Responsible Investment Policy

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Ossiam is committed to being a responsible investment manager that considers and integrates sustainability risks, meaning environmental, social and governance ("ESG") events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of investments, within its investment decision-making process. Since 2016 it has been a signatory of the UN Principles of Responsible Investment (PRI) and offers clients ESG strategies. Our responsible investment management approach encompasses the beliefs, standards, procedures and activities through which we fulfil our ESG responsibility and duties to our clients.

As a systematic investment manager, our expertise lies in the design of the investment process, which expresses our duty towards our clients, our beliefs regarding the interaction between ESG and the financial markets, as well as our corporate culture.

Ossiam believes that:

1. **Sustainability risks are increasingly relevant in assessing businesses and investments. They can have a material impact on companies, governments, and other type of issuers.**

2. **Responsible investment can steer capital to activities which have positive social and environmental outcomes. It can thus create a virtuous circle which can complement political and regulatory actions for sustainable economic development.**

3. **Responsible investment is most viable if it is achieved with robust risk-adjusted returns.**

4. **Responsible investment is relevant in every stage of the investment process – from product design and governance to stewardship of assets.**

5. **In order for responsible investment to be meaningful and effective, its outcome must be measurable. Our investment approach is quantitative. The way in which we integrate ESG stems from that.**

Implementation

Ossiam strives to implement responsible investment across all investments under management, while recognizing that asset classes lend themselves differently to ESG integration and stewardship. Table 1 provides insight into the different levels of implementation of ESG across Ossiam funds.

Table 1: Levels of ESG implementation

Impact/ ESG	Strategies which promote environmental or social characteristics or have a sustainable investment objective. Strategy has been awarded an ESG certification or has the similar ambition when certification is not possible (e.g. other asset class, mandates, etc.)
Responsible	Strategies which consider ESG in its construction.

Active Ownership	Equity strategies where active ownership, i.e. voting and engagement on ESG, are the only form of ESG consideration
Non-ESG	Strategies of an asset class with an investment approach where ESG integration is conceptually possible, but that has not been acted on
Non-applicable	Strategies of an asset class with an investment approach where ESG integration is not conceptually possible

Impact/ESG

ESG strategies are those which promote environmental or social characteristics. In other words, the integration of ESG risks and/or impacts are core to the strategy. That means, at the very least, that there is a 20% improvement to the ESG characteristics or rating of the fund in comparison to its benchmark, or that 20% of the investment universe is deemed not investable due to ESG reasons. These ambitions are inspired by the French ESG certification, Label ISR. For other asset classes which are not covered by the Label ISR, we apply the spirit of the certification's ambition.

Impact strategies are those which have a sustainable investment objective, meaning that its stock selection consists of companies which have a positive or that the purpose of the fund is to reduce the negative impact the fund, via investees, has on society or the environment in a measurable manner.

Responsible

A strategy is in this category when it has incorporated ESG as one of the factors, though not a main one, in its portfolio construction. This is usually the case in investment approaches or asset classes where there the industry still has challenges to integrating ESG more broadly, such as for example, the asset class which includes government bonds.

Active ownership (Equity funds)

We are stewards of our clients' assets, and we practice stewardship, through voting and engagement with ambitious ESG and climate policy across all equity funds, not just ESG funds. Active ownership is different to ESG and Responsible strategies in that ESG characteristics are not considered in portfolio construction, only in voting and engagement.

Non-ESG

Ossiam has funds in asset classes other than equity where ESG characteristics are not incorporated in either portfolio construction nor through voting and engagement. While these funds originally are not ESG/Responsible, Ossiam is regularly reviewing products to assess our ability to transition to such categories.

Non-Applicable

Ossiam believes that some asset classes do not lend themselves to promoting ESG characteristics. These include, for example, funds which invest in commodities or in a single instrument such as US Treasuries. Ossiam remains, nonetheless, attentive to developments in the industry and its understanding and ability to eventually constructing a more responsible version of these strategies.

Sustainability risks

The quantitative investment strategies Ossiam develops for the conception and implementation of its funds are reflective of robust academic studies on the relationship between ESG-related risks and investment performance and risk conducted by Ossiam as well as academics and others in the industry. We use ESG data to explore their relationship with risk and return of financial assets to the benefit of its clients.

Risk identification at an entity level

Ossiam takes risks stemming from climate change seriously. The Economist Intelligence Unit estimates that by 2050, cumulative damages from climate change may impoverishing gross world domestic product (GDP) by 3%[1].

Climate-related risks are split into physical risks and transition risks:

Physical risks refer to the financial impact on issuers and mandates/ funds managed by Ossiam (the "Products") due to:

- Individual extreme weather event, including more frequent extreme weather events, and
- Gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation.

Physical risks can have direct consequences such as damage to property or reduced productivity, or indirect consequences by leading to subsequent events, such as the disruption of supply chains.

Transition risks refer to a negative impact on the value of the Products that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This could be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences, which could endanger entities that have failed to adjust.

It should be noted that physical risks may impact transition risks in that, for instance, a sharp increase of the former may require the economy to transition more rapidly.

However, sustainability should not be restricted to climate issues; other environmental, social and governance risks can also translate into significant financial risks for investee companies. For example, social/governance events may materialise in a reputational risk, e.g., a sudden loss of confidence following a successful claim made against an investee company. These in turn may cause an actual or potential material negative impact on the value of the Products and are thus also considered in our investment decision-making process.

[1] **The Economist Intelligence Unit, "*Global economy will be 3 percent smaller by 2050 due to lack of climate resilience*", 20 November 2019**

In other words, and in line with the SFDR[2], to Ossiam, sustainability risks mean environmental, social or governance events or conditions that, upon occurrence, could cause an actual or a potential material negative impact on the value of the Products.

Those risks, where they are relevant and material (or likely to be material), are integrated in Ossiam's investment decision-making process in relation to Products which promotes ESG characteristics or have sustainable investment as an objective. These risks are also considered in the engagement conducted on equity funds, including those which neither promote ESG characteristics or have a sustainable investment objective.

Sustainability factors which are assessed in relation to sustainability risks may include:

Governance
- Board and management quality and integrity
- Board structure
- Ownership and shareholder rights
- Remuneration
- Financial reporting
- Stakeholder governance
- Business ethics

Social
- Access to basic services
- Community relations
- Data privacy and security
- Human capital
- Human rights
- Product governance

Environment
- Emissions
- Carbon
- Land use and biodiversity
- Resource use

Risk at a system level

Ossiam also acknowledges the relationship between a healthy environment and a thriving society, and a stable, well-functioning economy. Consequently, we recognize our role as the conduit for capital to different activities within our economy. Ossiam recognizes the value of the UN Sustainable Development Goals (SDGs) as an important frame of reference for understanding sustainability. While we recognize that adaptations are needed for the framework to be relevant for the financial sector, we believe that an impact framework common to all stakeholders is key to have a shared assessment of the extent to which an activity is sustainable. As a matter of priority, Ossiam addresses the impact its funds have with regards to greenhouse gas (GHG) emissions and the transition

[2] 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

to a low-carbon society. It supports and encourages the adoption of the recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures. Though the data on other critical sustainability themes are not as developed by the industry as climate change, Ossiam continues to explore partnerships to enable action on other matters, such as biodiversity.

Ossiam actively exercises the ownership rights conveyed by the assets under its management on behalf of clients as beneficial owners. Through voting and engagement, we seek to encourage high standards of corporate governance and sustainability across our investment universe and to exert a positive influence in favor of transparent and sustainable management behavior in the long-term best interests of investors and the economy.

Integration of sustainability risks in the investment decision-making process

In order to integrate sustainability risks in its investment decision-making process, Ossiam takes the following steps:

- Use of third-party providers' ESG data

  Ossiam requires that securities in a ESG Product's investment universe (all the securities it could potentially invest in) have ESG data or an ESG rating so that the algorithm can apply the relevant ESG rules to conduct security selection. This implies that thousands of securities across all sectors and most countries must be rated.

  As a result, Ossiam depends on external providers of ESG data. We have selected ESG data providers which are well regarded in the industry, conduct high quality analysis and provide detailed output which can be integrated in a quantitative manner.

  Ossiam is however aware of the biases and shortcomings of ESG ratings and, mitigates this risk by submitting its providers to a thorough and robust selection process and regular monitoring.

- Exclusions

  Our ESG exclusions list may include, but is not limited to:
  - Controversial weapons;
  - Tobacco;
  - Thermal coal;
  - Energy production from coal;
  - Palm oil;
  - Breach of the UN Global Compact principles;
  - Companies with controversy;
  - Embargo;
  - Tax;
  - Money laundry;
  - Terrorism.

These exclusions, as well as their revenue threshold and relationship within the supply chain, depend on the ESG objective of the fund and are validated by the ESG committee at a product level.

Nonetheless, Ossiam is committed to conducting a minimum level of exclusions in open ESG Products to reflect the nature of these products.

Within corporate equity and corporate fixed income, these include:

- Manufacturer of tailor-made parts of cluster munition, biological and chemical weapons;
- Manufacturer of tobacco products
- Companies that extract or generate electricity from coal
- Companies in breach of at least one of the UN Global Compact principles;
- Companies with a highly significant controversy;

Within sovereign fixed income, these include:

- Countries subject to US or EU embargo;
- Countries included in the EU list of non-cooperative jurisdictions for tax purposes;
- Countries identified by the Financial Action Task Force as having strategic anti-money laundering or combating the financing of terrorism (AML/CFT) deficiencies.

- Proxy voting

Ossiam conducts proxy voting on all the securities in its equity funds, globally, via its depositary and voting platform. While votes are automated, they follow a voting guideline which integrates best practices in terms of governance, as well as consider companies' policy and actions on environmental and social matters. Voting implementation is conducted by a proxy voting agency.

Ossiam is an affiliate of Natixis Investment Managers, yet it operates its investment and stewardship activities in complete independence. As an independent asset manager, Ossiam is therefore free of conflict of interest that could arise from a Group entity offering other financial services to the companies Ossiam votes on.

Ossiam publishes all its voting decisions annually.

For further details, please refer to Ossiam's Voting Policy and Reports available at www.ossiam.com.

- Engagement

Ossiam engages with companies in different ways to seek to achieve our desired contribution as active owners. As a consequence of our investment approach, we rarely own a significant percentage of the shares of a security and the length of time we hold a security is defined by the fund's systematic rules. We believe that our role is usually most effective as one of contributing to the increased awareness of material sustainability matters and enacting change across the financial market. One of the ways Ossiam engages to achieve scale is via the collective engagement platform of our engagement partner. Companies with a significant sustainability risk resulting from a breach of internationally recognised treaties and rights are prioritised for engagement, which is conducted through a constructive dialogue with the companies, in order to address the breach, as well as encourage them to better integrate governance, as well as social and environmental issues within their corporate strategies.

Ossiam also engages directly or lead collective engagements on themes which we feel are critical for our clients and are underrepresented in industry efforts. Our objective here is to conduct multi-year engagements with selected companies to shed a light on whether and how a nascent but material issue, such as biodiversity, can be relevant to the resilience and prosperity of investees, investors and society.

Escalation process

Ossiam's engagement escalation process follows its investment philosophy, which is systemic, transparent, and outcome based. In the case that the objective of an engagement with an investee company is not met, Ossiam can escalate its actions towards the company. The decision to escalate an engagement is dependent on the severity, urgency, impact, public awareness of the engagement theme. The engagement themes can cover any subject included in this policy, such as controversies, PAIs, among others.

Ossiam may use any of the following as an escalation action:

- Requesting and participating in meetings with companies' Chair.
- Leading a collective engagement seeking to increase pressure on the company.
- Signing a public letter on the matter with likeminded asset managers.
- Issuing public statements.
- Voting against the company Board or members of a Board Committee related to the matter at stake.
- Submitting a shareholder resolution at the general assembly, where possible.

Our escalation process reflects our view that one of our greatest contributions as an investor is active ownership which utilizes our rights as shareholder to constructively challenge the company and ensure management is held accountable for its strategy and oversight on sustainability and impact.

- Impact

To date, Ossiam has prioritized understanding, managing and mitigating its impact on climate change. It utilizes different providers of GHG and climate-related metrics to improve measurement capabilities and manage and report on the following metrics:

- total GHG emissions;
- GHG intensity (GHG related to revenue, a measure of company's carbon efficiency); and
- potential GHG emissions from reserves.

For its low-carbon funds, Ossiam's selection results in a portfolio with a significant reduction across different GHG metrics in comparison to the benchmark or original, non-ESG strategy.

As data improves on other important aspects of the impact that investees have on society and the environment, such as companies' contribution to the SDGs and impact on biodiversity, Ossiam increasingly considers these matters within its strategies.

Contact :
Ossiam
80 avenue de la Grande Armée
75017 Paris - France
Tel : 00 33 1 84 79 42 70
www.ossiam.com