Ostrum
ASSET MANAGEMENT

Enhancing your power to act

POLICY ON MANAGEMENT OF SUSTAINABILITY RISKS AND ADVERSE IMPACTS

An affiliate of: NATIXIS INVESTMENT MANAGERS

CONTENTS

1. DETAILED DESCRIPTION

Ostrum Asset Management has long been committed to pioneering sustainable development and responsible investment. We fully incorporate non-financial aspects into our issuer quality analysis and offer responsible investment solutions for our clients to fit with their own ESG (Environmental, Social, Governance) philosophies and goals.

Ostrum Asset Management is committed to co-constructing a long-term relationship with its clients, based on responsibility and transparency, but also to being an exemplary company as a whole, as it fosters close dialogue with all its stakeholders to promote a positive impact from its business on surrounding society. We strive to consistently act as a responsible investor as we address our clients' needs, while also ensuring a positive impact on society as a whole.

In 2019, Ostrum Asset Management was applauded for the quality of its investment management and its ESG approach, as it ranked No.5 in the top ten responsible asset managers for the quality of its ESG integration in the Hirschel & Kramer index, RIBI™[1].

As a signatory to the Principles for Responsible Investment (PRI[2]) since 2008, Ostrum Asset Management was once again applauded in 2020 for the quality of its approach to responsible investment, receiving A/A+ ratings for all its asset classes under management.

In 2021, Ostrum Asset Management decided to issue a TCFD[3] report for the first time, marking our commitment to climate-related issues. The report is available on our company website.

We also set out our responsible investment policy, which is available on our website, particularly in our report on the Energy Transition for Green Growth Act, published on June 29, 2020, where we outline our contribution to the energy transition, our responsible investment initiatives, and our pledges to our clients and broader society.

Here at Ostrum Asset Management, the Risk department updates senior management on our operational risk management set-up for the company as a whole during in-house operational risk committee meetings. Our operational risk mapping is also presented and approved once each year: this procedure aims to present and qualify areas of risk, some of which are assessed from a climate/social and environmental risk standpoint.

Taking a responsible investment approach means seeking to deliver sustainable performances for our clients, while complying with our own ethical standards and values, with a view to developing our positive impact on society. By systematically incorporating ESG criteria into our analysis, developing our SRI range and implementing a stringent exclusion policy, we apply our values across each and every aspect of our business.

1 The H&K Responsible Investment Brand Index (RIBI™) evaluates the European asset management industry on its ability to translate its commitment to sustainable development into each asset manager's respective brand. The index covers the analysis of all 220 European asset managers in the Top 400 Investment & Pensions Europe Journal as at December 31, 2018.

2 https://www.unpri.org/

3 Task Force on Climate-related Financial Disclosures

1.1. POLICY ON INTEGRATION OF SUSTAINABILITY RISKS INTO INVESTMENT DECISION-MAKING PROCESSES

We set out our policy on sustainability risks, in accordance with article 3 of the Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks, known as SFDR[4].

As required by article 29 of the French law on energy and the climate[5], our policy additionally includes details on the risks related to climate change as well as biodiversity-related risks.

Sustainability risks and opportunities are factored into our assessment of business sectors as well as companies via our quality and risk analysis.

We take on board these sustainability risks in the following various ways:

- Our extremely stringent exclusion policies;
- Our controversy management policy;
- Screening for ESG criteria across almost 100% of the assets we manage;
- Non-financial aspects are systematically included in our issuer analysis where information is deemed to be material, i.e. having an impact on the issuer's credit risk;
- Our engagement policy.

We combine these various actions to single out any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Exclusion policies

Ostrum Asset Management has adopted a series of stringent exclusion policies to rule out all companies with hefty ESG risks from our portfolios and thus curb any risks that could have an actual or potential material negative impact on the value of the investment.

Ostrum Asset Management has defined strict exclusion policies in order to exclude from its investment universe any sector or issuer that does not comply with fundamental responsibility principles. Some exclusion policies apply to all our funds (weapons, blacklisted states), while others cover all our open-ended funds (coal, tobacco and worst offenders[6]), and we promote them to our clients through constant dialogue. We also offer specific exclusion policies to our clients, in line with their objectives. In order to continuously improve its practices, Ostrum Asset Management reinforced its coal exclusion policy in 2019 and further bolstered it from 2021.
We firstly apply the principles set out in the United Nations Global Compact on certain major themes i.e. support for human rights, compliance with international labor standards, respect for the environment, anti-corruption efforts and compliance with the SDG[7].
On the basis of these principles, we exclude from our portfolios any issuers carrying high sustainability risks and adverse impacts on environmental, social and governance aspects.

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4 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

5 French Act No. 2019-1147 of 8 November 2019 on energy and the climate

6 Cf Worst Offenders policy below

7 The United Nations' Sustainable Development Goals are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

We exclude any controversial issuers on the basis of our other exclusion policies:

- CONTROVERSIAL WEAPONS

We exclude any companies involved in the use, development, production, sale, distribution, stockpiling and transfer of anti-personnel mines and cluster bombs, in accordance with the Ottawa Treaty and the Oslo Convention.

- BLACKLISTED STATES

Ostrum Asset Management complies stringently with current regulation and does not invest in:

  - countries under US or European embargo, which would contravene current restrictions;
  - countries identified by the Financial Action Task Force (FATF) as presenting severe deficiencies in their anti-money laundering and combating the financing of terrorism set-up worldwide.

- COAL

Ostrum Asset Management rolled out an initial coal exclusion policy in 2018 before adding to its pledges in 2019. In late 2020, we took fresh measures to bolster this strategy, setting out a timetable for application to all open-ended funds we manage, as well as all mandates and dedicated funds, unless clients request otherwise:

As of January 1, 2021, Ostrum Asset Management no longer invests in companies that:

  - develop new coal projects (including infrastructure developers). This policy applies with a six-month timescale for divesting holdings in companies concerned under normal market conditions;
  - have not set out a transition plan by 2021 to exit the coal sector in alignment with the Paris Agreement. We will monitor the credibility of these exit plans and their funding. Investments will cease as of January 1, 2022 on the basis of this criterion, with a six-month timeframe to run down existing positions under normal market conditions. Ostrum Asset Management will engage and dialogue extensively with companies as it applies this measure.

By way of reminder, Ostrum Asset Management halted investment in companies that derive more than 25% of their revenue streams from coal-fired energy generation or coal production in June 2019, while definitive divestment is slated by June 2021.

Coal issuers that are not ruled out on the basis of previous criteria are excluded as of January 1, 2021 if they exceed the threshold of 20 million tons of thermal coal production on an annual basis and 10 GW in installed capacity. Similarly, Ostrum Asset Management no longer invests in companies with a coal share of power generation of more than 30%. These three thresholds equate to limits set out by the 2019 Global Coal Exit List (GCEL)[8]. Similarly, divestment from companies concerned will be conducted within six months under normal market conditions.

All these exclusion thresholds will be reviewed by end-2021.

- TOBACCO

Ostrum Asset Management rolled out its tobacco exclusion policy in 2018, a sector that runs contrary to the United Nations' Sustainable Development Goals due to its particularly negative social, societal and environmental impacts.

- UNDER DEVELOPMENT

We made updating our coal policy the priority for 2020. For 2021, we have decided to focus on further bolstering our climate strategy as we take our approach a step further: we will therefore look at highly polluting sectors, particularly oil and gas.
We will also look at other potential exceptions for the future, such as palm oil and the defense sector.

[8] The Global Coal Exit List is an initiative by German NGO Urgewald, following the realization of investors' difficulty in tracking their coal investments. The GCEL provides datasets on 2,300 companies' coal-related revenues streams, the proportion of coal production, installed coal capacity and annual coal production.

Controversy management: our Worst Offenders policy

Controversy management is a crucial plank of our policy on integrating sustainability risks. As soon as a controversy emerges on an issuer and is brought to our attention, we make our decisions depending on the severity of the controversy.
Ostrum Asset Management is committed to excluding from its investment scope all financial instruments from private issuers whose business is proven to contravene a range of fundamental responsibility standards. Issuers involved are all entities, whether listed or unlisted, that are proven to contravene the main principles of internationally established standards (United Nations Global Compact, OECD guidelines) as regards human rights, labor rights and business ethics, as well as environmental protection or that have been publicly excluded by institutional investors on the basis of these principles.
Following a very stringent procedure, the worst offenders committee may exclude any issuers that have been involved in a major controversy from our portfolios.

Incorporating ESG criteria into our investment process

Clear insight into environmental, social and governance issues is a useful and vital additional source of information for an asset manager. An understanding of the current and future trends that shape our economic and financial system, comprehension of ESG challenges inherent in each business sector, and the ability to factor in forthcoming regulatory changes are essential in managing our business operations. We therefore obviously strive to better assess environmental, social and governance aspects that may affect issuers and create both risks and opportunities. In our role as a responsible asset manager and in keeping with our fiduciary responsibility, we are committed to analyzing these challenges and their potential impact for issuers, so that we can take them on board in our investment decisions and our shareholder practices.
Ostrum Asset Management's investment management teams right across the company work to understand these complex challenges and their potential effects on issuers' businesses. Ostrum Asset Management's teams use a wide range of qualitative and quantitative ESG data that are selected for their relevance, wide coverage and complementarity to derive a useful materiality analysis. Our full range of investment management operations thus benefit from our proprietary ESG analysis process with a focus on sustainability risks and opportunities, to highlight the potential effects of ESG aspects on each issuer's risk profile and performance.

Incorporating sustainability risks into our credit research

Material ESG aspects can affect an issuer's credit risk and have a considerable impact on its fundamental rating.

Our team of credit analysts at Ostrum Asset Management continue their work to formally set out and further take on board ESG dimensions in their analysis and credit risk assessment for each credit issuer. **Our team systematically incorporates non-financial elements into its analyses when they are considered to be material, i.e. having an impact on the issuer's credit risk.** Each analyst is responsible for assessing the material nature of ESG criteria, as they draw on a vast range of information sources selected by the Ostrum Asset Management's portfolio management team as a whole – both qualitative and quantitative aspects – as well as their own individual research and insight into issuers and their ESG challenges.

To ensure consistency in analysis and fairness in the assessment of issuers, an analysis framework has been set out to round out these various research aspects, combining:

- An "issuer-by-issuer" approach so that each analyst can identify non-financial material aspects, and hence the strengths and weaknesses of each issuer with regard to specific ESG aspects;
- A sector-wide approach that is set out and shared by all analysts. Our teams have identified and set out the ESG challenges that specifically affect each business sector and segment.

In 2019, Ostrum Asset Management also launched a new scale for assessing material ESG risks and opportunities. We measure the extent of ESG risks depending on the relevance of ESG criteria for the industry or company itself: if ESG dimensions are relevant, we then assess their materiality on the company's risk profile. With a view to improving the transparency and comparability of ESG risks and opportunities across issuers, the Credit Research team has therefore implemented this new materiality assessment scale and made it available to all investment staff via our inhouse platform. Each assessment is also systematically supported by a qualitative analysis on each of the three E, S and G dimensions, detailed in dedicated reports written by our analysts for each individual issuer. This analysis of ESG aspects thus systematically and naturally affects our qualitative and quantitative credit risk quality assessment for issuers, highlighting both material risks and opportunities for the company's sustainability.

We classify ESG materiality on the basis of the materiality scale outlined below:

- ESG 0: ESG aspects are not relevant for the industry or the company;
- ESG 1: ESG aspects are relevant for the industry or company, but their materiality is low on the company's credit risk;
- ESG 2: ESG aspects are relevant for the industry or company, direct materiality is limited, or ESG risks/opportunities are significant, but the company is managing them successfully so materiality for credit risk is limited;
- ESG 3: ESG aspects are relevant for the industry or company, ESG aspects are a crucial component in the fundamental credit score, either independently or when combined with other factors.

ESG information – including ESG assessments and impacts – is outlined on our inhouse platform and accessible to the entire portfolio management department.

ESG materiality assessment	Relevance of ESG aspects for the business sector or company	Materiality of ESG factors on company's credit profile
ESG 0	Not relevant	-
ESG 1	Relevant	✓ Aspects are relevant for the industry or company but their materiality on credit is low.
ESG 2	Relevant	✓ Either direct materiality is limited or ESG risks/opportunities are significant, but the company is managing them actively, so materiality for credit is limited.
ESG 3	Relevant	✓ ESG aspects can be a crucial component of the fundamental score or they are combined with other factors.

Teams work in close cooperation to ensure interaction and integration with portfolio management, with informal communication as well as more formal meetings and committees. Additionally, all research material and analyses produced by Ostrum Asset Management are centralized and instantaneously published in the research knowledge database in our inhouse platform. This online information system is available for all portfolio management staff.

Incorporating sustainability risks for sovereign issuers

Material non-financial aspects for sovereign and quasi-sovereign issuers are systematically taken on board and directly included via the **assessment of country risk** as we build portfolios.

This assessment involves two stages:

- Sovereign risk assessment model: our quantitative engineers recently developed a proprietary assessment model to provide medium-term projections with a one- to two-year timeframe, which are then updated every quarter if necessary. **This model helps outline any possible changes in the risk assessment for both developed and emerging countries, using our in-house rating scale. We monitor risk assessment projections for any changes for each country (+/- rating category)** and this innovative machine learning-type model provides additional information for portfolio managers. This system sits at the very heart of our investment process and is used in building our sovereign portfolios.

- Sovereign Debt Selection (SDS) Sector Team: our sovereign investment experts have longstanding expertise on ESG factors and **their impact on risk assessments for euro area countries**. The SDS team produces views on the relative value of government bonds for each country in the euro area to pinpoint sovereign debt where portfolio managers can take exposure for a defined period of time. **Members of the SDS team assess performance factors as well as risk factors (financial risks, such as macroeconomic and regulatory, as well as non-financial),** thereby analyzing E, S and G aspects for each individual country. By combining financial and non-financial aspects, the Sovereign Debt Selection team develops assessments on euro area sovereign debt for each maturity (1-3; 3-7; 7-15; 15+ years) and gives them a rating (-2, -1, 0, +1, +2).

Integration of sustainability risks into equity portfolio management

ESG practices are deemed to be an integral component of a company's overall quality in our equity portfolio management. Ostrum Asset Management's equity portfolio management team takes on board ESG criteria **to pinpoint a company's or a sector's risk,** while also identifying any opportunities. Our teams engage with companies to discuss these aspects.

The equity portfolio management team thus seeks to ward off any potential risks via ESG considerations. ESG is a key way to single out any long-term trends that could disrupt certain business sectors, so incorporating ESG dimensions into traditional financial analysis enhances visibility on issuer quality over the longer term.

Ostrum Asset Management's equity portfolio management team seeks to invest in quality, growth companies, on the basis of an analysis developed from meetings with companies' management. ESG analysis adds to our assessment of this quality and helps round out our evaluation. **Environmental risks on a company's products and services can be seen as a liability that hampers their balance sheets, while social risks are a clear red flag for weakness in our view**. Meanwhile, governance and management aspects are clearly interconnected. ESG dimensions therefore provide essential building blocks for our portfolio construction on a par with quality, upside and overall portfolio growth.

Our portfolio managers will therefore exclude companies with ESG shortcomings or harboring ESG risks.

Additionally, at the request of our clients on certain investment mandates – for example with specific SRI requirements – **we ensure high ESG quality for the portfolio**. For example, this can mean achieving a significantly higher ESG score for the portfolio than the benchmark. A minimum degree of ESG quality is also required on some portfolios to include a company in the investment universe.

Lastly, some of our equity portfolios also target an **ESG score for the portfolio surpassing the ESG score for the first four quintiles of the index: this goal is also included in the French SRI accreditation's requirements**.

Engagement

Ostrum Asset Management has **made engagement one of its key priorities**. The integration of ESG criteria is a growing area for dialogue with companies, and also offers us a much more extensive insight into the firms we invest in, as we support them in enhancing their ESG practices.

As of 2021, Ostrum Asset Management has decided to **identify the main themes and areas in our assessment of companies' ESR policies and raise their awareness on their importance for us in our analysis**.

We have therefore singled out company-wide themes for engagement.
Some of these themes will be championed more by fixed income portfolio management teams and promoted by our credit analysts, while others will be advocated by our equity portfolio management teams.
Meanwhile, some themes will not be subject to specific engagement efforts from our portfolio management teams, as they are deemed to be mainstream and are already a key component of our constant dialogue efforts with companies and/or there is insufficient data on them at this stage to be able to engage with

companies on these aspects. However, these themes can be highly significant in our analysis of companies' CSR policies, and we will pay close attention to them via our controversy management policy. Ostrum Asset Management will ensure that any issuers involved in any kind of controversy are assessed rigorously in accordance with applicable procedures.

We have identified the following engagement themes:

1. SUPPORT MITIGATION AND ADAPT TO CLIMATE CHANGE
- Sub-theme 1: Reduce CO2 emissions and achieve carbon neutrality by 2050
- Sub-theme 2: Manage physical and transition risks

2.LIMIT IMPACT ON ENVIRONMENTAL ECOSYSTEM
- Sub-theme 3: Manage resources
- Sub-theme 4: Safeguard health and biodiversity

3. PROMOTE HUMAN CAPITAL
- Sub-theme 5: Maintain strong relationships with staff
- Sub-theme 6: Ensure staff's/subcontractors' health and safety

4. ENHANCE RELATIONSHIPS WITH STAKEHOLDERS
- Sub-theme 7: Guarantee human rights in supply chains
- Sub-theme 8: Maintain strong relationships with local communities

5. ENSURE CONSUMER SECURITY AND PROTECT THEIR DATA
- Sub-theme 9: Ensure consumers' security and health
- Sub-theme 10: Manage cybersecurity and data

6. SAFEGUARD BUSINESS ETHICS
- Sub-theme 11: Ensure business ethics
- Sub-theme 12: Adopt a transparent tax policy that complies with applicable legislation.

7. BALANCE POWERS AND COMPENSATION
- Sub-theme 13: Balance powers
- Sub-theme 14: Harmonize policy on compensation and make it transparent

8. IMPROVE DATA TRANSPARENCY
- Sub-theme 15: Ensure financial and non-financial data transparency

Risks related to climate change and biodiversity

Risks related to climate change

Over recent years, Ostrum Asset Management **has made the identification of climate risks and opportunities one of its main priorities, conducting an in-depth analysis of each sector with a view to pinpointing any risks that could have a material impact on companies** we invest in, with the ensuing effects on our asset management business and our clients.

Our analysts have carried out an extensive analysis of their sectors to clearly identify all climate risks and opportunities in our investments (this process is explained in detail above). This analysis offers an overview of short-term risks, which are more visible as they affect our investments in the immediate future, as well as pre-empting any medium- and long-term risks, which are sometimes more challenging to grasp.

All **climate risks identified and the way they are managed are outlined in detail in our TCFD report** on our website.

Ostrum Asset Management bolstered its coal exclusion policy in 2021 with a view to curbing the risks related to climate change, and enhanced the climate and carbon assessments for portfolios as we now apply a new methodology aligned with the IPCC's temperature scenarios for all our client portfolios.

Lastly, we have developed a solutions range to address our clients' climate policy requirements and hence reduce risks i.e. portfolio with limited carbon impact, targeted exclusions, products that support the energy transition, etc.

Risks related to biodiversity

The issue of biodiversity is gaining in importance while **risks related to this issue are becoming increasingly material.** We have therefore included these risks to a greater extent in our analysis.

A range of aspects are now included in our credit analysts' materiality assessment, geared to reducing our impact on the destruction of biodiversity, such as the decrease of plastic use in supermarkets for example. Large banners are increasingly restricting the use of plastic bags or are adopting recycled plastic for their packaging. Meanwhile, producers have also set fresh pledges on the use of recycled or recyclable plastic.

Additionally, **our coal policy has a direct connection with biodiversity,** as the issuers covered have an impact on climate change, and consequently on biodiversity. Excluding these issuers can therefore curb the risks of damage to biodiversity.
Another very negative aspect for biodiversity is pumping water from mines, as it is particularly acidic and contains a high degree of heavy metals. This acid is extremely dangerous for human populations, animals, vegetation and water.

Deforestation is also a crucial challenge for biodiversity and we have signed a raft of collaborative engagement initiatives on this theme **with a view to mitigating these effects and curbing our risks**:

- Investor Initiative on Sustainable Forest (Cattle and Soy) – Organizations Ceres & PRI (since 2018);
- Deforestation and forest fires in the Amazon Investor statement 09/13/2019 Ceres Forest Environment, which works to tackle this issue.

Meanwhile, our **tobacco exclusion policy also supports the preservation of biodiversity,** as tobacco production involves planting tobacco plants, which – as is the case with palm oil – means severe deforestation for existing trees. According to the French anti-tobacco committee (*Comité national contre le tabagisme*), 200,000 hectares of forest are lost to tobacco planting each year, making it responsible for 1.5% of world deforestation. Additionally, producing one ton of tobacco requires 12 cubic meters of wood. Tobacco is not a hardy plant, so a great deal of fertilizer, herbicides and pesticides are needed for its growth, which are obviously dangerous for the environment: these products do not remain on the surface of tobacco plantations, but rather leach into the soil and water tables, disrupting the entire underground ecosystem. Filters are produced from large quantities of plastic materials that can take several years, or even decades to break up. Meanwhile, cigarette ends are even more toxic as they are produced from thousands of harmful substances such as tar and heavy metals.

Lastly, in 2020, in addition to the initiatives signed in previous years and still ongoing, Ostrum Asset Management signed several **fresh pledges, particularly on biodiversity**:

- **Investor Statement on the need for biodiversity impact metrics** (Mirova initiative): based on the principle that the Earth's biosphere is a common good and is under increasing stress, limiting its ability to deliver sustainable ecosystem services today and tomorrow, as investors we recognize a need to protect biodiversity. To do so, the financial sector has shown a steadily growing interest in the integration of environmental issues within investment processes. However, we lack the tools to accurately and consistently measure these impacts, although we recognize that a wide range of industries are having a direct impact on biodiversity. We need better tools to allow us to measure and reduce the physical impact of investments on ecosystems. Therefore, we wish to publicly express our need for biodiversity-related impact metrics that would respect six principles on methodologies and data collection.

Collaborative engagement is a way to single out controversial practices across a sector or group of companies, and engage in dialogue to press for greater transparency and, where appropriate, a change in practices.
Engagement is conducted with other investors with a view to increasing the influence of responsible investors and encouraging issuers to make clear and measurable changes within a specific timeframe. Engagement can also be organized by sector-wide organizations and/or public policy.

Risks related to both climate change and biodiversity have been selected as areas for engagement that will be addressed right across Ostrum Asset Management. Dialogue on these aspects will support portfolio management teams – both analysts and portfolio managers – as they pre-empt risks on these two key dimensions.

The following themes have been selected:

- THEME 1: SUPPORT MITIGATION AND ADAPT TO CLIMATE CHANGE
  Climate change has become one of the most critical challenges facing our society over the decades ahead, requiring an extensive overhaul of our economies and all business sectors.

  - Sub-theme 1: Reduce CO2 emissions and achieve carbon neutrality out to 2050.

Companies must demonstrate their business resilience in a low-carbon world. Carbon management has become a crucial challenge that management must address from both a strategic and operating standpoint. The energy and transportation sectors are key participants in this debate.

  - Sub-theme 2: Manage physical and transition risks.
    Companies are faced with both transition risks – resulting from the effects of implementation of a low-carbon business model – and physical risks resulting from damage directly caused by weather and climate events.

- THEME 2: LIMIT THE IMPACT ON THE ENVIRONMENTAL ECOSYSTEM
  Natural resources management has consistently been part of companies' strategies to minimize costs, but the protection of biodiversity is becoming increasing important for civil society, regulators and companies.

  - Sub-theme 4: Safeguard health and biodiversity
    Preservation of biodiversity includes managing waste, pollution, recycling and product supply. It increasingly exposes companies to reputational and operational risk, as well as fines.

1.2. ADEQUATE DUE DILIGENCE POLICY ON THE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Article 4 of SFDR (EU) 2019/2088 on sustainability-related disclosures in the financial services sector stipulates transparency with regard to the adverse sustainability impacts on sustainable investment goals or on the promotion of environmental and social characteristics in the investment decision-making process for our products in question.
Ostrum Asset Management is determined to further take account of adverse sustainability impacts in its decisions and its organization. Governance on these aspects will be set out in its procedures, geared to clarifying the roles and responsibilities of the various teams.
Ostrum Asset Management already takes on board adverse sustainability impacts on its investment objectives and has published a range of documents that confirm this.

Ostrum Asset Management has set out an ESG policy that defines its environmental, social and governance (ESG) investment policies and practices. This document highlights its pledges to responsible investment across its full business range, complying and keeping up to date with French and international regulation.

Ostrum Asset Management has also developed an engagement and voting policy that covers all asset classes and sets out shared themes and areas for engagement. In our equity portfolio management, engagement and voting are closely connected, and Ostrum Asset Management encourages companies it invests in to improve their practices by voting in shareholder meetings for all holdings and in accordance with its active policy, following the most stringent standards and taking on board social and environmental challenges.

In keeping with the commitments taken by the Paris financial center at the 2015 COP 21, Ostrum Asset Management is committed to actively contributing to the vital fight against climate change and supporting the transition to a low-carbon economy. In 2019, following on from the declaration by the Paris financial center on July 2, Ostrum Asset Management bolstered its actions in terms of both market-wide efforts and its own policies.

Lastly, a number of initiatives are also outlined in Ostrum Asset Management's general CSR policy.

At this stage, Ostrum Asset Management is not able to monitor all the indicators with adverse sustainability impacts. A number of data, where sources are not yet fully identified, mean that all reports required by SFDR across the entity are not able to be completed.

Ostrum Asset Management will make every effort to be able to provide and produce them extensively and will change its position accordingly.

1.3. DESCRIPTION, ASSESSMENT METHODS, MEASUREMENT AND MONITORING OF PORTFOLIOS MANAGED BY OSTRUM ASSET MANAGEMENT

Ostrum Asset Management has classified its portfolios in accordance with articles 6 and 8 of SFDR. None of our portfolios are classified under article 9.

All these portfolios' characteristics are outlined in their pre-contractual documentation.

Portfolios classified under article 6 are separated into two categories:

- Portfolios where the investment process does not incorporate an ESG approach;
- Portfolios where there is no ESG objective in the portfolio's management but where the investment process applied by the portfolio manager complies with all ESG policies defined by Ostrum Asset Management and benefits from the integration of sustainability risks in the analysis of the investment universe.

Portfolios classified under article 8 have an investment process that includes ESG characteristics (average score, minimum quality required, CO_2 targets, etc.).

Methodologies for calculating, assessing and monitoring our portfolios are outlined in greater detail in the first section of this document on the integration of sustainability risks into the investment decision-making process.

ADDITIONAL NOTES

Ostrum Asset Management

Asset management company regulated by AMF under n° GP-18000014 – Limited company with a share capital of 48 518 602 €. Trade register n°525 192 753 Paris – VAT: FR 93 525 192 753 – Registered Office: 43, avenue Pierre Mendès-France, 75013 Paris – www.ostrum.com

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Under Ostrum Asset Management's social responsibility policy, and in accordance with the treaties signed by the French government, the funds directly managed by Ostrum Asset Management do not invest in any company that manufactures, sells or stocks anti-personnel mines and cluster bombs.

Ostrum Asset Management
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