

Sustainability-related Product Disclosure

Information

Product Name: **OSTRUM SRI EURO AGGREGATE**
Legal Entity Identifier: **5493002NJ6FRPOMN6I22**
SFDR Classification: **Article 8**

(a) Summary

The investment objective of Ostrum SRI Euro Aggregate (the "Sub-Fund") is to outperform its reference index, the Bloomberg Euro Aggregate 500MM over its recommended minimum investment period of 2 years through investments in a wide range of fixed income instruments meeting extra financials criteria Environmental, Social and Governance.

(b) No sustainable investment objective

Does this financial product have a sustainable investment objective?

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Sustainable investments that raise funds for activities contribute to an environmental or social objective depending on the project being funded. These are the green, social and sustainability linked bonds in the sub-fund.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Investment Manager takes into account all the PAI at entity level in a quantitative way (the various data relating to the PAI will be provided in a report published on The Investment Manager website before 30 June of each year). Taking into account PAI allows The Investment Manager to verify that sustainable investments do not harm other objectives. In addition, The Investment Manager applies its exclusion policies (especially worst offenders) and ensures a permanent monitoring of controversies.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager takes into account all the PAI at entity level in a quantitative way (the various data relating to the PAI will be provided in a report published on the The Investment Manager website before 30 June of each year).

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Investment Manager applies its exclusion policies (especially worst offenders) and ensures a permanent monitoring of controversies.

(c) Environmental or social characteristics of the financial product

The Fund promotes the environmental and social characteristics of maintaining an average ESG rating higher than its SRI investment universe (as defined below) and avoiding issuers based on sectoral and exclusions policies including worst offenders of fundamental standards of responsibility

In addition, the sub-fund's GHG intensity must be lower than that of the SRI investment universe.

The SRI investment universe is defined as the investment universe excluding:

- the sovereign debt (except Green bonds which are issued by sovereign issuers) and
- the 20% the lowest-assessed issuers based on ESG ratings (including most controversial issuers from the investment universe—by means of sectoral and exclusion policies and the lowest-rated issuers).

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the sub-fund.

(d) Investment strategy

What investment strategy does this financial product follow?

The SRI Investment Strategy of The Fund is threefold as described hereafter:

1. Applying an exclusion list

The Fund is required to apply sectoral and exclusion policies against:

- Certain sectors (tobacco, coal etc.).
- “Worst offenders”: the Delegated Investment Manager undertakes to exclude from its investments any equities or bonds from private issuers whose activities commit proven and serious infringements of a set of core standards of responsibility.

The sectoral and exclusion policies of the Delegated Investment Manager are described in more detail on its website: www.ostrum.com.

2. Integrating ESG elements into our research

After having excluded the most controversial issuers from the investment universe thanks to the exclusion policies deployed by the Delegated Investment Manager, the investment teams systematically assess for each underlying issuer, whether the extra-financial dimensions impact the issuer's credit risk profile, both in terms of risk and opportunity, as well as their probability of occurrence. Thus, extra-financial dimensions are systematically integrated into the risk assessment and fundamental analysis of both private and public issuers.

The Delegated Investment Manager then analyses a set of quantitative and qualitative indicators through the environmental pillar, the social pillar, and the governance pillar. The following examples are given for illustrative purposes only.

- The environmental pillar deals notably with biodiversity, climate change, resource management. Indicators used in the score could be the carbon footprint, the carbon intensity, the existence of a climate change policy, the existence of a biodiversity policy.
- The social pillar deals notably with gender diversity, human rights, education. Indicators used in the score could be the employee turnover, the existence of diversity programs, the percentage of employees covered by a collective bargaining agreement, the spending on healthcare or on education
- The governance pillar deals notably with the exposure to corruption and bribery, the diversity among the management, and overall information concerning the governance. Indicators used in the score could be the independence of the board, the percentage of women in the management, or the number business ethics incidents.

3. Applying an SRI selectivity process to The Fund

The Fund adopts an SRI process based on the “average rating” method. It aims at obtaining an average ESG rating of The Fund always higher than its SRI investment universe.

In addition, The Fund’s GHG intensity must be lower than the one of its SRI investment universe and The Fund maintains a Public expenditure on education indicator higher than the one of its SRI investment universe (only for green bonds sovereign issuers and quasi-sovereign issuers)

The SRI investment universe is defined as the investment universe excluding:

- the sovereign debt (except Green bonds which are issued by sovereign issuers) and
- the 20% the lowest-assessed issuers based on ESG ratings (including most controversial issuers from the investment universe—by means of sectoral and exclusion policies and the lowest-rated issuers)

In order to obtain a rating, the following methodology is implemented:

- on the one hand, ESG ratings from external providers are used in order to rate the initial investment universe composed of private issuers.
- on the other hand, the United Nations Sustainable Development Goals (SDG index) are used to analyse the initial investment universe composed of quasi-sovereign issuers (guaranteed agencies, supranational agencies, local authorities, etc.).

Lastly, even if there is no SRI selectivity on sovereign issuers, we use the SDG index to assess sovereign issuers on an extra-financial level.

Limitation of the approach adopted:

The Fund 's SRI approach could lead to an under-representation of certain sectors due to a poor ESG rating or else through the Delegated Investment Manager's sector exclusion policy.

The portfolio’s net asset is composed of at least 90% of SRI qualified assets (as defined by the French SRI label) that are covered by an ESG rating.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

- The Fund maintains an average ESG rating be higher than the one of its SRI investment universe
- The Fund maintains an GHG Intensity lower than the one of its SRI investment universe
- The Fund maintains a Public expenditure on education indicator higher than the one of its SRI investment universe (only for green bonds sovereign issuers and quasi-sovereign issuers)
- The number of holdings in The Fund found to be in breach of the sectoral and exclusion policies.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not Applicable

What is the policy to assess good governance practices of the investee companies?

The Investment Manager applies its exclusion policies (especially worst offenders) and ensures a permanent monitoring of controversies. In addition, The Investment Manager will, as part of the responsible governance pillar forming part of the investment strategy, consider the following aspects: exposure to corruption and bribery, the diversity among the management, and overall information concerning the governance. Indicators used in the score could be the independence of the board, the percentage of women in the management, or the number business ethics incidents.

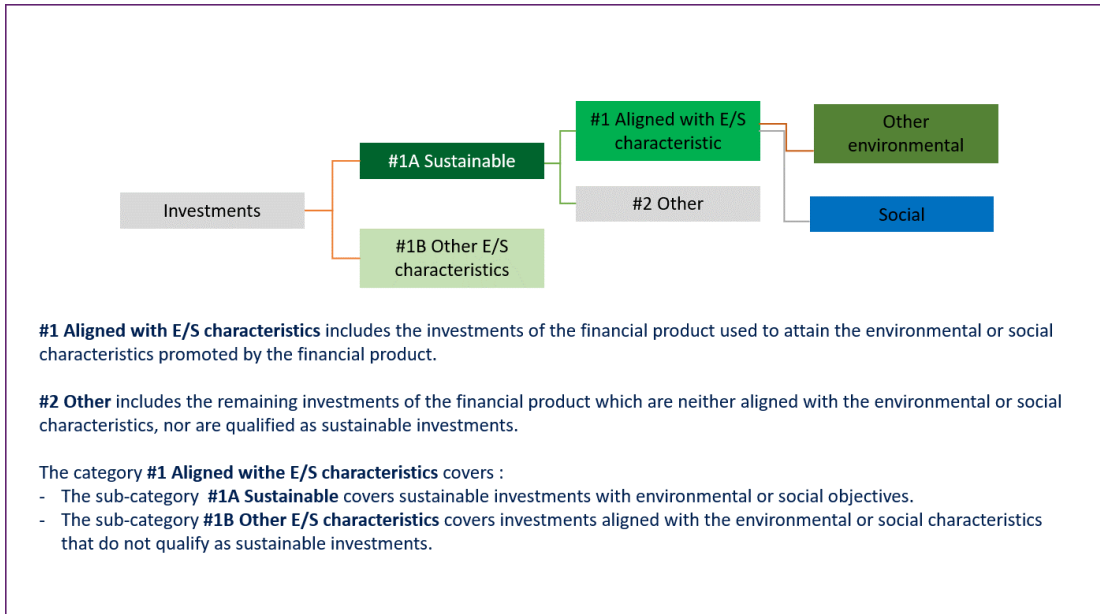
(e) Proportion of investments

What is the asset allocation planned for this financial product?

The Fund is expected to invest minimum 90% of its NAV in investments that qualify as aligned with E/S characteristics (#1 Aligned with E/S characteristics).

The Fund is allowed to invest at least 5% of its NAV in sustainable investments.

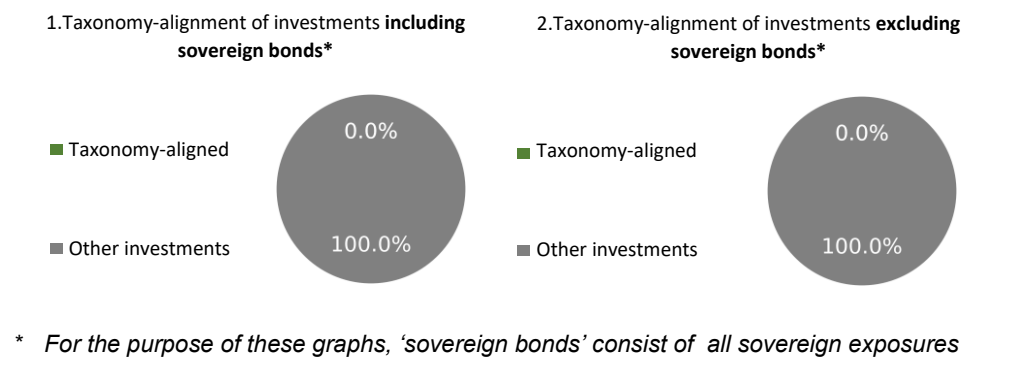
The Fund may invest a maximum of 10% of its NAV in investments that do not qualify as aligned with E/S characteristics (#2 Other).



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not Applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



What is the minimum share of investments in transitional and enabling activities?

The Fund does not currently commit to invest in any “sustainable investment” within the meaning of the EU Taxonomy. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

As the Fund does not commit to invest any “sustainable investment” within the meaning of the EU Taxonomy, the minimum share of investments in transitional and

enabling activities within the meaning of the EU Taxonomy is therefore also set at 0%.

What investments are included under "#2 others"/"#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Sustainable investments are green, social and sustainability-linked bonds that can contribute to an environmental or social objective, but there is no minimum share of sustainable investments with an environmental or social objective.

(f) Monitoring of environmental or social characteristic

- Average ESG rating of the sub-fund
- Average ESG rating of the SRI investment universe
- GHG Intensity of the sub-fund
- GHG Intensity of the SRI investment universe
- Public expenditure on education indicator for The Fund (only for green bonds sovereign issuers and quasi-sovereign issuers)
- Public expenditure on education indicator for the SRI investment universe (only for green bonds sovereign issuers and quasi-sovereign issuers)
- The number of holdings in The Fund found to be in breach of the sectoral and exclusion policies.

The environmental or social characteristics and the sustainability indicators are monitored by the portfolio managers through their Portfolio Management Systems and by the Risk department through their dedicated tools. The indicators are then reported in different forms such as monthly factsheets and dedicated SRI label reports

(g) Methodologies

Ostrum applies an exclusion policy of controversial issuers thanks to sectorial and exclusion policies and controversies management. This exclusion policy represents a major pillar in the global ESG Ostrum policy and specifically for the methodology which aims at attaining environmental and social characteristics.

The second pillar is around the ESG integration applied by Ostrum by leveraging different ESG data providers which reinforces this methodology through different controls of E/S characteristics for the different regulations or contractual agreements (SFDR article 8; SRI accreditation, ...).

For the article 8 products which are SRI accredited, the control undertaken by Ostrum for the SRI accreditation allows to:

- for the funds with an average score methodology, make sure that the average ESG score of the portfolio is above to the investment universe filtered of the worst 20% issuers in terms of ESG (including the most controversial issuers defined by Ostrum in its sectorial and exclusion policies and the bottom issuers);
 - for the funds with an exclusion methodology, make sure that the investments are done on an universe reduced of the 20% bottom issuers (this 20% includes the most controversial issuers defined by Ostrum in its sectorial and exclusion policies and the bottom issuers)
 - make sure that the portfolio overperforms its filtered investment universe defined by the SRI accreditation framework on the E/S indicators if these
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indicators are the ones to overperform (for instance: carbon intensity, government spending on health and education)

For the article 8 products which are not SRI accredited, Ostrum defined an approach allowing that the average ESG score of the portfolio is better than the investment universe one while ensuring a minimal threshold of the ESG portfolio coverage

Beyond these two processes, there is a control of ESG contractual constraints which allows to ensure the attainment of E/S characteristics (for instance, decrease of intensity carbon, ESG overperformance of the portfolio vs. its investment universe)

(h) Data sources and processing

The data are sourced from different data providers such as Trucost, MSCI, Vigeo, Sustainalytics and SDG Index and are integrated in the Ostrum IT Systems. The data are mainly estimated, and a few are directly sourced from issuers.

- <https://www.spglobal.com/esg/trucost>
 - <https://www.msci.com/>
 - <https://www.moody's.com/>
 - <https://www.sustainalytics.com/>
 - <https://www.sdgindex.org/>
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(i) Limitations to methodologies and data

The methodology could lead to an under-representation of certain sectors due to a poor ESG score or else through the sectorial and exclusion policies.

For the data, the limitation is around the periodical updates done by the providers which could not reflect events that took place after the updates (and such events could lead to a change of data)

(j) Due diligence

The process is based on a review and a systematic validation of ESG criteria described in the documentation.

For the SRI accredited funds, the validation carries on an internal document (SRI clause) and on the legal documentation of the fund. An external certifier officially validates the consideration of the SRI specifications of the accreditation and the legal documentation after having performed an audit when the accreditation is requested.

For the non-accredited article 8 funds, it is carried on precontractual documents based on the information in the prospectus document.

The Risk department is in charge of the right application of the ESG strategy and ensures a continuous control of the ESG constraints for the article 8 funds, accredited or not. They participate in SRI accreditation and annual audits to make sure the accreditation criteria are well considered.

(k) Engagement policies

Is engagement part of the environmental or social investment strategy?

Yes No

If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)

Ostrum AM's engagement policies: <https://www.ostrum.com/en/our-engagement-policies>

(l) Designated reference benchmark (if applicable)

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable

How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

Not applicable

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

How does the designated index differ from a relevant broad market index?

Not applicable

Where can the methodology used for the calculation of the designated index be found?

Not applicable

(m) Additional Information

Fund's documentation:

<https://www.ostrum.com/fr/fonds/3020/ostrum-sri-euro-aggregate>

<https://www.im.natixis.com/fr/funds/ostrum-sri-euro-aggregate/lu0935223387>

Ostrum AM CSR & ESG publications:

<https://www.ostrum.com/en/our-csr-and-esg-publications>

Natixis IM International SFDR documentation:

<https://www.im.natixis.com/intl/intl-fund-documents>

This document is issued to disclose sustainability-related information on this product, in relation to the Article 10 of the EU Sustainable Finance Disclosure Regulation (SFDR). Please refer to the prospectus of the fund and to the KIID before making any final investment decisions.