Ostrum
ASSET MANAGEMENT

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ESG
POLICY (ENVIRONMENT, SOCIAL, GOVERNANCE)

Application date	09 October 2019
Updated	1 October 2024

Un affilié de NATIXIS INVESTMENT MANAGERS

CONTENTS

1 SCOPE OF APPLICATION

Apart from our exclusion policies - sector-based or standards-based (excluding regulatory) - all aspects of the ESG Policy apply to all portfolios managed by Ostrum Asset Management (open-ended funds, dedicated funds and mandates) regardless of the overall management (internal or external to Groupe BPCE). There may be exceptions for certain quantitative management funds, index-linked management and structured products existing as at 1 January 2023.

2 INTRODUCTION

Ostrum Asset Management is committed to taking all ESG dimensions into account in its investment decisions. This responsible approach involves the following:

- Extensive sector and exclusion policies (regulatory, standards-based and sector-based);
- The inclusion of ESG criteria in 100% of issuers analysed by Ostrum Asset Management;
- an engagement policy that is applied both individually via ongoing dialogue with issuers and an active voting policy, and collaboratively as Ostrum Asset Management sets out official positions on targeted initiatives that resonate with its convictions.

Ostrum Asset Management has been a signatory to the UN Principles for Responsible Investment (PRI)[1] since 2008[2].

The Company has been persistently lauded for the quality and ambition of its approach to responsible investment. For additional rating information, please refer to the "PRI Reports" section of the Ostrum Asset Management website.

[1] For further information: https://www.unpri.org/
[2] Through the capital transactions that led to the creation of Ostrum Asset Management on 1 October 2018.

3 ORGANISATION OF THE ESG STRATEGY

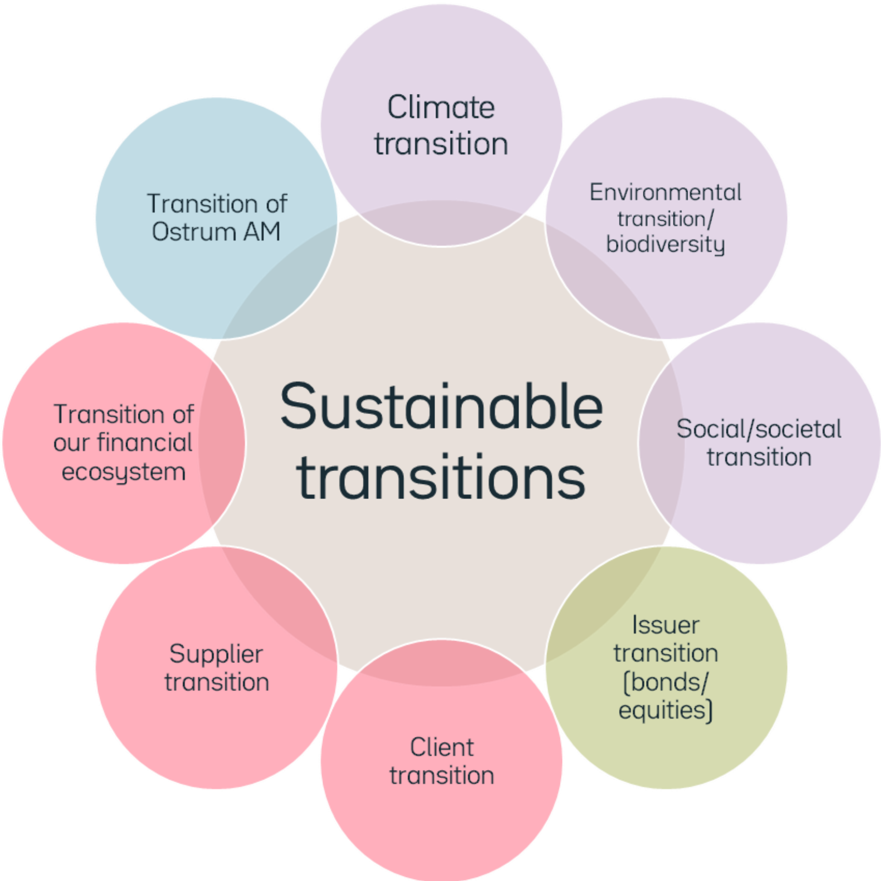
Ostrum Asset Management has developed a dedicated internal organisation to structure its policies and investment services with regard to ESG.

The Sustainable Transitions Department is responsible for Ostrum Asset Management's Corporate Social Responsibility (CSR) strategy and ESG strategy. This Department reports directly to Senior Management.

The Department is composed of seven people including two CSR experts and four ESG strategists. The members of the ESG team has some forty years of experience between them.

The Sustainable Transitions Department is responsible for:

- Developing a demanding CSR policy for Ostrum Asset Management and ensuring consistency in its deployment, particularly in terms of management actions;
- Defining the positioning of Ostrum Asset Management's ESG strategy and managing it;
- Promoting cross-disciplinary CSR and ESG issues throughout Ostrum Asset Management (increased interaction with all business lines);
- Promoting sustainable transitions for all Ostrum Asset Management stakeholders (including clients and issuers).



In addition to the Sustainable Transitions Department, the various business lines have become increasingly involved in ESG issues as these challenges have grown in importance.

This high degree of integration requires resources, and therefore as many employees as possible are involved to keep pace with the scale of the new environmental and societal challenges.

Within Credit Research, analysts are responsible for the credit analysis of issuers: ESG aspects are integrated using a well-defined analysis framework and ESG and climate factors are systematically integrated into their analyses, when they are considered material. Our sustainability bonds team includes specialist analysts with expertise in green, social and sustainability bonds, etc. The team also engages in dialogue with companies.

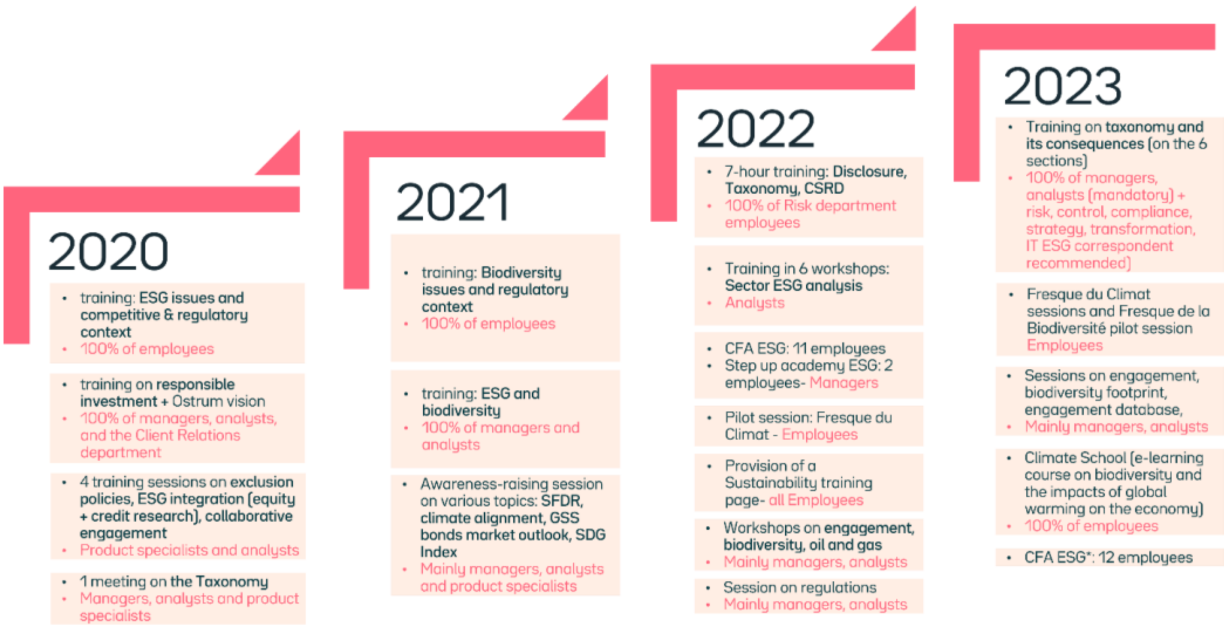
Thanks to around forty professionals, analysts and managers, who are involved in ESG integration, Ostrum Asset Management meets with issuers throughout the year before investment decisions are made and before the issuance/launch of specific projects to be financed, as well as to monitor its investments. This dialogue enables us to obtain details on ESG issues, and to challenge issuers on controversial points or on specified themes.

For clients who wish to adopt an SRI management policy that goes beyond the integration of ESG factors from a financial materiality and controversy analysis perspective, Ostrum Asset Management has developed specific SRI processes that can be tailored to their needs. As well as seeking to deliver performance, these processes aim to provide benefits in terms of societal impact (in particular, for the management of SRI-accredited open-ended funds, etc.).

Ostrum Asset Management is developing its engagement with issuers so as to fulfil its role as a player in the transition and a committed partner in transitions. This concern is at the heart of its approach to supporting issuers in addressing climate issues, their dependence on biodiversity and the impact of their activities on their environmental and social ecosystem.

Sustainable finance lies at the heart of our strategy here at Ostrum Asset Management, and we have ensured that all our staff – regardless of their business line – can develop their awareness of these key challenges and clearly understand the motivating factors behind our commitment and our ambition to bolster our expertise in this area in the current regulatory, environmental and social environment. After offering biodiversity training courses to all our staff in 2021, we decided to expand on the theme of ESG in 2022. In 2023, Ostrum Asset Management focused on regulatory issues and, in particular, the taxonomy, by offering all employees more general training on climate and biodiversity.

Overview of 2020-2023 ESG training:



**https://www.cfainstitute.org/en/programs/esg-investing*

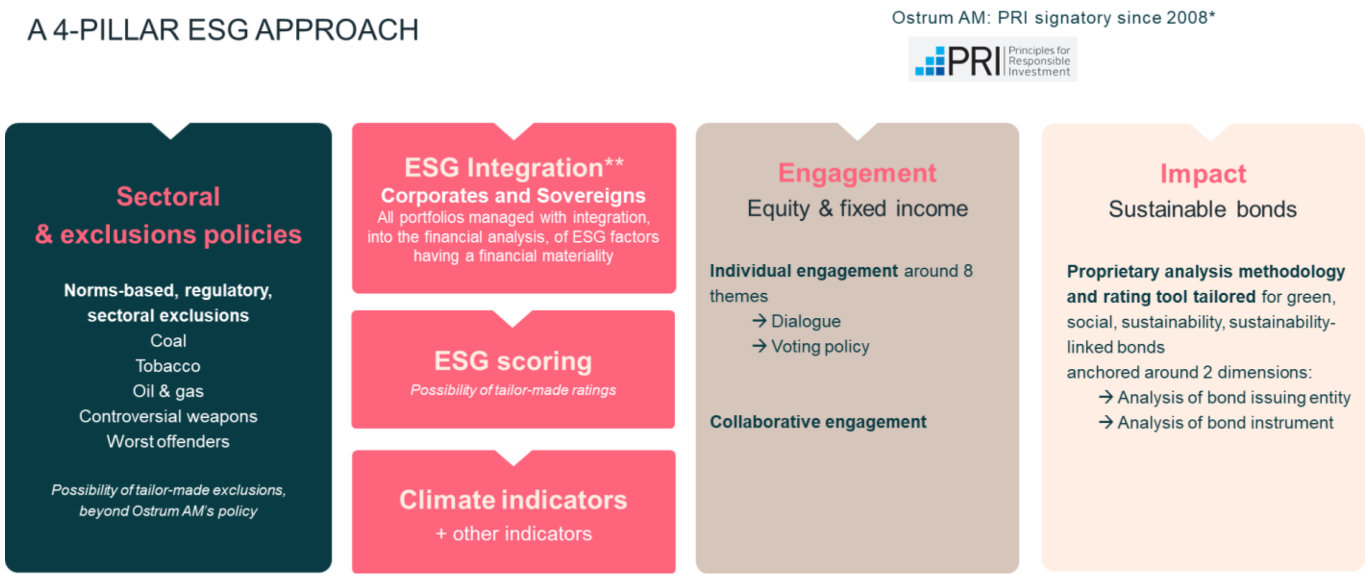
We developed an internal and external communications program to raise awareness on all ESG themes with our staff, building external visibility via convincing messages to enhance the impact of our convictions.

In addition to training initiatives, we raised awareness about ESG among our employees through articles on our corporate social network, regular focuses in our newsletter and meetings for all our staff to showcase our vision of sustainable finance.

4 ESG APPROACH

Ostrum Asset Management's ESG approach is global and acts mainly at four levels; integration, engagement, exclusion and impact:

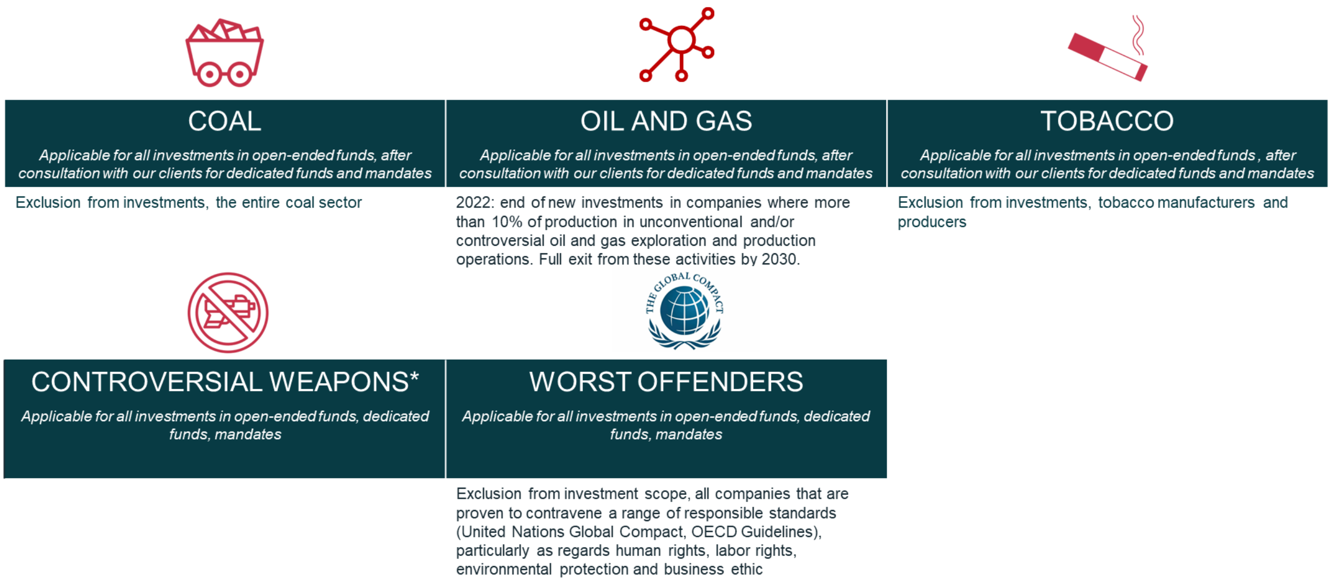
- Environmental (including climate), social and governance risks are incorporated into Ostrum Asset Management's company assessments and opportunities are seized in our growth scenario and our quality and risk assessment;
- Our dialogue with companies provides input for this engagement, both with companies we hold in our portfolios and those that issue bonds;
- Our sector policies enable us to exclude sectors and companies that do not comply with certain fundamental responsibility principles;
- Our proprietary analysis methodology for sustainable bonds enables us to ensure the quality of the instruments in which we invest and their impact in terms of intentionality, additionality and measurability.



Source: Ostrum Asset Management, 2024

4.1 SECTORAL AND EXCLUSION POLICIES APPLIED TO THE ENTIRE INVESTMENT UNIVERSE[3]

Ostrum Asset Management is a responsible asset manager that refuses to support, as a result of its activity, sectors or issuers that do not comply with certain fundamental principles of responsibility. The credibility of its responsible approach and its fiduciary responsibility towards its clients is at stake. To this end, we have drawn up various sectoral and exclusion policies that apply to all our investment universes, as illustrated below.



Source: Ostrum Asset Management, 2024

All sectoral and exclusion policies can be found on the Ostrum Asset Management website.

Link to Our CSR and ESG documentation

The exclusion policies apply to all open-ended funds for which Ostrum Asset Management has been given responsibility for financial management. For dedicated funds and mandates, Ostrum Asset Management applies this policy (unless clients request otherwise). If necessary, in the event of delegated management, it shall inform those given responsibility for financial management of the position.
Certain provisions of the exclusion policies apply automatically to dedicated funds and discretionary portfolio management without referring to the client: regulatory exclusions apply automatically to new purchases and existing stocks, while the Worst Offenders Exclusion Policy (controversy management) and the Controversial Weapons Policy apply to new purchases only.

Controversial weapons[4]

In 2021, Ostrum Asset Management decided to expand the scope of exclusions relating to controversial weapons, going beyond the commitments already made under the Ottawa Treaty (1993) and the Oslo Convention (2008) on anti-personnel mines and cluster bombs.

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[3] There may be exceptions for certain quantitative management funds, trackers and structured products existing as at 1 January 2023. As each policy is different, please refer to the corresponding footnotes.

[4] With the exception of trackers and of structured products existing as at 1 January 2023, regardless of the type of exclusion (except regulatory), and based on the objectives and constraints specified in clients' contractual documentation.

Ostrum Asset Management now also excludes from all its investments issuers involved in the use, development, production, sale, distribution, storage or transport of anti-personnel mines, cluster bombs, chemical weapons, biological weapons, nuclear weapons (outside the Treaty on Non-Proliferation) and depleted uranium weapons.

Ostrum Asset Management defines issuers involved in weapons production as any manufacturers of finished weapons and companies producing crucial components specifically designed for these weapons.

Issuers whose involvement is proven are systematically excluded, and there is no minimum exclusion threshold and no exception to the policy.

These issuers are singled out with help from non-financial data providers that specialise in identifying controversial weapons and thanks to the expertise of its teams (analysts, portfolio managers and members of the Sustainable Transitions Department), who are responsible for monitoring and updating the list of issuers covered by sector and exclusion policies. Teams also check the quality of data provided by external providers where appropriate via a Controversial Weapons Committee, which meets at least once per year.

In addition to expanding the scope of exclusion, Ostrum Asset Management reserves the right to exclude issuers in the Defence sector or issuers involved in other sectors that are not directly covered in the above-mentioned cases if they contribute to the spread of weapons that are considered to cause unnecessary or unjustifiable suffering to combatants or to affect civilians indiscriminately, in line with the United Nations' principles.

In this case, Ostrum Asset Management conducts its own investigation through its Controversial Weapons Committee (see Appendix 2) and engages directly with issuers to inquire further where necessary.

Sector and Exclusion Policy Controversial Weapons link

Coal

After implementing our first Coal exclusion policy in 2018, which we then bolstered in 2019, Ostrum Asset Management has reinforced this approach via fresh measures in 2020 and again in mid-2021, applying our strategy to all open-ended funds we manage as well as discretionary portfolio management and dedicated funds (unless clients instruct otherwise) according to a specific timeframe.

As of 1 January 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.

Ostrum Asset Management also excludes from its investment scope companies whose business depends primarily on producing, transporting and selling coal derived using aggressive mountain top removal methods (MTR), used in the Appalachian Mountains, in the eastern part of the United States.

The exclusion thresholds in the Coal policy have been lowered since 1 January 2024. Coal issuers that are not ruled out on the basis of previous criteria are excluded if they exceed the following thresholds:

- 10% of revenue streams derived from coal-fired energy generation or coal production;
- 10 million tons of thermal coal production on an annual basis;
- 5 GW in installed capacity;
- a coal share of power generation of 10%.

Additionally, as of 2022 Ostrum Asset Management no longer invests in companies that did not develop a coal exit plan in 2021 in line with the Paris Agreement. Investments based on this criterion ceased as of 1 January 2022, with a six-month timeframe to run down existing positions under normal market conditions. Ostrum Asset Management engages and dialogues extensively with companies as it applies this measure.

Ostrum Asset Management has defined key indicators to analyse issuers' trajectories and thereby ensure the credibility of exit plans, their funding and implementation:

- Include exit strategy milestones for the short, medium and long term,
- Update the company's progress on their exit strategy each year to inform investors,

- Use precise science-based targets (Ostrum Asset Management recommends the use of SBTI),
- Provide details on investments made by the company and the required transition costs to roll out the exit plan.

This policy is not fixed and Ostrum Asset Management will adapt these exclusion thresholds over time.

Sector and Exclusion Policy Coal link

Oil & Gas[5]

In 2021, Ostrum Asset Management strengthened its commitment to climate protection and the energy transition and, in early 2022, gave notice of the release of a new policy for the oil and gas sector, the major principles of which had already been announced.
In 2022, Ostrum Asset Management stopped making new investments in companies that derive more than 10% of production from these activities and produce more than 10 million barrels of oil equivalent. This policy applies to companies involved in the entire upstream value chain, i.e. exploration, development and exploitation. Ostrum Asset Management reserves the right to lower this threshold further in the future.

This policy applies to all open-ended funds that it manages, as well as mandates and dedicated funds (unless clients request otherwise).
Ostrum Asset Management's move to fully withdraw from unconventional and/or controversial oil and gas exploration and production operations by 2030 will be a priority focus for its engagement – via dialogue and the voting policy – with the companies it invests in across its equity and bond portfolios. Ostrum Asset Management will also engage in active dialogue with all issuers in the sector to discuss how their strategies fit with the recommendations of the International Energy Agency aimed at complying with the Paris Agreement.

Link to the "Oil and Gas Policy"

Tobacco[6]

Ostrum Asset Management pledges to halt support for the tobacco sector, which is one of the worst offender sectors and runs contrary to the United Nations Development Program's Sustainable Development Goals due to its particularly negative social, societal and environmental effects. This policy has been in effect since 30 June 2018[7].

Sector and Exclusion Policy Tobacco link

Blacklisted states

Ostrum Asset Management complies stringently with current regulations 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 having severe deficiencies in their anti-money laundering and counter-terrorism financing system.

[5] Specific conditions are provided for quantitative and structured management. For further details, please refer to the Policy.
[6] With the exception of trackers and of structured products existing as at 1 January 2023, regardless of the type of exclusion (except regulatory), and based on the objectives and constraints specified in clients' contractual documentation.
[7] Since 30 June 2018, open-ended funds have been divested from tobacco, with the exception of the most impacted funds for which – in order to protect the interests of unitholders – divestment has been gradual, with full divestment since 2021, as set out in the fund prospectuses. Due to their specific characteristics, funds of funds and trackers are not covered by the tobacco sector exclusion policy.

Worst Offenders (controversy management)[8]

Ostrum Asset Management is committed to excluding from its investments any issuers that are proven to contravene the main principles of internationally established standards (United Nations Global Compact and the OECD Guidelines for Multinational Enterprises), seriously undermining human rights, labour rights, business ethics and environmental protection.

Ostrum Asset Management has an analysis methodology and has set up a Worst Offenders Committee. The Worst Offenders Committee (see Appendix 2) comprises, through a specific governance structure, Investment Officers and the Heads of the Sustainable Transitions, Risk, Compliance and Internal Control departments (or their representatives).

Following an extremely stringent process, the Worst Offenders Committee may go as far as excluding from our portfolios any issuers that have been involved in major controversies. If the committee believes that the controversy does not warrant exclusion from portfolios, but that it should be monitored, the issuer is placed on the Watch List and is carefully observed, and active dialogue efforts are pursued.

The Committee decides whether issuers are to be added to or removed from the Worst Offenders Exclusion List and the Worst Offenders Watch List. If the Committee fails to reach an agreement, the decision is referred to the Executive Committee. The Worst Offenders Committee meets at least once a year.

Link to “Worst Offenders Exclusion Policy (controversy management)”

[8] With the exception of trackers, and excluding structured funds existing as at 1 January 2023, regardless of the type of exclusion (except regulatory), and based on the objectives and constraints specified in clients’ contractual documentation.

4.2 INTEGRATING ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) DIMENSIONS

Convinced that ESG criteria can influence the analysis of issuers' performance and risk profile, Ostrum Asset Management integrates these dimensions into 100% of the issuers it examines.

First of all, the most controversial issuers are excluded from the investment universe thanks to the exclusion policies deployed (set out above).

We then systematically incorporate qualitative and quantitative ESG aspects into our issuer analysis in terms of both risks and opportunities if they have a material impact on the company's sustainability. These various aspects are applied in order to select securities.

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 centralised and instantaneously published in the research knowledge database in our inhouse platform. This online information system is available for all portfolio management staff.

A shared ESG integration approach for Credit and Equities

ESG dimensions are deemed to be material when they have a positive or negative impact on an issuer's credit profile, with a relatively high likelihood of occurrence during Ostrum Asset Management's investment timeframe, which is between three and five years approximately, similarly to its fundamental ratings.

We take a qualitative approach, drawing on our asset management teams' extensive insight and their strong capabilities on assessing material aspects that can affect issuers' credit risk in their individual sectors of expertise.

Governance is systematically assessed and incorporated into the "Management, Strategy and Governance" section that features in our analysis reports. Social and Environmental aspects are addressed at each stage – in terms of the industry, the business model and financial analysis – and are then integrated into the credit analysis score.

The ESG integration process is a combination of an "issuer by issuer" approach and a sector-based approach.

"Issuer by issuer" approach

Each analyst's own individual judgement is a crucial component and the review of all non-financial inputs is vital in assessing the strengths or weaknesses of any given issuer in terms of a specific ESG dimension identified.

Ostrum Asset Management has developed a classification of risks and opportunities for each of the three E, S and G components to take on board ESG criteria in a consistent manner. Analysts bear this in mind during their assessment and incorporate it into their evaluation of issuers' credit risk.

For example, Ostrum Asset Management has ascertained that material environmental issues are generally related to two risks: environmental "accidents" (ecological disasters of human origin), and "transition" risks arising from changes in the regulatory framework aimed at reducing environmental risks. A typical transition risk for an automaker comes, for example, from new regulations on air quality (regulation of CO_2 emissions in Europe, nitrogen oxide emissions in the United States, and fuel consumption in China). This kind of new regulation involves additional R&D spending, extra costs related to new components to be incorporated, potential fines, etc.

“Sector-based” approach

The defined sector-based approach is shared by all our analysts, enabling it to be deployed across all analysts in Europe, Asia and the United States.

The team can therefore draw on this approach to ascertain and set out specific ESG issues that have a major impact for each individual business sector and segment.

We regularly organise ESG workshops with credit analysts, who pinpoint key material ESG aspects that can affect any given sector and hence Ostrum Asset Management’s ratings. These elements are documented and provide input for mapping material risks.

In our role as a long-term investor, it is crucial to be able to ward off future ESG risks as we closely monitor the future of the companies we finance. In some cases, we can observe that some ESG risks are not necessarily material in the short term, but they will take on a material dimension in the next 10 years, e.g. risks resulting from climate change.

We have therefore sought to identify specific ESG issues that are not material for the moment or even in the medium term, but that are poised to become material in the long term. That is why we are monitoring developments today. This is a key and distinctive aspect of Ostrum Asset Management’s proprietary credit research.

The output of our sector risk mapping consists of dedicated sector reviews that sum up key risks and opportunities:

ESG materiality scores

In 2018, Ostrum Asset Management’s credit research team decided to adopt a scale to measure the risk intensity and opportunities of ESG factors for companies’ credit profiles. This proprietary scale allows a specific ESG materiality score to be assigned to each issuer.

In 2022, Ostrum Asset Management went a step further by using a common approach to ESG integration for equities and credit. With this approach, Ostrum Asset Management assesses not only the implications of ESG factors for companies’ credit profiles, but also their implications for the overall robustness of companies. Ostrum Asset Management defines robustness as the ability of companies to maintain their revenues over the long term, cope with potential industry disruptions and/or address risks as and when they arise.

The definition of proprietary ESG materiality scores changes accordingly:

- Ostrum Asset Management recognises that there are risks (-) or opportunities (+) with respect to ESG factors that are important for a company’s robustness;
- The extent of their impact may vary from minor (ESG1) to major (ESG3); and
- Ostrum Asset Management assesses the extent of the impact based on management’s willingness and ability to detect, adapt to or cope with change, and the time that it has to do so.

		Magnitude of the impact of E, S or G factors on robustness		
		High	Moderate	Low
Impact	Opportunity	ESG3+	ESG2+	ESG1+
	Risk	ESG3-	ESG2-	ESG1-

The table can be read as follows: an ESG2+ materiality score means that of the various E, S or G factors identified, Ostrum Asset Management believes that (i) the opportunities outweigh the risks, and (ii) the extent of the impact is moderate for the company's robustness.

More specifically,

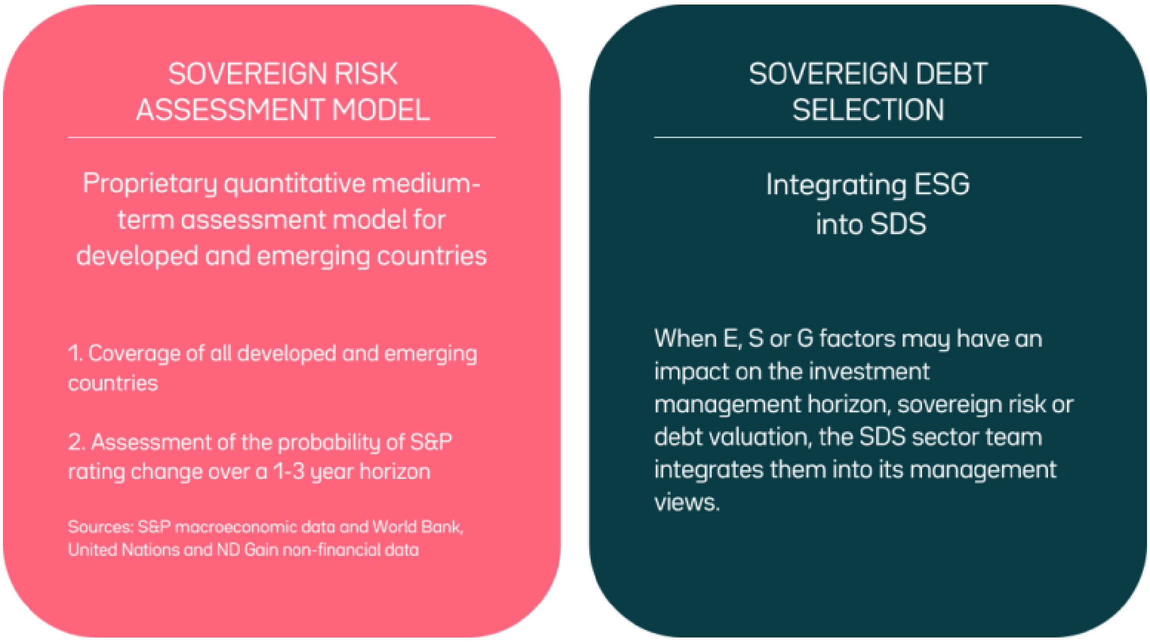
		Implications for Equities and Credit investors
ESG3+	Non-financial factors are creating positive structural changes for the industry, and may even be considered disruptive, and the company's good positioning within the industry and management's strong willingness and ability to adapt should support the company's long-term success. As a result, Ostrum Asset Management expects the company to post higher growth than the industry.	Equities are the most sensitive to the rise over the long term. Credit should be less sensitive given the long-term horizon.
ESG3-	E, S or G factors are likely to be disruptive for the industry or the company within a certain timeframe, resulting in a significant negative impact on the company and its robustness. • In cases where these disruptive effects are sometimes expected to occur over a long period of time, management may lack the willingness or skills to adapt. • In cases where the disruptive element is more likely to occur over a short period of time (e.g. 2-3 years), management may not have the time or ability to adapt even if it has the skills. The associated risk is already factored into Ostrum Asset Management's proprietary credit score. • If the disruptive element is imminent (such as litigation risk), this would also result in a High Negative Event Risk in Ostrum Asset Management's credit score.	ESG3- implies that the company's robustness is at great risk over the long term, and equity investors will therefore most likely exclude the company from their investment universe. Credit investors expect to distinguish between short-term and long-term exposure.
ESG2+	Non-financial factors lead to positive secular changes for the industry (usually niche industries). Additional growth for the company will come either from its own positioning within the industry or from the industry itself. For example, only a portion of the company's business is likely to benefit from favourable industry trends, and/or management's willingness and ability to adapt is only partial. Therefore, the potential for improvement in the company's robustness in the future is lower than for an ESG3.	Sensitive information for the company's equities. Positive support for the quality of the credit profile, but not a deciding factor on spreads.

		Implications for Equities and Credit investors
ESG2-	E, S or G factors are likely to lead to negative changes for the industry or company within a certain timeframe, resulting in an erosion of robustness. Management has the willingness, ability and/or benefit of time to adapt, and/or the diversification of activities helps to partially mitigate risks, etc. Consequently, the company's robustness will most likely suffer, but will not be degraded. The erosion of robustness is already taken into account in the fundamental credit score.	Equities will most likely feel pressure on an ongoing basis. Credit will feel pressure during certain periods of the credit cycle, combined with other negative catalysts.
ESG1+	Non-financial factors, though favourable to industry trends, should only materialise in the long term, having only a moderate (sometimes even negligible) impact on the company's long-term outlook.	Not a game changer for the performance of Equities and Credit.
ESG1-	Non-financial factors, though not very favourable to industry trends, should only materialise in the long term, having only a moderate (sometimes even negligible) impact on the company's long-term outlook. The very long-term time horizon gives management sufficient time to adapt if necessary.	Not a game change for Equities and Credit.

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 centralised and immediately published in the internal research knowledge database. This online information system is available to all portfolio management staff.

The portfolio managers pay close attention to these analyses, particularly when the issuer has an ESG materiality score of level 3, i.e. when the ESG factors can be a key element of the fundamental score, or when they are combined with other factors.

Sovereign and quasi-sovereign issuers
Material non-financial factors are systematically taken into account and directly included in portfolio construction via the assessment of country risk. This assessment involves two stages:



Source: Ostrum Asset Management, 2023

Sovereign risk assessment model
Our quantitative engineers have 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 identifies possible changes in the risk assessment for both developed and emerging countries using an internal rating scale.
Projected changes in the risk assessment are monitored for each country (+/- rating category).

This innovative machine learning model provides additional information for portfolio managers and is used to build sovereign portfolios, making it central to the investment process. It is based on the following aspects:

- Economy: internal vulnerability variables such as unemployment, and external factors such as the primary balance. Source: Standard & Poor's
- Non-financial elements: ESG variables, such as corruption control, political stability, CO_2 emissions, etc. Sources: the World Bank and the United Nations Development Programme.

Sovereign Debt Selection (SDS) sector team
Ostrum Asset Management's sovereign investment experts have longstanding expertise in ESG factors and their impact on the risk assessment of eurozone countries.

Bottom-up views on the relative value of government bonds are produced for each eurozone country. The objective is to identify the sovereign debts to which the managers wish to be exposed over a defined investment horizon.

Members of the SDS team assess performance factors (views on spreads and flows) as well as risk factors (financial, e.g. macroeconomic and regulatory, and non-financial risks).

The sovereign risk model is based on fundamental views of these issuers.

Non-financial aspects are reviewed on the basis of the investment timeframe and can undergo further specific analysis if the country is set to be downgraded soon.

ESG within Insurance-based Equity Management

ESG practices are considered an integral part of a company's overall quality. Analysts and managers therefore analyse both the risks and the opportunities that ESG aspects represent for a company or sector. The teams engage with companies to discuss these aspects.

The Equity management team thus seeks to ward off any potential risks via ESG considerations. In particular, ESG analysis provides the ability to identify long-term trends that are likely to disrupt certain business sectors. Incorporating ESG aspects into traditional financial analysis allows better insight into the quality of issuers over the longer term. These considerations also enable the Equity management team to identify opportunities (new markets, new technologies, etc.) and companies with growth potential.

Various methods are used:

- Non-financial quantitative screening (ESG) to generate ideas
  We use GREaT non-financial scoring (see the pages covering this rating) to incorporate ESG factors into our fundamental analysis. This method awards companies a score on a scale from 1 (best) to 10 (worst). In practical terms, this screening excludes all companies with an overall score of more than 7.

- Integration of ESG issues into the fundamental qualitative analysis process
  Portfolio managers/analysts use a materiality scale to score each eligible company when assessing its ESG profile. This results from identifying and quantifying the ESG factors that positively or negatively impact the sustainability of its business model in the short or long term.
  The teams begin by identifying the sustainability issues impacting the company's sector or business model and the resulting inherent risks and opportunities for the company. From there, the teams are able to analyse how the company can position itself to take advantage of the opportunities and avoid/mitigate risks, both through the existing procedures and organisational structures, and through the practical measures outlined and applied.

- Use of the GREaT quantitative score (see pages covering this rating) to determine the discount rate used to value the company
  This rate takes into account its non-financial score. A high-quality non-financial score will reduce the discount rate, while a poor score will increase it.

- Integration of the qualitative score resulting from the fundamental analysis of the company into the weighting of securities in the portfolio
  The methodology to determine the calibration of positions will support portfolio construction and management. This methodology encapsulates the degree of conviction, the intrinsic risks and the non-financial quality for each eligible company.

Additionally, at the request of clients for some investment mandates (with specific SRI constraints), Ostrum Asset Management ensures 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 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[9] accreditation guidelines.

ESG within Quantitative Equity Management

Ostrum Asset Management's Quantitative Management offers strategies aimed at optimising the return on risk by measuring overall risk. Thus, it takes into account both financial and non-financial risks in order to cover all potential risks that could impact the risk/return profiles of the managed portfolios.

[9] The SRI label is a French label created in 2016 by the Ministry of the Economy and Finance, whose aim is to offer greater visibility to French investment funds that respect the principles of socially responsible investment.

In line with their quantitative management and risk-based approach, the portfolio management teams favour securities that are least exposed to the material issues (non-financial risks) they face and that incorporate good environmental, social and governance practices.
The Quantitative Management teams have developed responsible investment approaches that reflect the specific nature of their active quantitative management strategies, using proprietary mathematical and statistical tools.

ESG criteria may be reflected in the following ways:

- Exclusions applied as part of fund management: These exclusions consist of filtering issuers from a benchmark universe, based on normative and sectoral criteria,
- The selection or weighting of securities in the portfolio: Aggregated scores for environmental, social/societal and governance criteria.

These responsible approaches are used for a number of open-ended and dedicated funds. The adaptable quantitative infrastructure also allows for the development of customised responsible investment strategies or the incorporation of specific exclusion principles or ESG criteria.

In addition to its in-house resources, the Quantitative Management department is focused on the accessibility of raw non-financial data, so that it can be integrated as effectively as possible into its investment approach. It has therefore selected suppliers specialising in non-financial analysis in order to gain direct access to their methodologies, ratings and various metrics. It relies on several external service providers to form the eligible investment universe, from which it selects securities using a management process that incorporates ESG criteria.

The various methods used

In Minvol Equity Management

Step 1 - Defining the investment universe

The portfolio management team starts with an initial investment universe and narrows it by:

- applying the exclusion policies applicable to the portfolio;
- Eliminating stocks in the bottom 20% in terms of ESG ratings from the investment universe of the portfolios.

Step 2 - Portfolio construction

Once the investment universe has been filtered, the portfolio management team constructs the portfolio by integrating ESG criteria into the overall risk analysis for each security. This approach automatically weights the portfolio towards securities with higher ESG ratings in order to enhance the portfolio's overall ESG rating.

Step 3 - Exercising voting rights

Ostrum Asset Management considers environmental, social and governance issues when exercising its voting rights at shareholders' meetings. It aims to vote on 100% of the securities held in the portfolio.

In Focus ESG Equity Management

Step 1 - Defining the investment universe

The portfolio management team starts with an initial investment universe and narrows it by applying the exclusions applicable to the portfolio.

Step 2 - Portfolio construction

Once the investment universe has been filtered, the portfolio management team constructs the portfolio by limiting the weight of the riskiest securities according to ESG criteria. The weighting of securities is determined by their ESG rating. This approach automatically weights the portfolio towards securities with higher ESG ratings in order to achieve the objective of enhancing the portfolio's overall ESG rating.

Step 3 - Exercising voting rights

Ostrum Asset Management considers environmental, social and governance issues when exercising its voting rights at shareholders' meetings. It aims to vote on 100% of the securities held in the portfolio.

In Multi Asset Management

The investment strategy favours investments that address ESG issues as a whole, with a particular focus on climate issues.
Indeed, both the implementation of proactive climate policies by governments and supranational regulators, and the way in which the impact of such policies are taken on board by companies and their ecosystems, are major issues the analysis of which that should inform and guide decisions about investments and the financing of economic activity.
Finally, taking into account criteria specifically related to Governance is a way of strengthening the portfolio's ESG strategy, bearing in mind that companies or countries with high-quality governance are more inclined to consider climate-related issues and integrate them into their strategies.

Security selection in the relevant portfolios aims to achieve market exposure while addressing ESG issues.
For equities and government bonds, portfolio construction is based on an exclusion policy and ESG integration.
The exclusion policy aims to limit the portfolio's exposure to risks deemed material. This is achieved by restricting the investment universe according to ESG criteria, based on compliance with fundamental non-financial principles and relying on the "Exclusion Policy" applicable to the portfolios.
The aim of ESG integration is to take ESG criteria into account when selecting securities, giving preference to the highest-rated securities and limiting the weighting of lower-rated ones.

4.3 SRI INVESTMENT PROCESS

Client satisfaction is obviously a key goal for us all on a daily basis in our role as asset manager. Ostrum Asset Management is one of France's leading asset managers and a key player in responsible asset management. It is committed to offering its clients responsible products that take account of environmental, social and governance issues. Ostrum Asset Management works to ascertain the potential impact of these dimensions on the fundamental analysis of issuers and their risk profile, bearing in mind that they contribute to the long-term responsible performance of its products and ultimately that of its clients.

100%

of issuers analysed incorporate ESG criteria

In addition to integrating ESG criteria into the analysis, Ostrum Asset Management seeks to offer its clients products that precisely meet the specific characteristics of their ESG philosophy. ESG criteria are obviously vital and add an extra dimension to our business, but the extent to which they are included in our investment universe and portfolio construction must adapt to comply with clients' needs and requirements.

In addition to ESG integration in our various asset classes, we also offer our clients specific SRI products and construct customised strategies with them to adapt to their ESG goals.

We monitor and encourage each of our clients in their own initiatives, as they apply increasingly stringent policies, with some setting ambitious guidelines on carbon intensity, temperature, and financing the low-carbon economy, particularly via green bonds. Some clients have signed the Net-Zero Owner Alliance and have set out public pledges to transition their investment portfolios to net zero greenhouse gas emissions out to 2050.

Funds that obtain SRI[10] accreditation must transparently disclose certain aspects of their environmental performance, particularly in terms of the portfolio's carbon assessment. This requires the development of an indicator on greenhouse gas emissions, covering both direct emissions (scope 1) resulting from the company's operations and indirect emissions (scope 2) resulting from energy use required by its portfolio, in metric tons of CO2 equivalent.
Other relevant indicators may also be added, in particular the WACI – or weighted average carbon intensity – which compares average emissions with a company's revenues.

[10] This public accreditation was developed by the French Finance Ministry and is designed to increase the visibility of Socially Responsible Investment (SRI) funds for investors. To award SRI accreditation, the certification body conducts an audit to ensure that funds meet all accreditation criteria. For more details on the methodology, visit www.lelabelisr.fr (in French only). References to a ranking, accreditation, award and/or rating are no guarantee of the future performance of the fund or management company.

93%

of our open-ended funds SRI-accredited at end-2023

Since 2020, Ostrum Asset Management has pursued an ambitious SRI accreditation policy, which in 2023 resulted in 93% of the open-ended funds it manages being accredited and 100% of its clients' requests being met. Ostrum Asset Management maintained this approach in 2023, with the accreditation of one dedicated fund and one mandate.

For the implementation of these SRI strategies, Ostrum Asset Management relies on external data providers selected for the quality of their approach and their broad coverage.

Ostrum Asset Management's ESG rating for government securities

For its ESG analysis of sovereign issuers, Ostrum Asset Management relies on the SDG Index published by SDSN (Sustainable Development Solutions Network), a global initiative of the United Nations and Bertelsmann Stiftung.

The SDGs, or Sustainable Development Goals, are 17 goals adopted by all UN member states to guide international collaboration towards sustainable development. They are a call to action to all countries – poor, rich, and middle-income – to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies to develop economic growth and address a range of social needs, including education, health, social protection and employment opportunities, while also combating climate change and protecting the environment.

SDG INDEX

For sovereign issuers, Ostrum Asset Management uses the SDG Index, which consists of external data and is based on the 17 Sustainable Development Goals (SDG) defined by the UN. The SDG Index is published by SDSN (Sustainable Development Solutions Network), a global initiative of the United Nations and Bertelsmannstiftung, for sovereign issuers. The SDG Index aggregates available data for all 17 SDGs and provides an assessment of how countries are performing compared to their peers. It computes a numerical score between 0 and 100 that is available to all portfolio management teams and tracks countries' progress in achieving the 17 UN SDGs.

Its primary role is to help each country identify sustainable development priorities and implement an action plan, understand their challenges and identify gaps that must be closed in order to achieve the SDGs by 2030. The index also allows each country to compare itself to the region as a whole, or to other similar countries that have similar scores. The SDG index has developed different measurements for each SDG so as to immediately indicate a country's position on a scale of 0 to 100 from "worst" (score 0) to "best" (score 100). The report produced by the SDG Index also presents the SDG dashboards for each country assessed. Each goal is coloured green, yellow or red, indicating whether the country has already achieved the goal (green), is in a "caution lane" (yellow) or is far from achieving the goal (red).

To assess each of these objectives, the SDG index draws on official data (communicated by national governments and international organisations) and unofficial data (collected by non-governmental bodies, such as research institutes, universities, NGOs and the private sector). It should be noted that half of the official data used is from three organisations: the OECD, WHO and UNICEF. Some examples of the main indicators analysed by the SDG index are maternal mortality rates, life expectancy, people with access to basic health services, access to electricity (% of the population), people using the Internet, perception of corruption Index, etc.

The GREaT methodology for measuring the responsibility of Ostrum Asset Management's investments

With regard to companies, since the merger with certain activities of La Banque Postale Asset Management, Ostrum Asset Management has benefited from the GREaT methodology, La Banque Postale Asset Management's proprietary model, which analyses companies' performance on sustainable development issues[11].

The GREaT method not only takes into account environmental, social and governance (ESG) criteria, it also measures engagement, responsibility, opportunities and risks for companies.

This ESG score for private issuers is based on several pillars:

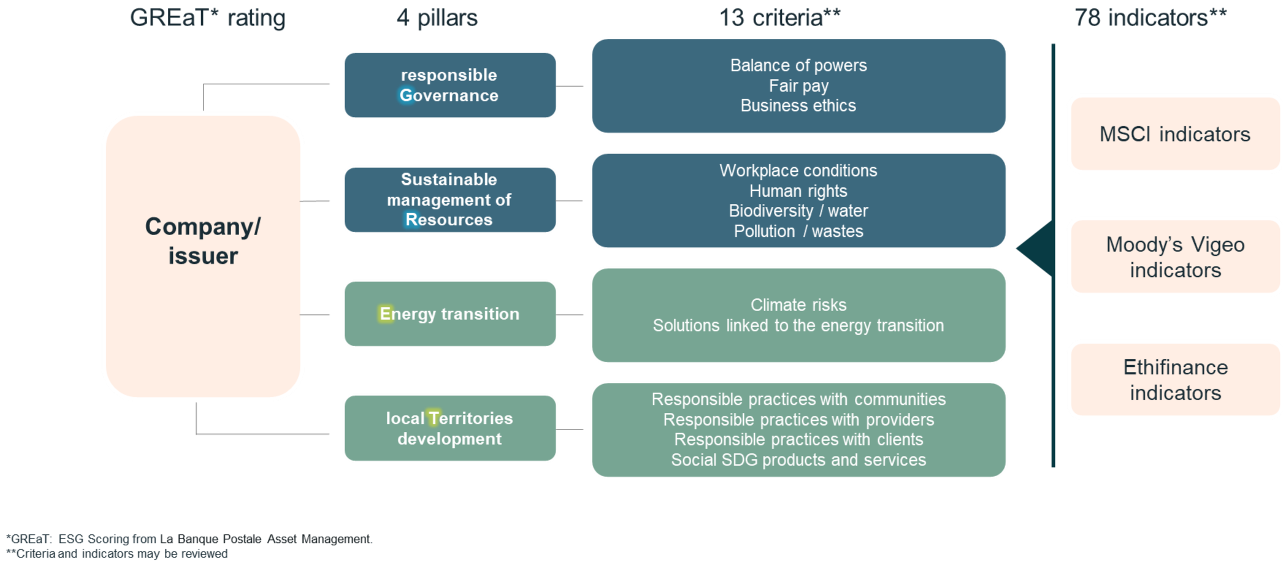
1. **Responsible governance**: the main purpose of this pillar is to assess the organisation and effectiveness of each issuer's governance bodies (for example, for companies this involves assessing the balance of powers, executive remuneration, business ethics and tax practices);

2. **Sustainable management of resources**: this pillar involves, for example, assessing each issuer's environmental impacts and human capital (including quality of working conditions and management of supplier relations);

3. **Economic and energy transition:** this pillar entails, for example, assessing each issuer's energy transition strategy (including efforts to reduce greenhouse gases and its response to long-term challenges);

4. **Development of local areas**: this pillar involves, for example, assessing each issuer's strategy regarding access to basic services.

Investments are assessed on the basis of ESG criteria and awarded a score ranging from 1 (high ESG quality) to 10 (low ESG quality).



Source: Ostrum Asset Management, La Banque Postale Asset Management

Climate analysis is based on pillar E of the GREaT philosophy, which expresses the quality of the climate strategy of each issuer in the investment universe through a score of 1 to 10, with 1 being the best result. The score for this pillar has a direct impact on an issuer's GREaT score.

[11] Ostrum Asset Management uses Sustainalytics' ESG rating (overall ESG score out of 100) to construct some of its SRI portfolios

This score is built on two main components: climate risk management and the contribution of the product and service offering to the energy transition. This analysis draws on around 15 indicators collected from specialised ratings agencies.

From the ratings provided by SDG Index, Sustainalytics and GREaT, Ostrum Asset Management is able to provide an ESG rating for client portfolios and for the benchmark.
For certain open-ended funds and dedicated funds, this SRI management approach is in addition to the exclusion policies and the E, S and G integration approach that Ostrum Asset Management systematically applies to nearly all the asset classes it invests in.

4.4 FINANCING A LOW-CARBON ECONOMY

Ostrum Asset Management has significantly ramped up its sustainability bond exposure and expertise, i.e. green, social, sustainability and sustainability-linked bonds.

Ostrum Asset Management can now draw on the expertise of two specialist analysts and a proprietary methodology to assess and analyse sustainability bonds.

Given the self-certified nature of the sustainability bond market, it is important to develop an internal analytical methodology for these investments to avoid any risk of green/socialwashing and monitor any potential controversies.

Ostrum Asset Management's non-financial analysis methodology for sustainability bonds is based on grids specific to each type of sustainability bond. For sustainability bonds (green bonds, social bonds and sustainability bonds), the proprietary assessment methodology has two dimensions:

- An issuer dimension: assessment of the issuer's sustainable development strategy – environmental and/or social – and how the bond fits with this approach, to ensure that the issue is consistent with the issuer's transition goals;

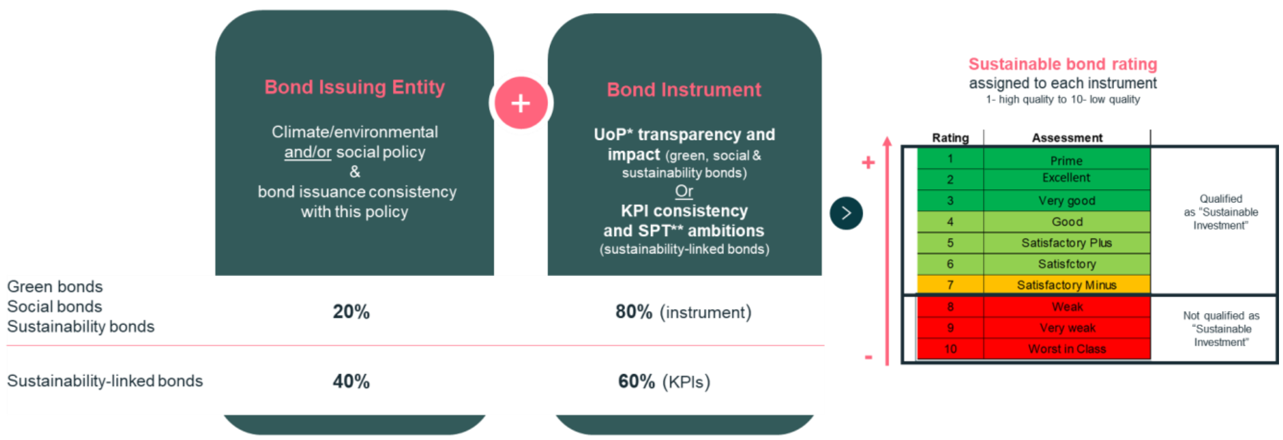
- An instrument dimension: analysis of the instrument's structure, in terms of transparency on allocation of proceeds, the degree of materiality, additionality and the effective impact of the projects to be funded.

These two dimensions are analysed via around ten quantitative and qualitative rating indicators with specific weightings depending on the importance assigned to them. This analysis then gives a score of between 1 and 10, where 1 is the best and 10 is the worst: only bonds ranking between 1 and 7 are considered sustainability bonds by Ostrum Asset Management.

For sustainability-linked bonds, analysts use a specific approach for the instrument dimension that takes several factors into account, such as: governance of the issue, relevance of the indicators used, calibration of the desired targets of these indicators, commensurability of the bond's structure, reporting transparency and external verification requirement.

This analysis again gives a score of between 1 and 10, where 1 is the best and 10 is the worst, and only instruments ranking between 1 and 7 are considered sustainability bonds.

Research process anchored around 2 dimensions



Source: Ostrum AM, as of the date of the document. *Use of Proceeds (UoP) / **Sustainability Performance Targets (SPT)

The status for each score can be one of three options:

- “Pre-scoring” for issues where the first reports have not yet been published;
- “Scored” for issues where the first reports have been published;
- “Under review” for issues that face controversies deemed to be material.

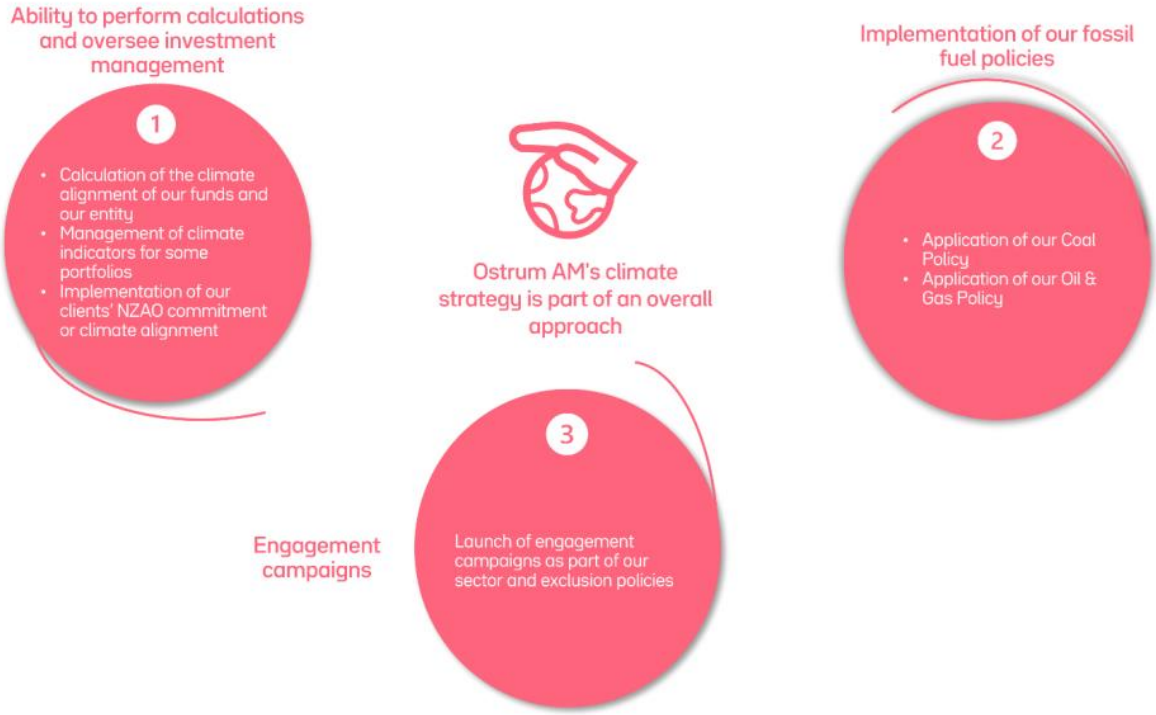
Each score is reviewed at least once a year, and this may result in engagement efforts with the issuer in the event of insufficient reporting or lack of transparency in information disclosed.

Eligible projects, which correspond to funds raised during a sustainability bond issue, are mapped on the basis of our 10 sustainability themes, the UN Sustainable Development Goals and the Greenfin label guidelines (for green bonds and the green portion of sustainability bonds).

Projects financed are mostly renewable energy projects, sustainable transport and mobility and green buildings. For more details please see the following graph, which shows a breakdown of the use of funds by sustainability theme (Ostrum Asset Management classification) for all sustainability bonds (green bond, social bond, sustainability and Sustainability-Linked bonds) invested by Ostrum Asset Management and subject to a comprehensive analysis.

By funding these sustainability bonds, Ostrum Asset |Management is able to contribute to several UN Sustainable Development Goals and particularly SDG 11 (Sustainable cities and communities), SDG 7 (Clean and affordable energy), and SDG 9 (Industry, innovation and infrastructure).

4.5 THE CLIMATE APPROACH



Ability to perform calculations and oversee investment management

Climate alignment

Ostrum Asset Management draws on Trucost's expertise (https://www.spglobal.com/esg/trucost) to estimate the issuer's carbon emission trajectories. Trucost provides an estimate of carbon emission pathways for each issuer over the past six years as well as a projection for the next six years. The company's climate impact is then assessed depending on how its trajectory aligns with the various climate change scenarios. Trucost uses two approaches recognised by the Science Based Targets Initiative (SBTi),

covering the following:

- The SDA approach, which applies to homogeneous and high-carbon intensity sectors for which the IEA (International Energy Agency) produces a decarbonisation pathway. These include eight sectors: electricity generation, coal production, oil production, natural gas production, steel and aluminium, cement, cars and airlines. For these issuers, past output is the reported figure, while future figures are estimated on the basis of the company's projections. The intensity pathway obtained is compared to the pathway calculated by the IEA for the sector in question. A scale is then applied based on the company's share of the sector's total production. Trucost then calculates the differences between the company's emissions and figures provided by the IEA for the various temperature trajectories (1.75°C, 2°C and 2.7°C);

- The GEVA approach applies to all non-SDA sectors, i.e. companies with low-emitting or heterogeneous activities. These companies therefore do not have an identified decarbonisation pathway. This approach is based on the principle that companies must make carbon emission reductions in line with the pace needed for the global economy as a whole. In other words, a company's transition trajectory equates to its contribution to total world emissions and emission intensity. It is measured in terms of greenhouse gas emissions by unit of inflation-adjusted gross margin. Trucost calculates companies' alignment with the IPCC AR5 scenario (1.5°C, 2°C, 3°C, 4°C and 5°C) where intensity is expressed in tons CO_2/Mn$ before adjusting to the value-added scale (inflation-adjusted gross margin).

Once the best approach has been identified and applied to an issuer, Trucost calculates the gap between the company's emissions and those required by the chosen scenario across the trajectory's 12-year duration. The resulting gap can be positive or negative. If it is positive, the company is not in line with the chosen scenario. Conversely, if it is negative, the company is aligned with the scenario. In conclusion, the lower the negative emissions gap in absolute terms, the more the company is deemed to be aligned with the climate scenario. Once these data are collected, Ostrum Asset Management can gauge the temperature of a portfolio by calculating the average gaps of the portfolio components with a given scenario weighted by their quantity in the portfolio and in relation to the enterprise value. This approach is based on the underlying assumption that holding 1% of a company's value is equivalent to holding 1% of the emissions and 1% of the gap. The portfolio will be considered aligned with the first scenario with which it has a negative gap.

Based on this methodology, Ostrum Asset Management is able to measure the climate alignment of the portfolios it manages, as well as Ostrum Asset Management's overall climate alignment.

Climate indicators

Some portfolios have quantitative climate indicators such as carbon footprint or carbon intensity.

Ostrum Asset Management uses Trucost for all carbon emission data on scopes 1 and 2 for corporates, sponsored agencies and non-guaranteed agencies in our portfolios. These data are then used to ascertain total carbon emissions.
Once carbon emissions are calculated, Ostrum Asset Management can assess carbon emissions per million euros invested by dividing carbon emissions in absolute value terms by the portfolio's value, providing a standard figure for carbon emissions for every €1,000,000 invested. This measure is applied to an increasing number of portfolios and is a way for Ostrum Asset Management to precisely compare all portfolios without taking account of their size.

Ostrum Asset Management also uses Trucost for all carbon intensity data on scopes 1 and 2 for corporates, sponsored agencies and non-guaranteed agencies in our portfolios. At this stage, scope 3 is not included in the analysis, as recommended by the SBTi. Once the carbon intensity is established for each issuer, the carbon intensity of each portfolio is calculated by combining the intensity for each issuer and re-weighting on the basis of each company's percentage of the portfolio. Carbon intensity figures achieved are a way for portfolio managers to measure carbon emissions per dollar of revenues generated by these issuers in their portfolios over a given period.

Ostrum Asset Management can also access data from Trucost sovereign for sovereigns' carbon intensity. The intensity figure is defined by the volume of CO2 emitted for 1 million euros of GDP.

For the vast majority of SRI-accredited portfolios, carbon intensity is selected from among the four ESG HR indicators.
In accordance with the SRI accreditation guidelines and for most accredited portfolios, Ostrum Asset Management decided that the carbon intensity score would be better than that of its reference universe. This climate indicator therefore allows us to oversee management of the products concerned.

Implementation of Ostrum Asset Management's Client Commitments

Some of Ostrum Asset Management's institutional clients are signatories to the UN Net-Zero Asset Owner Alliance (NZAOA).
Launched in September 2019 at the UN Climate Action Summit, the NZAO Alliance brings together institutional investors committed to transitioning their investment portfolios to net zero greenhouse gas emissions by 2050. The Alliance's work is built on a commitment to implement the Paris Agreement, the main objective of which is to limit the rise in the average global temperature to 1.5°C.
The Alliance members are the first in the financial sector to set intermediate targets, which include CO2 reduction ranges for 2025 (22%–32%) and 2030 (40%–60%).

Other clients have also set ambitious climate targets which Ostrum Asset Management is committed to meeting.

The deployment of Ostrum Asset Management's fossil fuel policies (Oil & Gas and Coal)

Ostrum Asset Management has developed demanding sector and exclusion policies enabling it to exclude from its portfolios companies that have major climate risks. Ostrum Asset Management refuses to support sectors or issuers that do not comply with certain fundamental principles of responsibility. What is at stake is the credibility of Ostrum Asset Management's approach and its fiduciary responsibility towards its clients. Ostrum Asset Management has therefore set out a range of exclusion policies that it applies first and foremost to develop an initial scope for its investment universe.

Engagement campaigns

According to the principles of its coal policy, Ostrum Asset Management has entered into dialogue with some 20 issuers, several of whom have already been excluded.

Ostrum Asset Management has also carried out an engagement campaign with around ten issuers, in accordance with the principles of its Oil and Gas Policy.

Ostrum Asset Management has developed a climate engagement framework consistent with Climate Action 100+ which is centred around four areas:

- Alignment with a 1.5°C scenario: short-, medium- and long-term targets;
- GHG emissions offsetting;
- Internal governance of the climate strategy;
- Integration of the European Union taxonomy for sustainable activities.

Analysis of climate transition plans in connection with SRI accreditation

In accordance with the new SRI accreditation requirements[12], Ostrum Asset Management has put in place a method for assessing the climate transition strategies of issuers analysed with respect to ESG.

This method aims to demonstrate the consistency of issuers' transition plans with the climate targets set by the Paris Agreement.

It is divided into two sub-methods (simplified method and proprietary method) with a more in-depth qualitative analysis for issuers belonging to a "high climate impact sector" (HCIS) as described by Delegated Regulation (EU) 2022/1288 and for which version 3 of the SRI Label guidelines requires enhanced vigilance.

For issuers that do not belong to an HCIS, the assessment of climate transition strategies is based on the Carbon Impact Analytics (CIA) score provided by Carbon4, which takes into account quantitative and qualitative elements in order to measure an issuer's contribution to the transition to a low-carbon economy.

For issuers that belong to an HCIS, the assessment of climate transition strategies is based on Ostrum Asset Management's proprietary method called "CSA _Climate Strategy assessment". This was designed on the basis of recognised methodological frameworks. Its starting point is the composition of the issuer's carbon footprint and its main emission factors. Then the assessment of the climate transition plan is based on three pillars: Ambition, Deployment and Governance. The analysis of these three pillars is based on a proprietary grid (the "Climate Card") that uses around ten quantitative and qualitative indicators. The assessment takes the form of a score on four levels: Advanced, Robust, Moderate and Weak. The transition plans of issuers whose CSA results in an "Advanced" or "Robust" score are considered credible.

In addition, Ostrum Asset Management shall ensure that before 1 January 2026:

[12] SRI accreditation guidelines that came into force on 1 March 2024

- 15% of issuers subject to enhanced vigilance[13] will have a climate transition plan that is credible with respect to the climate targets set by the Paris agreement;
- 20% of issuers subject to enhanced vigilance will be subject to an act of engagement for a maximum period of 3 years. If a credible transition plan has not been published by the end of this period, the issuer cannot be retained in the portfolio.

[13] Issuers subject to enhanced vigilance are defined as issuers in "high climate impact sectors" as described by Delegated Regulation (EU) 2022/1288.

4.6 ENGAGEMENT AND VOTING POLICIES

Engagement

Ostrum Asset Management has made engagement one of its key priorities for action. ESG integration provides an ongoing opportunity to strengthen dialogue with companies, gain a much deeper understanding of the firms we invests in, and helps them improve their ESG practices.

In 2021, Ostrum Asset Management decided to identify the themes and areas that it felt needed to be brought to the attention of companies given their importance in its assessment of those companies' corporate social responsibility (CSR) policies.

We have singled out a number of company-wide engagement themes.

Some of these themes will be championed more by the Fixed Income Portfolio Management teams and promoted by the credit analysts, while others will be advocated by the Equity Management teams.

Engagement and voting are closely connected in Equity Management. Some of the areas identified in the policy also feature in the Voting Policy, which is available on the Ostrum Asset Management website.

Not all themes will be subject to specific engagement efforts by the portfolio management teams. In fact, some are considered mainstream and are part of the ongoing dialogue 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 the assessment of companies' CSR policies, and special attention will be given to them via the controversy management policy (Worst Offenders policy). Ostrum Asset Management will ensure that an issuer subject to a controversy is monitored closely in accordance with applicable procedures.

Some of these controversies feature in the collaborative engagement actions in accordance with the themes and areas set out by Ostrum Asset Management.

At Ostrum, engagement efforts are made at several levels:

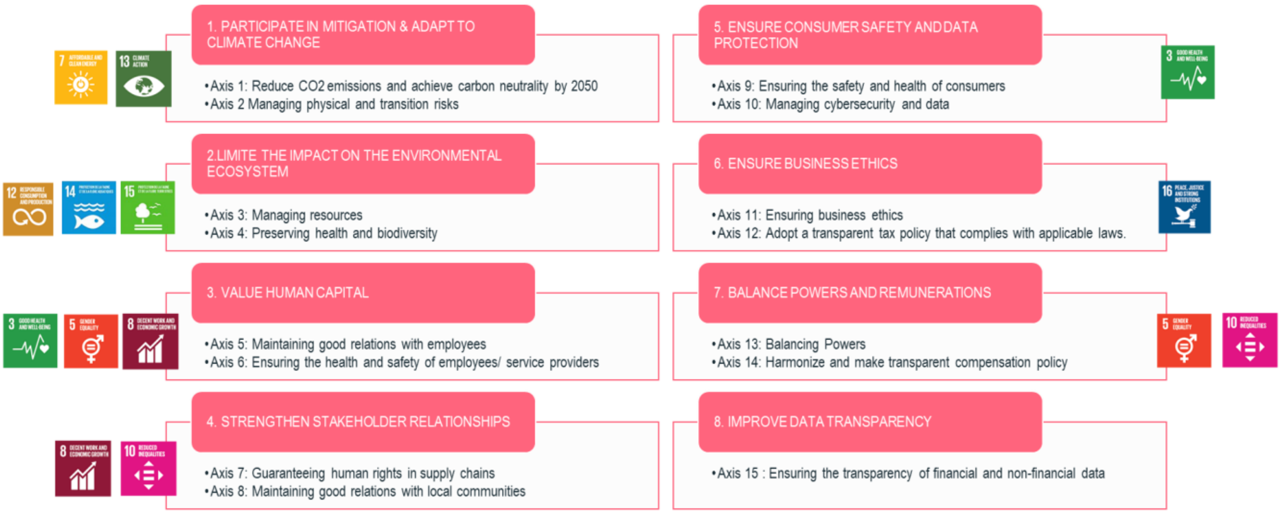
- Individual engagement with issuers;
- Engagement campaigns;
- Collaborative engagement.

Ostrum Asset Management monitors both individual and collective engagement efforts. It provides information about its engagement activities on its website and presents the quantitative data and results obtained in a report published annually. Engagement initiatives are also closely monitored in SRI-labelled fund reports.

If, despite this dialogue, companies do not meet these requirements, Ostrum Asset Management may exclude them (Sector and Exclusion Policy Coal, Sector and Exclusion Policy Worst Offenders, etc.).

Ostrum Asset Management targets the fulfilment of certain Sustainable Development Goals via all its individual and collaborative engagement initiatives and sector and exclusion policies (Sector and Exclusion Policy Coal, Sector and Exclusion Policy Tobacco, etc.). Goals relating to climate and biodiversity also enable Ostrum Asset Management to identify sustainability risks, as required by European (SFDR) and French (Energy Climate Act) regulations.

The following focuses of engagement have been identified:



Source: Ostrum Asset Management, 2021

These areas of engagement contribute to the Sustainable Development Goals.
Details of the link with the SDGs as well as the application to Equity and Fixed Income portfolio management and the collaborative engagement initiatives are described in the engagement policy.

Engagement Policy link

Exercising shareholder voting rights

As part of its engagement activities, Ostrum Asset Management encourages companies it invests in to improve their practices by voting at shareholders' meetings for all holdings and in accordance with its active policy, following the most stringent standards and taking into account social and environmental issues. Motivated by the desire to improve the transparency of its actions as a shareholder, Ostrum Asset Management has developed a platform that groups all of its votes by company and by fund.

Engagement and voting are closely connected in Equity Management and some of the themes identified in the engagement policy are included in the voting policy.
Thus, the voting policy does not reduce shareholders' interests to solely financial considerations.
Ostrum Asset Management firmly believes that companies can only create value over the long term if they support all stakeholders' interests as well as the environment.

In 2022, Ostrum Asset Management amended its voting policy to focus in particular on:

- Developing a framework to analyse companies' climate strategy. In particular, this framework must allow a more objective assessment of the climate-related resolutions proposed by boards of directors and shareholders, regardless of the company's specific features;

- Implementing the "one share, one vote" principle. Despite the advantage of measures to support long-term shareholding, departing from the principle of equal treatment of shareholders may go against the interests of minority shareholders.

Link to the Voting Policy

5 LINKS WITH SUSTAINABILITY RISKS

All of these exclusion and integration processes feed into Ostrum Asset Management's sustainability risk reporting.

In accordance with Article 3 of the Regulation of the European Parliament and of the Council on the disclosure of information relating to sustainable investments and sustainability risks (known as the "SFDR")[14], Ostrum Asset Management has published a policy on the integration of sustainability risks.

Sustainability risks and opportunities are factored into its assessment of business sectors and companies through Ostrum Asset Management's quality and risk analysis.

These sustainability risks are taken into account in various ways:

- Exclusion policies, which are very stringent;
- The Worst Offenders Policy;
- Integration of ESG criteria for 100% of issuers analysed;
- Non-financial information is systematically included in the issuer analysis when it is considered material, i.e. when it has an impact on the issuer's credit risk;
- The engagement policy.

These various actions are combined to single out any environmental, social or governance event or situation that, if it occurs, could have an actual or a potential material negative impact on the value of the investment.

Link to the Policy on managing sustainability risks and adverse impacts

Link to the Article 29 French Energy-Climate Act, Sustainability Risks and TCFD Report

This ESG policy is therefore a coherent mix designed to influence issuers, inform clients and support the transition to a more sustainable economy.

[14] 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

6 APPENDICES

6.1 APPENDIX 1: SUPERVISION OF ESG AND CLIMATE MATTERS BY MANAGEMENT BODIES

The Board of Directors approves strategic decisions, particularly regarding Ostrum Asset Management's fiduciary duty to its various stakeholders in its capacity as a responsible investment manager. In 2023, each board meeting included a presentation of past and forthcoming changes in our CSR and ESG strategy.

At this stage, Ostrum Asset Management does not incorporate environmental, social and governance quality criteria into the board of directors' internal rules. Work is under way to consider rolling out these objectives in its supervisory body.

CSR and ESG policies are implemented at the highest level within Ostrum Asset Management by the Executive Committee. Its investment-related climate and biodiversity initiatives are part of Ostrum Asset Management's ESG policy and CSR strategy.

They are set out in an action plan approved by either the Executive Committee or the Sustainable Finance Committee, which monitors progress towards our goals on a six-monthly basis and decides on corrective action where necessary.

New policies and changes affecting our Climate approach are approved by the Executive Committee at the proposal of the Portfolio Management department.

6.2 APPENDIX 2: ESG/CSR COMMITTEES

Ostrum Asset Management has set up a number of committees and working groups to tackle ESG matters.

Sustainable Finance Committee

The Sustainable Finance Committee meets at least once a quarter. Its main missions are ensuring alignment between the Corporate CSR strategy and its execution, particularly in terms of investment policies, proactively identifying issues that would benefit from a project-based approach for review, prioritisation and oversight by the committee, monitoring and validating all CSR/ESG initiatives, sharing the strategic directions and priorities with a broad audience within the company and validating the main decisions concerning the ESG policy.
This committee comprises business line heads from the Portfolio Management and Development departments' teams, HR, Risk and Compliance and the Sustainable Transitions Department and is chaired by the CEO.

Sector committees

These committees cover our sector policies, such as coal, weapons, tobacco and our oil & gas policy.
They deliberate on and approve exclusion lists for the various sectors concerned, and are also involved in approving any exceptions to these lists.
Staff in the Portfolio Management department may request an exception for an issuer under rare circumstances, contingent on the presentation of a robust and well-documented application to this committee for approval. Members of the Sustainable Transitions Department may also give their opinions on the matter.
These committees comprise Portfolio Management (the heads of the Portfolio Management team and members of the team who have suggested an issuer for review), the Risk department and the Compliance department. A report is drafted following these committee meetings and sent to the Compliance department.

Worst Offenders Committee

The Worst Offenders Working Group (WG) comprises members of Portfolio Management, of the Risk department, of Credit Research and of the Sustainable Transitions Department. The WG is responsible for monitoring and updating the list of issuers covered by this Policy. It is responsible for analysing new alerts and, if necessary, checking the quality of the data reported by providers. It submits its analyses to the Worst Offenders Committee.

The Worst Offenders Committee comprises, through a specific governance structure, Investment Officers and the Heads of the Sustainable Transitions, Risk and Compliance departments (or their representatives). The Committee decides whether issuers are to be added to or removed from the Worst Offenders Exclusion List and the Worst Offenders Watch List. In the event of disagreement within the Committee, the decision is escalated to the Executive Committee. The Worst Offenders Committee meets at least once a year.
Minutes of all Committee meetings are circulated to all departments concerned. The lists are monitored by the Sustainable Transitions Department. Exclusions (Worst Offenders Exclusion List) and non-blocking pre-trade alerts (Worst Offenders Watch List) are configured in the management tools.

Ostrum Asset Management updates the list of issuers covered by this Policy at least once a year and as often as necessary in the event of a major incident involving the issuer. The updating of the list of issuers covered takes into account the various elements of analysis available and the results of engagement initiatives with issuers.

Financial Risks, ESG and Performance Committee

This committee, which is coordinated by the Risk Department and chaired by Senior Management, meets once a quarter in the presence of the Portfolio Management, Sustainable Transitions and Permanent Controls departments. Its purpose is in particular to present all the financial and ESG risk indicators for each of the main management business lines. Depending on current events, the ESG section may include a special focus on the rules/methodologies that apply to the various portfolio classifications (SFDR and SRI in particular).

ADDITIONAL NOTES

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

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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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Ostrum ASSET MANAGEMENT

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