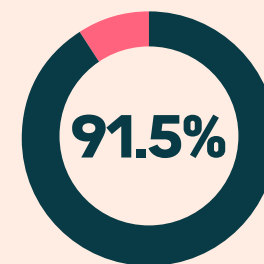


INFORMING OUR CLIENTS AND SUPPORTING THEM IN THEIR RESPONSIBLE INVESTMENT

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

INTEGRATION OF ESG CRITERIA IN 2020



↓
of our assets incorporate
ESG criteria

↓
i.e.
€410bn



€14.5bn

of our AuM in green, social and
sustainability bonds

€42.5bn

in our SRI
accredited funds¹

OUR TRIED-AND-TESTED GREaT METHODOLOGY

> 70

non-financial indicators
to analyze issuers' engagement



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

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

1. DEFINING ESG POLICIES

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

2. DEVELOPING SRI ACCREDITATIONS

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

3. ACCOMPANYING THE IMPLEMENTATION OF REGULATION

Taxonomy¹, SFDR², Energy Climate Law³: regulation on sustainable finance is stepping up in France and Europe to address environmental and social challenges. We support our clients in understanding these changes and addressing fresh regulatory requirements, in terms of their investment choices and transparent reporting.

4. TRANSPARENCY TO SUPPORT OUR CLIENTS

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

• CSR policy

CSR report

• Reporting

ESG and carbon reporting for our funds

• ESG policy

- Report on the French Law on Energy Transition for Green Growth
- TCFD report⁴
- Voting policy
- Engagement policy

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

OUR GOALS FOR 2021

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

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

OUR GOAL FOR 2021

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

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

² SFDR: Sustainable Finance Disclosure Regulation

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

⁴ TCFD: Task Force on Climate-related Financial Disclosures

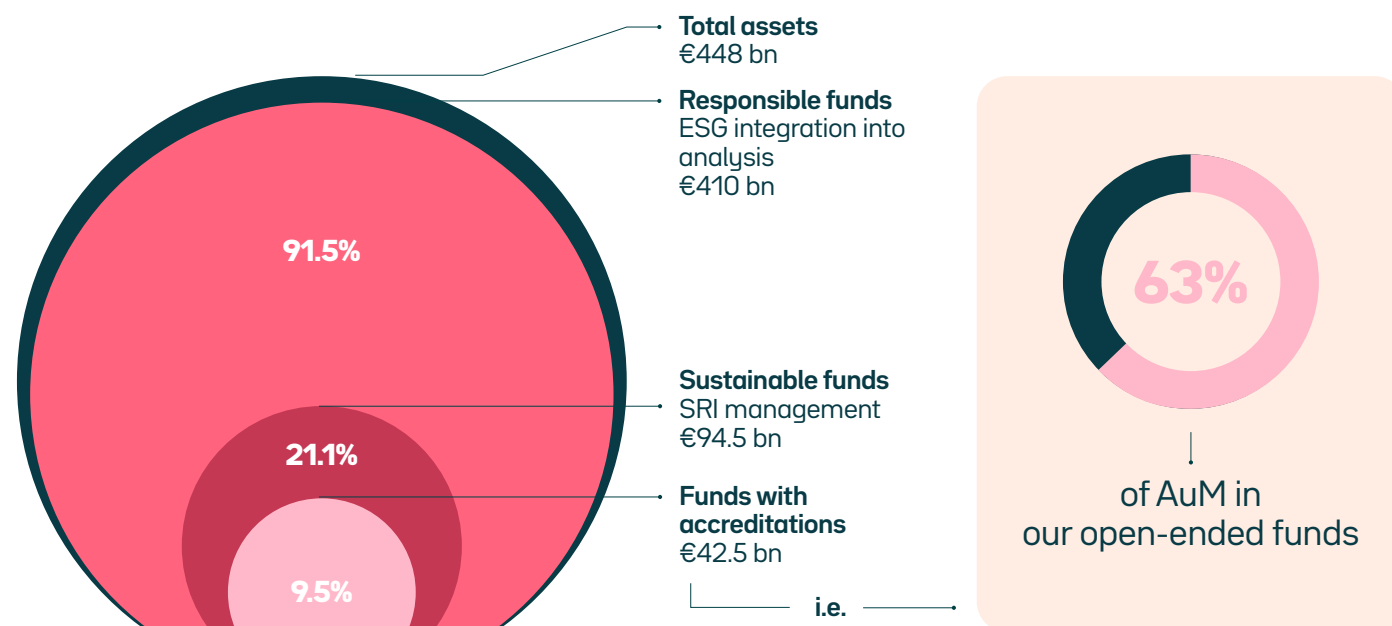


RESPONSIBLE MANAGEMENT FOR OPEN-ENDED FUNDS

We are convinced that material non-financial criteria provide crucial information on issuers' risk profiles and their securities' performances: we therefore incorporate ESG screening into **91.5%** of our assets in our open-ended funds. This comprehensive integrated ESG analysis covers the majority of our asset classes¹ i.e. investments in equities, credit, sovereign securities, and multi-asset. We have also developed our leadership position on responsible investment, and obtained a PRI score of A or A+ for all our asset classes under management in 2020 [cf. page 41].

SYSTEMATIC ESG ANALYSIS

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



€14.9 bn
in our assets in green, social and sustainability bonds²

OUR GOALS FOR 2021

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

¹ Excluding ABS

² Bonds where proceeds are used exclusively to fund or refinance projects with environmental, social and sustainability benefits.

Bolstering integration of ESG criteria in our investment management policy

EQUITY INVESTMENT MANAGEMENT

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

1. Identify risks

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

2. Assess quality

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

3. Address more demanding requirements

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

BOND INVESTMENT MANAGEMENT (CREDIT RESEARCH)

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

An issuer-by-issuer approach

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

A sector approach

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

ANALYSIS OF SOVEREIGN RISK

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

100%

integration of ESG criteria
into sovereign investments

2 assessment methods combined

Sovereign Risk Model

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

Horizon : Medium term

Country risk assessment

Sovereign Debt Selection Risk Model - Sector Team

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

Horizon : investment process

Risk and performance analysis
Comparison with investment universe

Robust sector policy

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

COAL

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

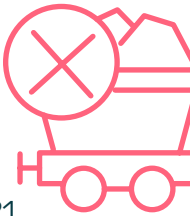
1. Develop new coal capacity

2. Fail to set out a coal phase-out strategy in 2021 to comply with the Paris agreement
3. Exceed the following thresholds:
- 25% of revenue streams derived from coal production

20 million tons of coal production per year

10 GW in installed capacity

30% energy generation from coal



CONTROVERSIAL WEAPONS

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

TOBACCO

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

WORST OFFENDERS

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

BLACKLISTED STATES

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



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

Joséphine Chevallier,
ESG Strategy Expert Leader

A tailored range of SRI and ESG products

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

Four strategies to suit all our clients' needs

Best-in-class and Positive Screening
Exclude issuers with a high ESG risk profile and favor the best-rated issuers.

Best-in-Universe
Favor the best performing issuers in terms of ESG in the investment universe, across all sectors.

Reinforced exclusions
Exclude issuers with the highest ESG risk profiles.

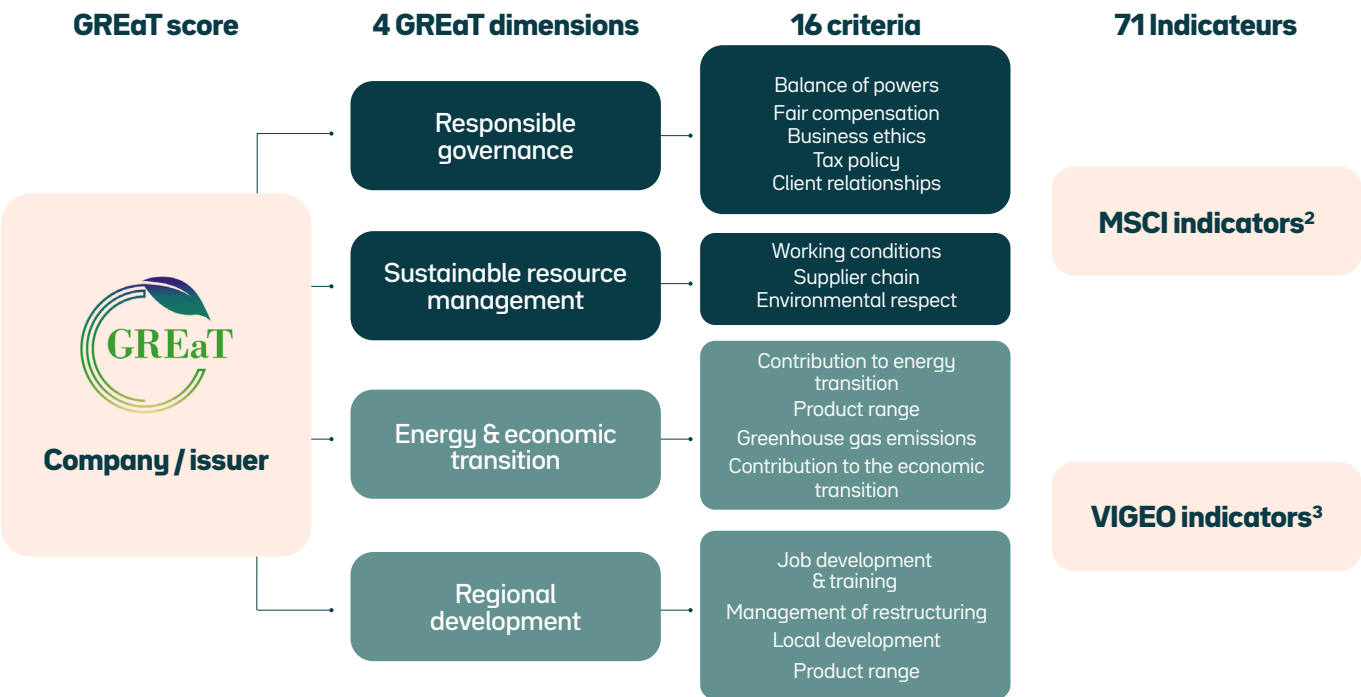
Smart carbon strategies
Provide portfolio decarbonization strategies and portfolios with minimized carbon footprints.

ROBUST TOOLS

Our SRI strategies draw on external databases renowned for their quality and vast coverage scope, particularly the SDG Index for sovereign issuers – a United Nations initiative – and Sustainalytics¹, world leader in ESG analysis and non-financial scores for the past 25 years.

THE GREaT METHODOLOGY

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



¹ <https://www.sustainalytics.com>
² <https://www.msci.com>
³ <https://www.vigeo-eiris.com>