Offenders for analysis

**Validation of Worst Offenders:** new process in place since Q3 2019 to validate the updated list of Worst Offenders with high implication of investment teams required before submission to Executive Committee for validation:

- Presentation of proposed updates with new issuers (in / out) of the "Worst Offenders list" and "Watch list" (Watch list = issuers with high risk of becoming Worst Offenders and under close monitoring)
- Possible contradictory debate if necessary if an issuer is not validated collectively (period of 1 month max.)
- Pre-Validation by Fineqx (transversal Committee regrouping the heads of investment teams)

**SSA issuers:** Ostrum AM has an exclusion policy concerning countries.

**Negative/exclusionary screening** (mainstream application): this consists in excluding a blacklist of countries which are:

- under international embargoes: all investments in countries under total American or European embargo are strictly prohibited, whatever the type of issuer. Some specific restrictions also apply to a wider scope of countries subject to EU and OFAC Sector-Specific Sanctions.
- and/or subject to a Financial Action Task Force (FATF) call to apply countermeasures to protect the international financial system from on-going and substantial money laundering and terrorist financing (ML/FT) risks emanating from these jurisdictions, whatever the type of issuer. Investment in corporate issuers located in jurisdictions identified by the FATF as having strategic AML/CFT deficiencies is subject to pre-trade monitoring and screening.
- Beyond those national / international standards, Ostrum AM initiated in 2017 a global reflexion regarding exclusion of SSA issuers that does not meet minimum ESG standards. This reflexion aims to identify those controversial SSA issuers and to define an exclusion list. A list has been established and is applicable since 2018 to our SSA issuers that do not comply with good practices. This list is mainly composed of sovereign debt issuers based in emerging markets.

The blacklist of non-eligible countries is established and monitored by the Compliance Department. The lists are updated whenever public lists (embargoes and FATF) are updated.

With regards to **other exclusion policies (sectorial exclusions)** : the exclusion themes and screening criteria (issuers that are more than 25%-reliant on the coal industry, controversial weapons) are established by Ostrum AM's CSR Committee :

- in compliance with national and international regulations
- in according to Ostrum AM's own convictions and commitment to CSR
- in and/or in line with the exclusion principles of its parent company (Natixis).

The lists of excluded companies (due to those sectorial exclusion policies) are disclosed to the relevant teams to ensure they are applied along the entire value chain (CIOs, product specialists, portfolio managers, risk constraints and operations teams, client services department, etc.).

There is no predetermined frequency for reviewing the screening criteria or themes; the exclusion policies are refined and/or supplemented whenever an overriding ESG-related issue is identified.

Should a significant change be made:

- The information would be disclosed on the Ostrum AM website: [www.am.natixis.com](http://www.am.natixis.com)
- The Client Services Department would inform clients to confirm their approval before applying any new exclusion policy (or any update of existing policy) to dedicated funds or mandates.
- SRI approaches are implemented in order to best answer to client request.

#### **Positive screening based on Best in class and positive screening approach :**

In addition to systematic integration of material extra-financial elements into our financial analysis, Ostrum AM offers some SRI strategies based on Best-In-class and Positive screening approaches for open-ended funds.

These SRI strategies finance and encourage :

- all sectors and economy with a "best in class" approach : Investment managers systematically remove 20% issuers from the universe per sector according to our chosen external provider Sustainalytics (based on quintiles and ESG score rating).
- and the most virtuous issuers with a positive screening approach via a qualitative and discretionary approach. The portfolio manager discretionary decided to overwith the most virtuous issuers according to its ESG score (delivered by external provider: Sustainalytics for Corporate issuers and The UN Sustainable Development Solutions Network and Bertelsmannstiftung (SDG) index for SSA ).

Regarding dedicated funds, our approach is based on discussions with our clients in order to best understand their philosophy and offer a process in line with their expectations. It can be a « Best-In-Class » approach, a sectorial exclusion approach, or the exclusion of some issuers rated below a specific score according to our clients policy.

| FI 06   | Mandatory   | Public | Core Assessed | PRI 1 |
|---------|---|--------|---------------|-------|
| FI 06.1 | Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments. |        |               |       |

| Type of screening                       | Checks  |
|---|---|
| <b>Negative/exclusionary screening</b>  | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria<br><input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year.<br><input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria<br><input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> None of the above |
| <b>Positive/best-in-class screening</b> | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria<br><input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year.<br><input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria<br><input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> None of the above |
| <b>Norms-based screening</b>            | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria<br><input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year.<br><input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria<br><input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> None of the above |

#### FI 06.2

#### Additional information. [Optional]

**Ostrum AM relies on its strong risk management organisation to ensure that fund screening criteria (among which its exclusion policies and other ESG-related screening criteria) are not breached. To this end, the process described below is strictly applied.**

Considerable attention is paid to monitoring compliance with established guidelines. Given the in-depth risk monitoring and the ability to pre-test trades both for consistency with the model portfolio and for guideline compliance, the potential for breaches based on portfolio management activity should be low. Further, any breach that does occur due to market action can be quickly highlighted and resolved given the systems that actively monitor guideline compliance at Ostrum AM.

All portfolio constraints are input into the Guardian dedicated software by the Risk Constraints and Operations Team (RCO) of the Risk Department. Guardian (Compliance module of CRD) is linked to the Charles River Development order management system and to the Gaia central record keeping system for portfolio positions, which is updated daily.

The RCO Team develops and maintains pre-trade controls for the use of portfolio managers before submitting trades. These controls are performed in real time, before a broker or counterparty has been contacted by a dealer. These pre-trade controls concern mainly eligibility and investment constraint calculations, and are intended to prevent breaches. Pre-trade compliance strengthens the asset management process by reducing risk of late corrections and end-of-day non-compliance.

Pre-trade blocking alerts are setting up by the Risks Department on each of the targeted company, in order to forbid any investments on those company

Strict control mechanisms are in place to ensure these screening rules are not breached. Among them, pre-trade rules and their type (blocking / non-blocking), according to the exclusion policy and the type of portfolio:

Open funds Mandates / Dedicated funds  
 Controversial Weapons (BASM MAP) Blocking Blocking  
 COAL Blocking Non - Blocking  
 TOBACCO Blocking Non - Blocking  
 WORST OFFENDERS list Blocking Non - Blocking  
 Watch List (WO) Non - Blocking Non - Blocking

According to the exclusion policies, Ostrum AM proactively presents its own exclusion policy to its clients and asks for their approval to apply them strictly or not (for each policy)

In addition the RCO Team uses Guardian to perform post-trade controls. The parameters monitored include portfolios' financial management such as intelligence and validation, exhaustiveness, effective control, adjustment procedure, audit trails, and reporting. Controls cover the prospectus specifications for funds and contractual constraints for mandates, including specific investment guidelines as well as regulatory requirements (among which exclusion policies). Any breaches are reviewed daily by the middle office team and brought to the portfolio manager for resolution.

There is a formal escalation procedure if the breach is not resolved quickly. Should the breach continue beyond two day, the RCO follows the event until it is fully resolved, activating the escalation procedure. If the breach is deemed urgent, the RCO contacts the manager for immediate resolution, according to the emergency procedure. Every event relative to the escalation is logged in the Guardian audit trail of the breach. Guardian time stamps and records the full audit trail. This record is available for fund managers, risk teams, or audit purposes. Reports on breaches are sent twice a month to the heads of investment departments and the heads of Risk Department. Ostrum Asset Management ensures that breaches in portfolio guidelines are resolved in the best interest of the client.

**Both pre-trade and post-trade controls are therefore undertaken to ensure that exclusion policies and other ESG-related screening criteria are not breached.**

*\* Internal audits of fund holdings are undertaken regularly, but it is to be noted that such controls are made by Risk Constraints and Operations Team (RCO), and not by the internal control team which is rather in charge of monitoring the application of internal processes*

## (C) Implementation: Integration

| FI 10 | Mandatory | Public | Descriptive | PRI 1 |
|-------|-----------|--------|-------------|-------|
|-------|-----------|--------|-------------|-------|

| FI 10.1 | Describe your approach to integrating ESG into traditional financial analysis. |
|---------|--|
|---------|--|

Ostrum AM implement an ESG Integration strategy into all its investment processes because, beyond sustainability concerns, certain ESG criteria may influence the issuers' risk profile. Such criteria are therefore considered as potentially "material" from a financial perspective, and can therefore have an impact on the portfolio holding the impacted securities. Such ESG criteria are consequently deemed relevant, including for the mainstream investment processes (i.e. not only SRI funds), and then have to be taken into account in the fundamental analysis and the risk assessment of issuers.

Tailored approaches, described hereafter in FI.10.2, have been set up to favour a systematic review of relevant ESG criteria by the analysts for both corporate and SSA issuers.

The incorporation of ESG criteria into fundamental analysis is therefore systematic if it is material from a fixed income perspective.

| FI 10.2 | Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in. |
|---------|---|
|---------|---|

The principles of integration are the same: how E, S or G elements can affect financial risk of the underlying .

The E,S,G elements are however adapted to the asset class: sovereign, corporate financial, corporate non financial.

Moreover the integration is conducted by strategists and Portfolio managers on the SSA side , and by our credit analysts on the corporate side .

For SSA issuers, **the investment teams directly incorporate ESG indicators and data in their overall risk assessment of governments**, agencies and quasi-government issuers. The ESG data comes from trustworthy public sources.

### **Sovereign**

On the one hand, on an investment process horizon, sovereign debt portfolio managers, fixed income strategists and economists gather on a regular basis (monthly/weekly) to assess both Eurozone and Emerging Debt countries' risks. Some ESG indicators (as detailed below) are reviewed by portfolio managers through discussions and debates (example: timing for a country downgrade). Performance factors (views on spreads and flows) and risk factors (financial, such as macro-economic and regulation, and extra-financial factors) are analysed.

The main sources of ESG indicators and data incorporated into the overall risk assessment of governments, agencies and quasi-government issuers (on both Eurozone and Emerging Markets) are:

#### **- Environmental pillar:**

- the World Bank:CO2 emissions per capita and reduction efforts over a 5-year period;
- Energy intensity level of primary energy
- 
- ND-GAIN index : Notre Dame Global Adaptation Index (ND-GAIN) is a program of the University of Notre Dame's Environmental Change Initiative. The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

#### **- Social Pillar:**

- the United Nations Development Programme (UNDP) publishes the Human Development Report including the Inequality-adjusted Human development Index (IHDI) Inequalities Index. The index The IHDI represents a national average of human development achievements in the three basic dimensions making up the HDI: health, education and income. The Inequality in Education Index, a component of the IHDI index is taken into account in the assessment of OECD issuers, while the IDHI index is taken into account in the assessment of Emerging countries.

#### **- Governance Pillar:**

- The world Bank publishes the 6 World Governance Indicators (WGI). The strategists take them account for the assessment of issuers: voice and accountability, political stability, government effectiveness, regulatory quality, rule of Law and control of corruption

These indicators are systematically incorporated into the analysis used by portfolio managers for their decisions at their investment horizon.

On the other hand, our quantitative engineering team has developed a proprietary machine learning model, offering a projection of possible changes in a country's rating on a middle term horizon. This innovative model provides an additional information for the portfolio managers during countries' assessments and is available for both Developed and Emerging countries. A rating change forecast (+/- rating category) is established for each country. It relies both on ESG variables (detailed above) as well as on economical variables (internal vulnerability variables such as unemployment rate, and external vulnerability variables such as primary balance, etc).

### **Agencies and quasi-government issuers**

A qualitative review of supranational issuers is carried out by the Emerging Markets and Eurozone investment teams with a focus on the G-Pillar. This review notably includes an assessment of the governance profile of the underlying countries. The E and S-pillars are not specifically assessed but it is to be noted that supranational



organisations only represent a small part of Ostrum AM's fixed-income assets under management. Please note that a major part of Eurozone supranational issuers are based in core countries, with ESG elements systematically reviewed at the country risk level every month

## Corporate (financial)

The credit research team systematically review any relevant extra-financial criterion identified as potentially material from a fixed income perspective. Analysts rely on their own investigations on corporates and use inputs from various sources, of which our extra-financial research providers Sustainalytics, rating agencies, sell-side providers, and the daily newsfeed.

The objective of this qualitative approach is to identify ESG criteria/issues which could have an impact on issuers' credit risk assessment, and a relatively high probability of occurrence in our investment horizon time. This integration approach builds on evidence brought to public by recent academic studies\*, showing that outperformance in specific sustainable yet material criteria translates into outperformance in value

Governance is incorporated in the "Management, Strategy and Governance" section and is part of the credit analysis since a very long time. A proof that this item has long been implemented by analysts is that one-third of companies we deem unsuitable for bond investment (the "avoid\*\*" issuers) are so for governance reasons.

Furthermore, if some ES criteria are deemed significant from a credit perspective (positive/negative impact on credit identified), they are highlighted in a section "ES assessment" (environment and social).

Material ESG elements are therefore taken into account in the fundamental score of the credit analysis.

Finally, credit integration process is a combination of "Issuer by Issuer" approach and Sectorial approach

**1/ "Issuer by Issuer" approach** where analyst judgement is key - there is no "scorecard" or "tick the box", review of all the extra-financial inputs and conducts its own investigations to assess the strength or weakness of a specific issuer on a given ESG issue. This analysis is captured in the issuer Credit Risk assessment, and ultimately in our scoring/issuer's Credit Risk views.

- To establish a level playing field across ESG elements integration, we set up a typology of risks/opportunities for each pillar (E/S/G). While analyzing ESG elements, analysts always keep in mind this typology of issues and assess its material impact on issuer's credit evaluation. For instance, we identified that material Environmental issues arise mostly from two types of risks: either environmental "accidents" (man-made disasters, source of environmental pollution), or "transition" risks prompted by policy initiatives seeking to mitigate environmental risks.
- We know for example that the environmental consequences of global warming made them relevant for the property and casualty (P&C) insurance sector today. Climate change does impact the frequency and severity of claims, which mean higher losses for the insurance companies. This in return impact the P&C pricing cycle, i.e. the higher the recent losses, the more P&C companies can increase the premiums associated with the specific natural catastrophe impacted segments. The concrete ability for each insurance company to increase premiums will differ, and be a function of its own market position, line of business it operates in (exposed or not to segments impacted by past natural catastrophe) and its own pricing power. This elements are all rolled up in our fundamental credit assessment, and hence our individual score.

We provide additional transparency as to the extent to which ESG factors may have an impact on the fundamental credit risk. Concretely, we constructed a 4 level ESG measure destined to (1) highlight the relevance of ESG elements for the industry or company's own business model, and (2) when relevant, measure the impact on company's credit profile (i.e. our proprietary fundamental score).

ESG Impact Score :

- ESG 0 : ESG elements' relevance for the industry or the company : Not Relevant
- ESG elements impact on company credit profile : none
- 
- ESG 1 Not Relevant
- ESG elements are relevant for the business or the industry, but their impact on credit is low
-



- ESG 2 Relevant
- (i) Either direct impact is limited, or (ii) the ESG risks/ opportunities are significant but the company actively manages them, so the impact on credit is limited
- 
- ESG 3 Relevant
- ESG elements may be a key driver for the fundamental score, or they are in combination with other factors
- 

ESG information is held within a centralized database and is accessible to all investment staff, with ESG comments, and ESG impact assessment

**2/ Sectorial approach** where our credit research experts identify key ESG sectorial items having a material impact. These key items are documented for each individual sector/subsector, and provide "guidelines" that help analysts mapping material risks. This is a qualitative and not a mechanical process: analysts have a final say on relevant issues having a material impact on credit views (strong negative/positive).

When it comes to corporate financial we most frequently flag Governance issues, as they are part of the industry risks (mis-selling risks, risk of having inadequate checks and balances, and financial transparency risks due to organizational complexity in legal structures notably). This is why, analysts systematically ask top management about any change in the governance, in operating risk functions, in the legal structure etc.

However, Auto Captives are de facto faced with Environmental risks as they are exposed to their parent (car maker) fate which in return can be exposed to several controversies including controversies on diesel cars which can impact the amount of sales and revenues.

Finally, social risks may arise in extreme circumstances. They can be indirect consequences of poor governance (eg: mis-selling of certain products to customers like PPI insurance in UK, breach in data protection due to inadequate control systems etc.).

*\*Khan, Mozaffar N., George Serafeim, and Aaron Yoon. "Corporate Sustainability: First Evidence on Materiality." Harvard Business School Working Paper, No. 15-073, March 2015*

*\*\*Ostrum AM's internal fundamental score (3-year horizon) which imply a risk of capital loss or risk of fraud for the issuer analyzed.*

## Corporate (non-financial)

The ESG integration approach is the same for all corporate issuers, whether they be financial or non-financial. For more details about this approach, please refer to the description above, in the "Corporate Financial" section.

### Here are additional highlights/examples for Corporate non financial companies:

1/ A long term structural decline such as the one for the thermal coal will be captured in our industry assessment for many utility companies.

2/ Elements regarding reputation, image, litigations are key for many consumers facing companies, reliant on their brand value.

3/ A typical environmental transition risk for a car maker would come from air quality regulations (focused on CO2 in Europe, NOx in USA, and fuel consumption in China), since it generates additional R&D expenses, extra costs associated with new components to integrate, and potential penalties.

| FI 11   | Mandatory  | Public | Core Assessed | PRI 1 |
|---------|--|--------|---------------|-------|
| FI 11.1 | Indicate how ESG information is typically used as part of your investment process. |        |               |       |

Select all that apply

|   | SSA                                 | Corporate<br>(financial)            | Corporate<br>(non-financial)        |  |
|---|-------------------------------------|-------------------------------------|-------------------------------------|--|
| ESG analysis is integrated into fundamental analysis  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| ESG analysis is used to adjust the internal credit assessments of issuers.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| ESG analysis is used to adjust forecasted financials and future cash flow estimates.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| ESG analysis impacts the ranking of an issuer relative to a chosen peer group.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.                              | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation. | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |  |
| ESG analysis is integrated into portfolio weighting decisions.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.                         | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |  |
| Other, specify in Additional Information  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |  |

#### FI 11.2

#### Additional information [OPTIONAL]

Whether it be on the SSA side or corporate side, ESG information is now systematically incorporated into traditional financial analysis and issuer risk assessment. What this means is that ESG information now forms an integral part of all output produced by credit and government research teams. Thus now, ESG information is now a component of the investment teams' daily life, just as any other kind of useful input:

- **We regularly run ESG workshops with analysts belonging to a specific sector** (or group of sectors sharing common features). Based on empirical research, our credit research experts identify key ESG sectorial items having a material impact on a given industry (hence on our scores). These key items are documented, and provide "guidelines" that help analysts mapping material risks.
- **If any relevant ESG information is identified**, it is addressed during the investment committee meetings (monthly Eurozone sector teams and monthly EM meetings on the SSA side, "weekly credit" meetings on security selection and sometimes, but less frequently, during weekly country reviews or credit morning

meetings if a significant ESG event impacts an issuer, etc.) and incorporated in the minutes or internal research notes (issuer factsheet, credit industrial report, quarterly EMs notes, etc.);

- If any such ESG information is likely to impact issuers held in funds, the PMs then have all the data they need to **monitor their portfolios correctly and make a proper decision** (e.g. the downgrade of a country's fundamental scoring, or the result of an important governance-related event).

Furthermore, Portfolios Managers and Credit Research Team undergo specific training sessions throughout the year to keep a high understanding of ESG issues and ESG regulations. Led by internal staff dedicated to ESG or by external ESG experts, those sessions allow the consistency responsible investment policy implementation.

In 2019 seven training sessions on SRI topics were run for the benefit of all investment staff (Portfolio Managers, Credit analysts) but also for the benefit of our support functions and our salesforce.

The Training sessions comprised:

- Two workshops on ESG integration for PMs;
- Two Workshops on how to improve ESG integration and ESG impact score with Financial analysts (with the launch of a new ESG impact scale);
- Two workshops on our "Worst offender" policy, and exchange of views on the list of exclusion (all investments staff invited);
- A Teach In sessions on Climate Change (international bodies, NGO's, and their role), open to all investment staff;

Additionally:

- We enrolled over 20 member of staff from all departments (investment staff to compliance officer) to e-learning sessions of the PRI Academy, and to qualify for Advanced RI Analysis. This decision was taken as part as our efforts to develop a global understanding of SRI issues across all Ostrum AM. In parallel, we organized monthly meetings with the trainees from May to September 2019 to encourage exchange of views.
- We started an SRI Training Session Cycle targeting our salesforce & Communication staff in order to explain Ostrum AM specific approach on different SRI issues. Our first training took place in December 2019 on ESG integration, and is going on in 2020.

| FI 12   | Mandatory   | Public | Additional Assessed | PRI 1 |
|---------|---|--------|---------------------|-------|
| FI 12.1 | Indicate the extent to which ESG issues are reviewed in your integration process. |        |                     |       |

|                           | Environment  | Social  | Governance  |
|---------------------------|--|---|---|
| SSA                       | <input checked="" type="radio"/> Environmental<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Social<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Governance<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all |
| Corporate (financial)     | <input checked="" type="radio"/> Environmental<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Social<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Governance<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all |
| Corporate (non-financial) | <input checked="" type="radio"/> Environmental<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Social<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all | <input checked="" type="radio"/> Governance<br><input type="radio"/> Systematically<br><input type="radio"/> Occasionally<br><input type="radio"/> Not at all |

#### FI 12.2

Please provide more detail on how you review E, S and/or G factors in your integration process.

#### SSA

For sovereign issuers, the team (PMs, economists and strategists) systematically incorporate a set of targeted ESG indicators in their overall fundamental scoring and take into account relevant ESG information (newsfeed, important events, controversies, etc.) in their monitoring of issuers and in their views shared with investment teams, on a comprehensive scope that covers 100% of Eurozone (18 countries) and all Emerging Markets of our investment universe (EMBIG). All the government agencies and quasi-sovereign issuers are assessed in the same way as they are related to their "parent country". Sovereign debt portfolio managers, fixed income strategists and economists gather on a regular basis (monthly/weekly) to assess both Eurozone and Emerging Debt countries' risks. Some ESG indicators (as detailed below) are reviewed by portfolio managers through discussions and debates (example: timing for a country downgrade). Performance factors (views on spreads and flows) and risk factors (financial, such as macro-economic and regulation, and extra-financial factors) are analysed.

The ESG indicators taken into account are the following:

- For the Environmental Pillar, Ostrum AM has decided to focus on climate-related issues through a two-fold analysis approach that considers both to what extent countries are exposed to climate risks and their ability to adapt to the negative effects of climate change. We take into account the ND-Gain Index: Notre Dame Global Adaptation Index (ND-GAIN) is a program of the University of Notre Dame's Environmental Change Initiative. The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.
- their capacity to mitigate their carbon emissions and to improve their energy efficiency: we take into account indicators published by the World Bank: CO2 emissions per capita as well as the reduction efforts over a 5-year period; and energy intensity level of primary energy (MJ / \$ 2011 PPP GBP)
- 
- For the Social Pillar, we use indexes published by the United Nations Development Programme (UNDP) in the Human Development Report, including the Inequality-adjusted Human development Index (IHDI)

Inequalities Index. For emerging markets of our investment universes (EMBIG), we use the IHD index : The IHD combines a country's average achievements in health, education and income with how those achievements are distributed among country's population by "discounting" each dimension's average value according to its level of inequality.

- For the eurozone, we use the Inequality in Education Index, a component of the IHD index, that we have chosen as a relevant indicator of future social inequalities in this region.
- 

The Governance assessment is based on the 6 World Governance Indicators (WGI) published by the World Bank: (Voice and accountability, Political stability and absence of violence / terrorism, Government effectiveness, Regulatory quality, Rule of law, Control of corruption). For emerging countries, the strategists may take into account other indicators, such as those provided by World Justice Project for rule of law, or Transparency International for corruption.

For supranational issuers, a qualitative review focused on governance criteria is carried out by the Emerging Markets and Eurozone analysts, notably through an assessment of the governance profile of the underlying countries. The E and S-pillars are not specifically assessed but it is to be noted that supranational organizations represent a small part of Ostrum AM's fixed income assets under management.

## Corporate (financial)

For corporate issuers, the approach is different than SSA issuers because ESG criteria taken into account in fundamental analysis are not defined ex ante, but rather selected by credit research teams depending on their relevance from a credit perspective.

- While analysing corporate issuers, Ostrum AM's credit analysts systematically review ESG inputs identified as potentially material from a fixed income perspective. Analysts use inputs from various sources, of which data provided by extra-financial research providers (key sectorial or company specific elements having a material impact on credit), and other resources (newsfeed, and sell-side providers). They also run their own investigations (it is systematically the case for Governance).
- If the credit analysts find out that an extra-financial criterion can impact the issuer credit profile (either positively or negatively), they highlight it in the issuer's factsheet within the dedicated section: A "ES assessment" (environment and social) is systematically included, and Governance is reviewed in a "Management, strategy and governance" section. Credit analysts may take it into account in the credit opinion and fundamental scoring if the potential impact is considered as significant. The most frequently ESG criteria taken into account are Governance ones at this stage, but we witness a rise of Environmental risks (Physical Risks and Transition Risks), as well as Social risks (rise of controversies and potential litigations and impact on companies' reputation).
- Governance: analysts assess the strategy, governance and management to determine what the company will do next, their ability and willingness to do, their financial policy and what that means for credit. Governance is a crucial element of the assessment, as it may induce management behaviour which may have a huge impact on the future credit risk of a company. It's been our experience that governance has a neutral or negative impact on a company credit risk. In particular we ask ourselves questions about how effective the decision-making process is, the risk discipline, about the board oversight and potential conflict of interests, who owns the company and what are the implications for business and strategy.
- Environmental and Social: analysts systematically assess the implications of environmental and social elements on the company financial condition. There are different ways to capture them. They may drive demand for certain products, they may translate into higher capex needs for certain industries, they may push companies to change their product mix, enter/ exit activities etc.

*It is to be noted that few corporate issuers based in emerging countries are directly assessed by EMs research team according to another process which relies on its own inputs. However, these corporate issuers represent a very small part of Ostrum AM assets*

The ESG integration approach is the same for all corporate issuers, whether they be financial or non-financial. For more details about this approach, please refer to the description above in "corporate financial" section.

# OSTRUM ASSET MANAGEMENT

## Reported Information

## Public version

## Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

|        |           |        |                     |         |
|--------|-----------|--------|---------------------|---------|
| CM1 01 | Mandatory | Public | Additional Assessed | General |
|--------|-----------|--------|---------------------|---------|

**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☒ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☒ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☒ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - ☐ Whole PRI Transparency Report has been internally verified
  - ☒ Selected data has been internally verified
- ☐ Other, specify
- ☐ None of the above

|        |           |        |             |         |
|--------|-----------|--------|-------------|---------|
| CM1 02 | Mandatory | Public | Descriptive | General |
|--------|-----------|--------|-------------|---------|

**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

|        |           |        |             |         |
|--------|-----------|--------|-------------|---------|
| CM1 03 | Mandatory | Public | Descriptive | General |
|--------|-----------|--------|-------------|---------|

**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- ☒ We adhere to an RI certification or labelling scheme

**CM1 03.2** Which scheme?

- ☒ National SRI label based on the EUROSIF Transparency guidelines



|  |                                   |
|--|-----------------------------------|
|  | % of total AUM the scheme applies |
|--|-----------------------------------|

- ☒ < 25%
- ☐ 25-50 %
- ☐ 50-70 %
- ☐ >75 %
- ☐ B-corporation
- ☐ UK Stewardship code
- ☐ GRESB
- ☐ Commodity type label (e.g. BCI)
- ☐ Social label
- ☒ Climate label

|  |         |
|--|---------|
|  | Specify |
|--|---------|

**GREENFIN LABEL**

|  |                                   |
|--|-----------------------------------|
|  | % of total AUM the scheme applies |
|--|-----------------------------------|

- ☒ < 25%
- ☐ 25-50 %
- ☐ 50-70 %
- ☐ >75 %
- ☐ RIAA
- ☐ Other
- ☒ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report

|                 |   |
|-----------------|---|
| <b>CM1 03.3</b> | Provide a link to the public report (such as a sustainability report that you carry out third party assurance over and for which you have used extracts of in this year's PRI Transparency Report. Also include a link to the external assurance provider's report. |
|-----------------|---|

|  |  |
|--|--|
|  | Link to sustainability, RI, or integrated report [URL] |
|--|--|

[https://www.natixis.com/natixis/upload/docs/application/pdf/2020-03/natixis\\_urd2019\\_06032020.pdf#page=437](https://www.natixis.com/natixis/upload/docs/application/pdf/2020-03/natixis_urd2019_06032020.pdf#page=437)

|  |  |
|--|--|
|  | Link to external assurance provider's report [URL] |
|--|--|

[https://www.natixis.com/natixis/upload/docs/application/pdf/2020-03/natixis\\_urd2019\\_06032020.pdf#page=437](https://www.natixis.com/natixis/upload/docs/application/pdf/2020-03/natixis_urd2019_06032020.pdf#page=437)

- ☒ ESG audit of holdings

**CM1 03.4**

Describe the process of external/third party ESG audit of holdings, including which data has been assured.

During the DPEF reporting, the external auditor reviewed the AUM with integration, the AUM with SRI strategies and the amount of green bonds.

☒ Other, specify

The whole framework has been audited by our holding company (data, integration process, vote and engagement report...)

☐ None of the above

**CM1 04****Mandatory****Public****Descriptive****General****CM1 04.1**

Do you plan to conduct third party assurance of this year's PRI Transparency report?

☐ Whole PRI Transparency Report will be assured

☐ Selected data will be assured

☒ We do not plan to assure this year's PRI Transparency report

**CM1 05****Mandatory****Public****Descriptive****General****CM1 05.1**

Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year

What data has been assured

☒ Financial and organisational data

☒ Data related to RI activities

☒ RI Policies

☒ RI Processes (e.g. engagement process)

☒ ESG operational data of the portfolio

☐ Other

Relevant modules

☒ Organisational Overview

☒ Strategy and Governance

☒ Direct - Listed Equity Incorporation

☒ Direct - Listed Equity Active Ownership

☒ Direct - Fixed Income

Who has conducted the assurance

Natixis Investment Managers and EY & Associés ("EY")

| Assurance standard used |
|-------------------------|
|-------------------------|

- ☐ ISAE/ASEA 3000
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF01/06
- ☐ AA1000AS
- ☐ IFC performance standards
- ☐ ISAE/ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- ☐ National standard
- ☒ Other

| Specify |
|---------|
|---------|

IIA's International Standards for the Professional Practice of Internal Auditing

| Level of assurance sought |
|---------------------------|
|---------------------------|

- ☐ Limited or equivalent
- ☒ Reasonable or equivalent

| Please provide: |
|-----------------|
|-----------------|

| Link to external assurance provider's report [URL] |
|--|
|--|

<https://www.ostrum.com/en-UK/p/about-us/our-csr-strategy/responsible-investment>

| CM1 06 | Mandatory | Public | Descriptive | General |
|--------|-----------|--------|-------------|---------|
|--------|-----------|--------|-------------|---------|

|                 |  |
|-----------------|--|
| <b>CM1 06.1</b> | Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year) |
|-----------------|--|

| What RI processes have been assured |
|-------------------------------------|
|-------------------------------------|

- ☒ Data related to RI activities
- ☒ RI policies

| Specify |
|---------|
|---------|

Exclusion and voting policies

- ☒ RI related governance
- ☒ Engagement processes
- ☒ Proxy voting process
- ☒ Integration process in listed assets
- ☒ Screening process in listed assets
- ☒ Thematic process in listed assets
- ☐ Other

|  |                                 |
|--|---------------------------------|
|  | Who has conducted the assurance |
|--|---------------------------------|

Natixis Investment Managers and EY & Associés ("EY")

|  |   |
|--|---|
|  | When was the process assurance completed(dd/ mm/yy) |
|--|---|

31/12/2019

|  |                         |
|--|-------------------------|
|  | Assurance standard used |
|--|-------------------------|

- ☒ IIA's International Standards for the Professional Practice of Internal Auditing
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF 01/06
- ☐ SSE18
- ☐ AT 101 (excluding financial data)
- ☐ Other

|  |                           |
|--|---------------------------|
|  | Level of assurance sought |
|--|---------------------------|

- ☐ Limited or equivalent
- ☒ Reasonable or equivalent

|                 |                                   |
|-----------------|-----------------------------------|
| <b>CM1 06.2</b> | Additional information [OPTIONAL] |
|-----------------|-----------------------------------|

Internal Risk management teams also validate our investment team processes. They have validated the equity process that integrates the ESG approach in the financial analysis. They have reviewed the SRI explicit strategies. They have reviewed the voting policy .

| CM1 07 | Mandatory | Public | Descriptive | General |
|--------|-----------|--------|-------------|---------|
|--------|-----------|--------|-------------|---------|

|                 |  |
|-----------------|--|
| <b>CM1 07.1</b> | Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed |
|-----------------|--|

**Who has conducted the verification**

- ☒ CEO or other Chief-Level staff

#### Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☒ Asset class specific processes
- ☐ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☒ Direct - Fixed Income
- ☒ The Board

#### Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☐ Asset class specific processes
- ☐ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☐ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☐ Direct - Fixed Income
- ☒ Investment Committee

#### Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☒ Asset class specific processes
- ☒ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☒ Direct - Fixed Income
- ☒ Compliance Function

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☒ Asset class specific processes
- ☒ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☒ Direct - Fixed Income
- ☒ RI/ESG Team

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☒ Asset class specific processes
- ☒ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☒ Direct - Fixed Income
- ☒ Investment Teams

#### What data has been verified

- ☒ Policies
- ☒ Overarching strategy and processes
- ☒ Asset class specific processes
- ☒ Quantitative data related to RI processes
- ☐ Other

#### Relevant modules

- ☒ Organisational Overview
- ☒ Strategy and Governance
- ☒ Direct - Listed Equity Incorporation
- ☒ Direct - Listed Equity Active Ownership
- ☒ Direct - Fixed Income
- ☐ Legal Department
- ☐ Other (specify)