



# RI TRANSPARENCY REPORT

## 2014/15

Natixis Asset Management



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	✓	Private							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	-	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 09	Types of sustainability thematic funds/mandates	⚡	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	⚡	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	⚙	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	⚙	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	✓	Public		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 24	Shareholder resolutions	-	n/a		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Public	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Public	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Public	✓						
FI 09	Types of sustainability thematic funds/mandates	⚡	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	⚡	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	✓	Public		✓					
FI 20	Engagement with government issuers	-	n/a		✓					

# Natixis Asset Management

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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### OO 01.1 Select the services you offer.

☒ Fund management

% of assets under management (AUM) in ranges

- ☐ <10%  
☐ 10-50%  
☒ >50%

☒ Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- ☒ <10%  
☐ 10-50%  
☐ >50%

☐ Other, specify

☐ Execution and advisory services

OO 02	Mandatory	Peering	General
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### OO 02.1 Select the location of your organisation's headquarters.

France

### OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☐ 1  
☒ 2-5  
☐ 6-10  
☐ >10

### OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

621

OO 02.4

Additional information. [Optional]

**621 employees, as of 31st December 2014**

+ the 47 Mirova's\* employees indirectly considered as in-house teams, as they contribute to Natixis AM responsible asset management strategy, notably by providing us with ESG input).

\*Mirova is our RI subsidiary

OO 03

Mandatory

Descriptive

General

OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☒ Yes

OO 03.2

List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary (Up to six subsidiaries may be reported)	RI implementation reported here on a consolidated basis
MIROVA	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

☐ No

OO 03.3

Additional information. [Optional]

**Mirova, our RI subsidiary, is also a PRI signatory since 2013, and therefore reports on its own scope. However, its RI research is used by our investment teams. Its extra-financial resources are therefore indirectly considered as in-house teams in this report.** (the investment scopes are nevertheless clearly separated, with distinct RI approaches, fully explained in the OA, LEI, LEA and FI sections of both companies' PRI reports).

OO 04

Mandatory

Gateway/Peering

General

**OO 04.1**

Indicate the year end date for your reporting year.

31/12/2014

**OO 04.2**

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		314	502	562	550
Currency	EUR				
Assets in USD		412	467	335	497

**OO 04.3**

Indicate the total AUM at the end of your reporting year for subsidiaries you have excluded from your report

	trillions	billions	millions	thousands	hundreds
Total AUM		4	684	541	652
Currency	EUR				
Assets in USD		6	143	735	038

**OO 04.5**

Indicate the level of detail you would like to provide about your asset class mix.

- ☐ Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- ☒ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06****Mandatory****Descriptive****General****OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- ☒ Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	<10%
Fixed income – corporate	10-50%	<10%
Fixed income – government	10-50%	<10%
Fixed income – other	<10%	0
Private debt	<10%	0

Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	<10%
Other (1), specify	<10%	0
Other (2), specify	<10%	0

'Other (1)' specified

Structured products

'Other (2)' specified

Alternative funds

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 09	Voluntary	Descriptive	General
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OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

**Natixis Asset Management ranks among the leading European asset managers.**

**Natixis Asset Management provides its clients** - institutional investors, companies, private banks, retail banks and other distribution channels - **with tailored, innovative and efficient solutions articulated around six expertise:**

- **"Fixed income"** covers the entire European bond universe: currency, sovereign, credit, inflation, aggregate, convertible, etc.;

- **"European equities"** delivers active fundamental asset management in the European large, mid and small cap segments as well as through the value investment style;

- **"Investments and clients solutions"** offers tailored products and services for the management of overall allocation, particularly on behalf of institutional clients, large companies, banks and life insurance companies.

- **"Seeyond"**, the volatility management and structured product investment division, implements a set of strategies that go beyond conventional active management through: structured management, active protected management, flexible asset allocation, volatility management, model-driven global and European equity strategies.

- **"Global emerging"** provides active conviction management in all 'emerging' asset classes: bonds, equities, currencies and commodities;

- **"Mirova"**, the Responsible investment subsidiary of Natixis Asset Management, develops a committed approach aiming to combine value creation and sustainable development;

Natixis AM's offering is marketed by the global distribution platform of Natixis Global Asset Management, which provides access to the investment expertise of more than twenty asset management companies present in the United States, Asia and Europe.

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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OO 10.1	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.
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- ☒ We incorporate ESG issues into investment decisions on our internally managed assets
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ We address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☐ None of the above

OO 11	Mandatory	Gateway	General
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OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.
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- ☒ Fixed income – corporate
- ☒ Fixed income – government
- ☒ Fixed Income – other
- ☐ Private debt
- ☐ Cash
- ☐ Other (1)
- ☐ Other (2)
- ☐ None of the above

	'Other (1)' [as defined in OO 05]
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Structured products

	'Other (2)' [as defined in OO 05]
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Alternative funds

**OO 11.2**

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- ☐ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Cash
- ☒ None of the above

**OO 12****Mandatory****Gateway****General****OO 12.1**

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

### **Core modules**

- ☒ Organisational Overview
- ☒ Overarching Approach (including assets which do not have a separate module)

### **RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- ☒ Listed Equity incorporation

Direct - Listed Equity active ownership

- ☒ Engagements
- ☒ (Proxy) voting

Direct - Fixed Income

- ☒ Fixed Income - Corporate
- ☒ Fixed Income - Government

### **Closing module**

- ☒ Closing module

**We have decided to complete the Fixed Income section on a purely voluntary basis, despite this section being optional this year. Our goal in filling out this section is to provide material for the PRI's deliberations as concern this important asset class, and to help the organisation provide guidance as to reporting standards.**

# Natixis Asset Management

## Reported Information

### Public version

### Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1	Indicate if you have a responsible investment policy.
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- ☒ Yes  
☐ No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
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- ☒ Yes  
☐ No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
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**Following an in-depth work covering several years, Natixis AM formalised and published its responsible asset management policy in 2013, within its CSR report (the URL link is provided in OA.02). The 4 main principles of this policy**, as well as the way it is implemented, are described in the different section of this UN-PRI report, i.e. Overarching Approach (OA), Listed Equity Incorporation (LEI), Direct Listed Active Ownership (LEA) and Fixed Income Incorporation (FI) sections.

### 1. Understanding sustainability issues, analysing their impacts on economic sectors and assessing a broad universe of issuers in terms ESG practices

The prerequisite of a responsible investment philosophy is in-depth understanding of the major challenges of the 21st century among which environmental and social issues. These complex sustainability issues can directly affect issuers' activity, generating new sources of risks and/or opportunities. As an asset manager, responsible for the assets of unit-holders and institutional investors, we are committed to analysing these issues and assessing the way issuers address them. To this end, we have developed a state-of-the-art extra-financial research methodology, designed and applied by an in-house team of 11 Responsible Investment (RI) analysts\* with extremely strong and highly diverse profiles.

### 2. Acting as a responsible asset manager

We believe that responsible asset management includes but is not limited to Core SRI or solidarity-based funds. Our fiduciary duty and social responsibility as asset managers goes far beyond and covers all our investment processes. The second principle of our policy is thus to take into account all the factors that may impact the risk / return of our portfolios, among which extra-financial factors. To this end:

We incorporate ESG criteria into our mainstream investment processes, by sharing extra-financial assessments with all investment teams, as an additional input. ESG scorings are notably made available directly on Front Office tools. We exclude from all our portfolios any issuer involved in controversial weapons (cluster bombs & anti-personal mines), and "Worst Offenders", i.e. issuers that do not respect the UN Global Compact principles and / or the OECD guidelines for multinational enterprises.

### 3. Encouraging issuers to improve their ESG practices

As an asset manager, we are committed to wisely using our power of influence by encouraging issuers to improve their environmental, social/corporate and governance practices (ESG). Two main levers, undertaken by our RI subsidiary Mirova, are used for this purpose:

The exercise of our voting rights at annual general meetings, on a comprehensive voting universe, according to a rigorous and demanding policy that addresses social and environmental issues, in addition to corporate governance guidelines.

An engagement approach, which consists in engaging in dialogue with issuers to understand their practices and help them to achieve improvement and to consequently reach higher ESG standards.

### 4. Building high RI/ESG standards together with our peers, and promoting responsible investing

As a key player in the European asset management market, we take an active role in the industry initiatives dedicated to the improvement and harmonisation of responsible investment practices. By contributing to various working groups and through an active participation in engagement initiatives conducted by professional bodies such as the FIR or the UN-PRI, Natixis AM therefore shares its convictions with its clients and its peers, and thus significantly influences the way people think about CSR and responsible investing issues. This involvement in professional RI bodies forms an integral part of our engagement approach, at the industry level (for a comprehensive list of entities in which Natixis AM is involved, please refer to question OA.10).

*\*Mirova's RI research team, our RI subsidiary*

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1	Indicate if your responsible investment policy is publicly available.
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☒ Yes

OA 02.2	Provide a URL to your responsible investment policy.
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	URL
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[http://www.nam.natixis.com/Content/Documents/NAM/A\\_propos\\_de\\_NAM/Engagements/EN/NAM\\_PRI\\_mars2014vdefEN.pdf](http://www.nam.natixis.com/Content/Documents/NAM/A_propos_de_NAM/Engagements/EN/NAM_PRI_mars2014vdefEN.pdf)

☐ No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☒ Yes

☒ Yes, all

☐ Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
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Policy or document name	URL
Responsible Asset Management policy	<a href="http://www.nam.natixis.com/Content/Documents/NAM/A_propos_de_NAM/Engagements/EN/NAM_PRImars2014vdefEN.pdf">http://www.nam.natixis.com/Content/Documents/NAM/A_propos_de_NAM/Engagements/EN/NAM_PRImars2014vdefEN.pdf</a>
Proxy voting & engagement policy	<a href="http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy">http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy</a>
Voting & engagement report, 2014	<a href="http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy">http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy</a>

☐ No

OA 02.5	Additional information. [Optional]
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**Natixis AM adheres to the highest standards with respect to transparency in order to offer investors total visibility as to how their assets are being managed. As a result, the ways we incorporate extra-financial issues into our investment processes are clearly described in two main documents:**

- **Our 'Responsible Asset Management' policy**, which explains how we implement concretely the 4 Principles of our policy: <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Responsible-asset-management-policy>
- **The voting and engagement policy**, which summarises the scope of voting as well as the methodology and principles governing our analysis of resolutions; and describes the procedures in place to efficiently engage in dialogue with issuers. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input checked="" type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 03.2

Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

**Natixis AM's responsible asset management policy encompasses a broad array of initiatives and approaches, appropriately implemented into the various asset classes depending on their specific features. The scope covered depends on the strategy addressed:**

- **The exclusion policy covers all our portfolios directly managed ;**
- **The voting policy is applied to a comprehensive voting universe**, i.e. for 100% of securities eligible to vote;
- **The engagement actions are undertaken for the main holdings that form Natixis AM's key assets under management, which represent 80% of its listed equity AuM.** The purpose of this engagement dialogue is to encourage targeted issuers to improve their ESG practices.
- **The ESG integration is broadly implemented**, notably through the sharing of extra-financial inputs with all our investment teams. **The ESG scoring are notably made available on in-house digital library and directly on the Front Office tools.** These ESG scorings cover a large universe that comprises more than 3,000 issuers, representing 98% of the MSCI World and 94% of the Barclays Euro Corporate Indexes. **Beyond this sharing of ESG scorings, we set up dedicated ESG Integration Committees for each investment division.** These committees are in charge of defining the best way of implementing ESG criteria into the various investment processes by taking into account their specific features. The working sessions of these Committees already achieved significant outcomes, notably through the definition of a tailor made ESG Integration process for fixed income corporate asset class and for several equity investment processes (*e.g. Value, Large Caps, Small Caps, Global Emerging, etc. For more details, please refer to LEI and FI sections.*)

OA 04

Mandatory

Core Assessed

General

OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

☒ Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process.  
[Optional]

**Natixis AM has established a conflict of interest prevention and management policy, which centres on three main points:**

- **The mapping conflicts of interest**, updated at least once per year  
- **A system for preventing conflicts of interest** that is implemented at two levels: among actors and at the structural level.

- **By actor:** outreach action, information barriers, employee statements, blacklists, remuneration, monitoring/review of service providers and voting policy.
- **Structural:** this axis covers the compliance points identified by the regulations, i.e., conflicts of interest, operations between UCITS and portfolios managed by Natixis AM, operation of bank accounts, etc.

- **The Implementation of the conflict resolution system** depends on information provided by relevant Compliance Department employees, and on the clarity and transparency of the information communicated by Natixis AM to its clients.

Moreover, **the activities of corporate/investment banking and asset management are housed in distinct entities within Natixis**. This regulatory Chinese Wall between third-party asset management and corporate and investment banking ensures the independence of our investment decisions, as well as independence regarding ESG engagement and in the voting decisions of our RI research team\*.

**Concerning the exercise of voting rights, Natixis AM excludes from its investment universe securities regarding which its impartiality could be contested**, i.e., a significant client representing a huge proportion of assets under management, and all entities of its parent company, Natixis. **A procedure for preventing, identifying and managing conflicts of interests is also stipulated in Natixis AM's voting policy:**

*« (...) In general, the asset management company exercises voting rights solely in the general interest of its unit holders, irrespective of its own interests, and in compliance with its guiding principles. Natixis AM has introduced a procedure to anticipate, identify and manage potential conflicts of interest. Thus:*

*if a conflict of interest should arise between Natixis AM and one of its clients, the Head of Compliance, Internal Control and Risks, in coordination with other members of the "exercise of voting rights" team, would rule on what steps to take;*

*if a member of the team responsible for the "exercise of voting rights" should find him/herself in a conflict of interest regarding a vote, he/she should immediately notify the Head of Compliance, Internal Control and Risks and take no part in the exercise of the vote concerned.*

*If exercising its voting right for a given company exposes Natixis AM to a significant conflict of interest, the Head of Natixis AM extra-financial research will refer the matter to the Head of compliance who will decide the appropriate measures, including the decision to participate in said company's shareholder meetings.»*

*\*Mirova's research team, our RI subsidiary*

☐ No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

☒ Yes

**OA 05.2**

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- ☒ At least once per year
- ☐ Less than once per year

**OA 05.3**

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- ☒ Quarterly
- ☐ Biannually
- ☐ Annually
- ☐ Every two years or less
- ☐ It is not reviewed
- ☐ No

**OA 05.4**

Additional information. [Optional]

**Our responsible management policy is steered by our CSR Committee**, in charge of defining our Sustainable Development Strategy, notably the way we incorporate our social responsibility into our core business activity (i.e. third-party asset management). This CSR committee is chaired by Jean-François Baralon, Natixis AM deputy CEO, and is notably made up of the CIOs and Heads of all investment divisions. **The group meets regularly to establish and update a clear roadmap, including:**

- **A long-term vision:** This consists in defining and regularly strengthening the cornerstones of our responsible asset management policy based on the conclusions of our internal discussions on the various themes (active ownership, ESG integration, etc.), while taking into account the changes in market standards, thanks to our involvement in main professional RI bodies.

- **A medium-term vision:** Annual objectives, ambitious but attainable, are set for each policy area in order to ensure efficient implementation and to track the progress achieved.

- **Short-term monitoring:** The CSR committee meets regularly to maintain a dynamic implementation of the responsible asset management policy, to monitor the rate of achievement of annual goals, and to adjust actions if necessary.

It is also worth noting that ESG Integration Committees have been set up for each investment division in order to define targeted ESG Integration approaches.

## Governance and human resources

**OA 07**

Voluntary

Descriptive

General

**OA 07.1**

Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

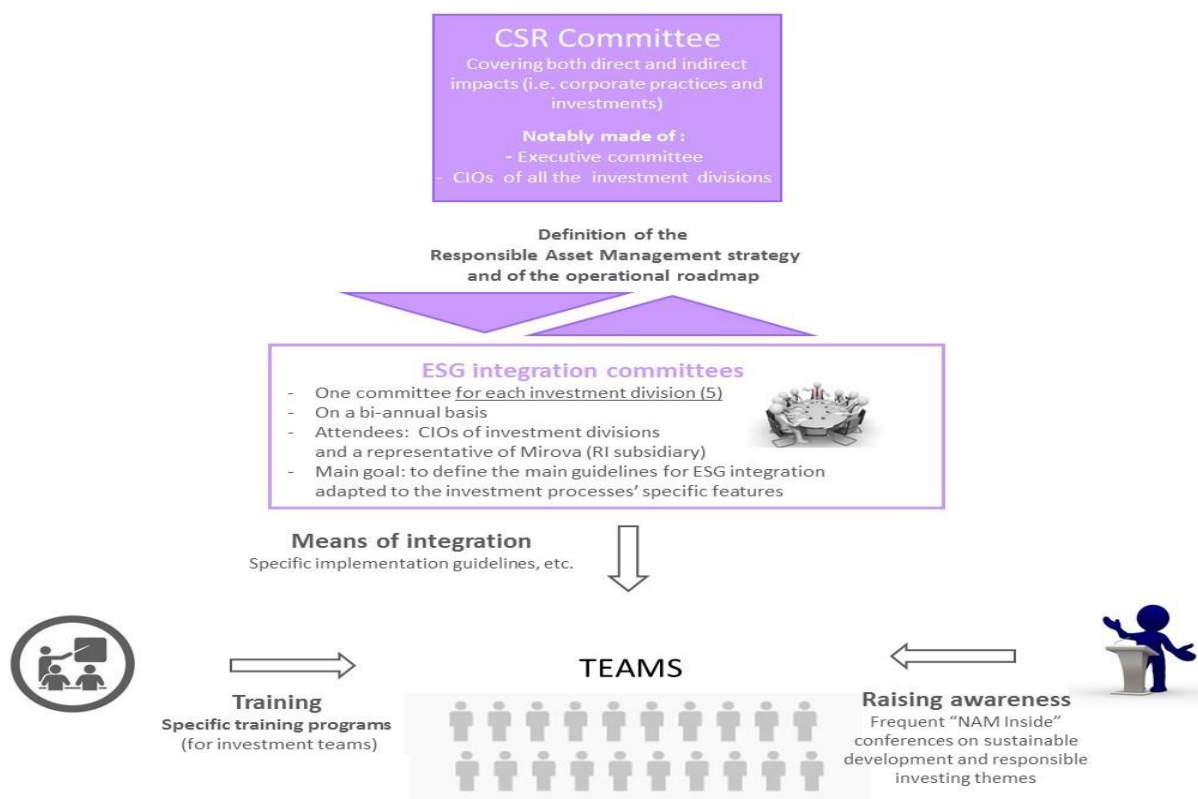
By signing the PRI in 2008, we made the choice to put the concept of Responsibility at the heart of our asset management business. Much more than a mere statement of intent, our CSR& RI commitments are accompanied by an ambitious and structured approach, supported by a committed leadership of the top management, and shared by employees who are aware of and trained in extra-financial issues. **Our CSR Committee, in charge of broadly orchestrating the Sustainable Development approach (i.e. both direct and indirect impacts)**, regularly addresses responsible asset management issues. This committee is made up of several members of the executive committee, the Heads of all investment divisions, as well as a representative of Mirova (our RI subsidiary).

**The CSR Committee therefore defines the key areas of the responsible asset management policy, as well as an operational roadmap to ensure optimal deployment.**

**These guidelines are shared with the heads of investments lines (responsible for the various investment processes) during ESG integration committees**, in charge of defining the most relevant and efficient way of implementing ESG criteria into the various investment processes, according to their specific features.

**A programme for awareness and training was also put into place** to ensure the teams' adherence to our responsible asset management policy (for more details please refer to question OA.09).

☒ I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

OA 08	Mandatory	Gateway/Core Assessed	General
OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.		

## Roles present in your organisation

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Other Chief-level staff or head of department, specify
  - Heads of investment divisions**
    - ☒ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Portfolio managers
    - ☐ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Investment analysts
    - ☐ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ Dedicated responsible investment staff
    - ☐ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☒ External managers or service providers
    - ☐ Oversight/accountability for responsible investment
    - ☒ Implementation of responsible investment
    - ☐ No oversight/accountability or implementation responsibility for responsible investment
  - ☐ Other role, specify
  - ☐ Other role, specify

OA 08.2

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

47



**The leadership involves responsibility sharing at the highest level:**

The Board and the Executive Committee validate the voting policy on a yearly basis;

The responsible asset management policy is defined and monitored by the CSR Committee, notably made up of Natixis AM Deputy CEO, the CIOs and the heads of all investment divisions.

**The operational implementation is:**

- **Steered by ESG Integration Committees**, set up for each investment division, and in charge of defining the most relevant and efficient way of implementing ESG criteria into the various investment processes, according to their specific features.
- **Broadly applied by all the analysts & PMs**, whose goal is to gradually improve in their understanding and consideration of ESG issues.
- **Relies on the extra-financial expertise of Mirova, our RI subsidiary**, which provide us with a state-of-the-art ESG research performed by an in-house team of 11 RI analysts.

[Note (because of the limited space above in OA.08.1):

**The category "Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee"** includes:

- J.F. Baralon, Natixis AM's Deputy CEO and head of CSR& responsible asset management strategy

- Ibrahima Kobar and Emmanuel Bourdeix, CIOs and members of the CSR Committee

**The category "Other Chief-level staff or head of department" includes:**

- Yves Maillot, head of European Equity Investment Division and member of the CSR Committee

- Franck Nicolas, Head of Investment& Client Solutions and member of the CSR Committee]

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

☐ Basic

☐ Moderate

☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Beyond its membership to the UN-PRI, Natixis AM actively takes part in various working groups and collaborative engagement actions, through its RI subsidiary Mirova.

Hervé Guez is a member of the E & S themes Steering Committee (SC); Clarisse Simonek is a member of the Reporting & Assessment SC; Zineb Bennani & Stéphanie Roussillon are members of the Nomination Process SC; Marina Lodice takes part in Human Rights & Fracking Steering Committees.

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Council of Institutional Investors (CII)
- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☒ International Corporate Governance Network (ICGN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Zineb Bennani, Mirova's Head of Governance Research and Engagement, is an active member of the Business Ethics Committee.

- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
EUROSIF

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Natixis AM / Mirova is a member of EUROSIF and participates in work defining categories of SRI practices in view of upcoming studies.

- ☒ Shareholder Association for Research and Education (Share)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic  
☒ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Participation in a collaborative engagement initiative by signing a letter in response to the SEC consultation on the pay ratio in the US.

- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)  
☐ United Nations Global Compact  
☒ Other collaborative organisation/initiative, specify

AFG's SRI and Governance Commissions

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

- Philippe Zaouati, Mirova's CEO, chairs the SRI Commission, which aims at building a vision and initiatives for SRI. Hervé Guez, Director of RI Research, is also an active member of this commission, and Emmanuelle Ostiari, an RI analyst, is a member of the Green Bonds Working Group.
- Zineb Bennani, Mirova's Deputy Head of RI research in charge of Governance and Engagement, is an active member of AFG's Corporate Governance Commission.

- ☒ Other collaborative organisation/initiative, specify

International Integrated Reporting Council (IIRC)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Philippe Zaouati, Mirova's CEO, is a member of the council, Hervé Guez, Director of RI Research, is a member of the working group, and one of our the RI analysts is a member of the investor network.

- ☒ Other collaborative organisation/initiative, specify

Cambridge ILG

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Philippe Zaouati Mirova's CEO, chairs a working group in Cambridge's Programme for Sustainability (CPSL): the Investors Leaders Group (ILG).

The ILG group brings leading investment professionals at Chief Executive level together to define how to encourage deeper integration of environmental and social considerations into investment decisions and promote increased engagement by shareholders

- ☒ Other collaborative organisation/initiative, specify

French SIF (FIR)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

Hervé Guez is a member of the FIR Board, and the RI research team actively contributes to the works conducted in the 5 permanent committees: appeals, research, general public, issuer relations, civil society relations.

Since 2014 (and still ongoing), Zineb Bennani is leading a collaborative engagement initiative focused on the pay ratio theme. This engagement action is conducted within FIR's Cordial working group.

Emmanuelle Ostiari, an RI analyst, is a member of the Resarch Commission.

Natixis AM / Mirova also financially supports the FIR's award of European Research "Finance and Sustainable Development".

- **Other collaborative organisation/ initiative that we could not mention above, because of the limited number of words:**

- **ICMA (International Capital Market Association):** Moderate role / Hervé Guez, Mirova's Director of RI Research, is an active member of the Green Bonds Working Group.

- **SRI & CSR Commission of Paris Europlace:** Moderate role / Hervé Guez, Mirova's Director of RI Research, is a member of the SRI-CSR commission, which aims at making proposals to Paris Europlace to promote the development of CSR and SRI within the financial industry.

- **EFAMA (the European Fund and Asset Management Association):** Moderate role / Mathilde Dufour, Deputy Head of RI Research, is a member of the EFAMA's RI working group, and Zineb Bennani, Deputy Head of RI research in charge of Governance and Engagement, takes part in the Corporate Governance working group.

- **General additional information:**

**Considering its position among the leaders on European asset management market, and its responsible asset management approach, Natixis AM plays a key role in collaborative working groups within RI industry** (mainly through its RI subsidiary Mirova). This active involvement, illustrated above with concrete examples, forms an integral part of its engagement approach.

Complementary to the dialogue with issuers, **Natixis AM seeks to regularly share views and ideas with its peers to collaboratively enhance harmonisation and professionalization of the RI industry.**

Natixis AM gives high priority to white papers and contribute to structural discussions on Responsible Investment, particularly through an active presence in the main dedicated professional bodies. **During the last two years, Natixis AM significantly expanded its initiatives in this respect, and is today represented in the main RI organisations.** The purpose of this active involvement at the industry level is to promote and encourage responsible asset management practices.

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

☒ Yes

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☒ Provided financial support for academic or industry research on responsible investment
- ☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☒ Encouraged the adoption of the PRI
- ☐ Other, specify

☐ No

**Natixis AM actively promotes responsible investment, notably through multiple initiatives mainly conducted by the ESG specialists of its RI subsidiary Mirova.**

**Some examples are provided hereafter :**

**- Increased presence in IR professional bodies**, to collaborate with our peers and improve RI/ESG practices (*details are provided in question OA.10*)

**- Informational presentations on ESG issues, regularly held for clients** (primarily institutional and employee savings funds clients), particularly during management committees or FCPE supervisory boards meetings for employee savings' funds.

**- Close interactions with academic research bodies**, particularly through our partnership with the Cambridge Programme for Sustainability Leadership (CPSL), described previously in OA.09. Our RI specialists notably participated in the production of Cambridge-CPSL's research paper "Value of Responsible Investment", and inversely, Cambridge experts contributed to thematic studies performed by Mirova's in-house research team. Another example is the financial support provided to the French SIR / PRI award for European Research on Sustainable Finance.

**- Active participation in RI conferences:** our RI experts\* regularly present their vision of responsible investment at conferences and round tables on various topics, e.g.

- Philippe Zaouati, Mirova's CEO, is a frequent speaker at national and international conferences on RI themes (e.g. working group about the concept of "positive economy"; LH Forums held at Le Havre and San Patrignano ; The Sustainable and Responsible Capital Markets Forum at London ; Novethic SRI colloquium, French Energy Transition Forum, etc.)
- Our others RI& ESG teams also spoke publicly at several events to promote responsible investment in 2014 : e.g. conferences about green bonds (one at Sao Paolo and the other held by Natixis); or corporate governance theme (a round table about 2014 2014 Annual General Meeting campaign, and a conference organised by D2I about the say on pay).

**- Regular publication of research papers** produced by our team of RI analysts\*, gathered in a semi-annual book, 'Mirova's insights', and accessible on Mirova's website: <http://www.mirova.com/en-UK/p/Library/Mirova-research>

- Thematic studies (e.g. "Green and social bonds: what's at stake for investors?"; Financing the energy transition; etc.).
- "Focus papers" (e.g. "The debate on risky oil assets bubbles up"; Restricting industrial trans fats: one step closer to a healthier diet?"; " 2014-2020: a new era for LED lighting?", etc.)

**- The organisation of « Le prix de l'Investisseur Responsable »:** As well as receiving awards, Mirova/Natixis AM, in partnership with Amadeis, also bestows an industry Responsible Investor Award in France. This award, launched 7 years ago, aims at rewarding investors whose investment approach best implements RI & ESG issues.

**It is also worth noting that our RI subsidiary Mirova was named as "2014 leading fund management firm/best at SRI/ESG" by Thomson Reuters Extel during the UKSIF SRI & Sustainability Survey Awards.** This award highlights the recognition of Mirova's team by its Peers through a nomination process and vote by the investment industry.

*\*Our RI subsidiary*

<b>OA 12.1</b>	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.
----------------	---

☒ Yes

☐ Yes, individually

☒ Yes, in collaboration with others

<b>OA 12.2</b>	Select the methods you have used.
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☒ Endorsed written submissions to governments, regulators or standard-setters developed by others

☐ Drafted your own written submissions to governments, regulators or standard-setters

☐ Participated in face-to-face meetings with government members or officials to discuss policy

☐ Other, specify

<b>OA 12.3</b>	Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.
----------------	--

☒ Yes, publicly available

	provide URL
--	-------------

[http://www.eurosif.org/wp-content/uploads/2014/10/2014-09-29\\_Eurosif\\_Shareholder-Rights-Directive\\_position.pdf](http://www.eurosif.org/wp-content/uploads/2014/10/2014-09-29_Eurosif_Shareholder-Rights-Directive_position.pdf)

	provide URL
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[http://www.efama.org/Publications/Public/Corporate\\_Governance/14-4068\\_FinalPositionPaperSRDII\\_290914.pdf](http://www.efama.org/Publications/Public/Corporate_Governance/14-4068_FinalPositionPaperSRDII_290914.pdf)

☐ No

☐ No

<b>OA 12.4</b>	Additional information.
----------------	-------------------------

In September 2014, **Natixis AM endorsed Eurosif & Efama's** official position papers about the European 'Shareholders' Rights Directive'. (URL Links are provided above).

## ESG issues in asset allocation

<b>OA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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OA 13.1	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
---------	--

☒ Yes

- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☐ Allocation of assets between geographic markets
- ☒ Other, specify

Responsible practices with regards to portfolio turnover rate and agricultural commodities (for more details please refer to Additional Information below).

OA 13.2	Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.
---------	---

**In terms of responsible asset allocation, Natixis AM has decided:**

- On the one hand, to avoid investments in derivatives with underlying assets related to basic agricultural commodities ;
- On the other hand, to target a reasonable portfolio turnover rate without use of leverage (as opposed to Global Macro or CTA hedge funds, for example).

☐ No

## Innovation

OA 18	Voluntary	Descriptive	General
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OA 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

OA 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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**The most innovative feature of our responsible asset management approach is, according to us and to some external feedbacks, the creation of ESG Integration Committees for each investment division.** In addition to the broad sharing of ESG inputs with all our PMs, notably through ESG scorings directly online on Front Office tools, **these Committees are in charge of defining the most relevant and efficient way to implement ESG criteria in the various investment processes, depending on their specific features.** This modus operandi is conducted progressively, considering the large number of expertise and investment sub-processes, but significant progresses have been achieved on several ones (e.g. corporate fixed income, listed equities on large caps, small caps, value and global emergent expertise).

These achievements are described in LEI& FI sections, but hereafter is mentioned an example **on corporate fixed income, for which an innovative approach has been defined to efficiently take into account ESG criteria when they could potentially impact an issuer's creditworthiness. To sum up:**

- While analysing corporate issuers, Natixis AM's credit analysts systematically review ESG input provided by our in-house RI research teams\* (i.e. thematic assessment / sustainably incorporation in business models and ESG rating arising from the extra-financial risk review).
- If the credit analysts find out that extra-financial criteria can significantly impact the issuer financial profile (either positively or negatively), they take into account the ESG input in their credit rating assessment.



*\*Mirova's research teams, our RI subsidiary*

☐ No

## Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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OA 19.1	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
---------	---

☒ Yes

OA 19.2	Indicate who has reviewed, validated and/or assured your reported information.
---------	--

- ☒ Reviewed by Board, CEO, CIO or Investment Committee
- ☒ Validated by internal audit or compliance function
- ☐ Assured by an external independent provider, specify name

OA 19.3	Describe the steps you have taken to review, validate and/or assure the content of your reported information.
---------	---

**All of the sections of the UN-PRI report have been completed by internal teams, directly involved in the responsible asset management strategy. The responses have been reread and validated by the main directors, among which the Deputy CEO & Head of CSR policy, as well as the Heads of all the investment divisions (CIOs).**

**The voting report mentioned in the LEA section is drawn from the annual report on the exercise of voting rights that was:**

- checked by the internal audit, compliance and legal departments,** according to the voting policy approved by the executive committee and the board of directors.
- and validated by the Executive Committee and the Board.**

**It is also worth highlighting that Natixis AM works in collaboration with a RI consulting firm, Efires, notably to produce the UN-PRI report.** Although Efires does not perform an external audit strictly speaking, this collaboration with a specialised and independent firm favours reliable and consistent data.

☐ No

# Natixis Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Overview

LEI 02	Voluntary	Descriptive	PRI 1
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LEI 02.1	Provide a brief overview of how you incorporate ESG issues into listed equity investments.
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**All ESG research and inputs rely on the extra-financial expertise of Mirova, Natixis AM's RI subsidiary. The in-house RI analysts handle state-of-the art ESG research, for Mirova's own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM. When producing these ESG inputs, the analysts refer to their own investigations, as well as external sources (please refer to LEI.04 for more details).**

**In terms of ESG integration, Natixis AM encourages its investment teams to take into account extra-financial criteria in their investment decisions in several ways:**

**- Broad sharing of extra-financial input with all our investment teams.**

- **The ESG scorings are notably made available** on an in-house digital library and directly on the Front Office tools.
- **These ESG scorings cover a large universe** that comprises more than 3,000 issuers, representing 98% of the MSCI World index.

**- The creation of an ESG Integration Committee for each investment division.** These committees are in charge of defining the best way of implementing ESG criteria into the various investment processes, by taking into account their specific features.

The working sessions of these Committees have already achieved significant results for several equity investment processes (e.g. Value, Large Caps, Small Caps, Global Emerging, etc.).

- **E.g. a database shared by the RI research teams and core equity portfolio managers (PMs)**, collating Corporate Governance KPIs and criteria (e.g. consistency between company's strategic plan and the top management compensation policy, responsible dividend payout, etc.). These data are notably used by Large Caps PMs.
- **Similar progress, also mainly focusing on the Governance pillar, has been achieved in other equity investment processes** (e.g. Value, Small Caps, Global Emerging processes).

**Furthermore, Natixis AM excludes from all its portfolios:**

- **Any company involved in controversial weapons** (cluster bombs & anti-personnel mines);
- **"Worst Offenders"**, i.e. companies that do not respect the UN Global Compact principles and / or OECD guidelines for multinational enterprises.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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#### LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.

**ESG incorporation strategy (select all that apply)**

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	<div><div></div><div>%</div></div> <div>100</div>
--	---

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed listed equities
--	--

100%

<b>LEI 03.2</b>	Describe your primary reasons for choosing a particular ESG incorporation strategy.
-----------------	---

- **ESG integration and negative screening**

Natixis AM has decided to broadly implement ESG Integration and negative screening strategies into all its investment processes (*mainstream approach, for more details, please refer to LEA.06.2*) because, beyond sustainability concerns, certain ESG criteria could influence the financial performances of the issuers in the form of risks and/or opportunities. Certain extra-financial criteria can thus have an impact on the portfolio holding the impacted securities. These criteria are consequently deemed relevant, including for the mainstream investment processes. Either to live up to our fiduciary duty or to our social responsibility, we encourage all our portfolio managers to take into account ESG criteria in their investment decisions, through an ESG Integration strategy and an exclusion policy applied to all our portfolios directly managed

**LEI 03.3**

Where assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

- **Combination: ESG Integration + negative screening** Natixis AM excludes from all its portfolio any company involved in controversial weapons (*cluster munitions and anti-personal mines*), and the issuers identified as « Worst Offenders », i.e. companies that do not respect the UN Global Compact principles and / or OECD guidelines for multinational enterprises. Alongside this exclusion policy, ESG sources - both qualitative and quantitative - are made available to all the investment teams, as an additional input to enlighten their investment decisions. Natixis AM has set itself a disciplined procedure in terms of both : a) analysis coverage (98% of the MSCI World Index is assessed from an ESG standpoint), and b) access to information: ESG scorings are made available online via a shared information portal open to all portfolio managers (PMs), as well as directly via the Front Office tools. ESG data are therefore present all along the investment process, so as PMs can easily find them. The ESG Integration Committees dedicated to each investment division are, for their part, in charge of defining the most relevant and efficient way of implementing ESG criteria into the various investment processes, according to their specific features. On the listed equity scope, these Committees achieved significant progresses such as the effective implementation of Governance criteria into certain investment processes (*for more details please refer to LEI.11*).

**LEI 04****Voluntary****Additional Assessed****PRI 1****LEI 04.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- ☒ Raw ESG company data

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager

- ☒ Company-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager

- ☒ Sector-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ Screened stock list

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

**Indicate who provides this information**

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☐ In-house – analyst or portfolio manager
- ☐ Other, specify

**LEI 04.2**

Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

**All ESG research and input relies on the extra-financial expertise of Mirova, Natixis AM's RI subsidiary. Mirova conducts a state-of-the art ESG research, performed the in-house RI Research, for its own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM. While producing these ESG inputs, the RI research team relies on its own investigations, and on external sources. This includes;**

- **publicly available data:** corporate annual reports/sustainable development reports, university research, NGO reports, press, etc.
- **regular contacts with stakeholders:** companies, trade unions, NGOs, scientific community (notably through the partnership with Cambridge University)
- **external research:** financial and extra-financial brokers (BofAML, Cheuvreux, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, JPMorgan, Morgan Stanley, Natixis, Société Générale, UBS, etc.), extra-financial rating agencies.

**A comment on each type information mentioned above in 04.1 is provided hereafter :**

**- Raw ESG Company data :** raw ESG data and KPIs are collected by the in-house RI research team, either directly from issuers (sustainable development reports, annual reports, meetings or calls with CSR department or Investor Relations Department, etc.) or by proxy through intermediaries such as sell-side analysts or extra-financial ratings agencies.

- **Company-related analysis or ratings:** the ESG assessment of issuers is performed by the in-house RI research team on the basis of:

- **Their own research and analysis**, which for the main issuers (i.e. those that represent Natixis AM's key assets) always entails dialogue with the companies involved, as well as engagement actions when areas for improvement are identified.
- **Secondary sources** such as the ratings of external research providers.

- **Sector-related analysis and ratings:** The RI research team undertakes analysis that cover sector-related ESG risks; these analyses draw on sectorial analysis from sell-side analysts as well as from extra-financial ratings agencies.

- **Country-related analysis or ratings:** Mirova's ESG analysis of corporate issuers and thematic studies usually include a geopolitical perspective by taking into account context when appropriate (local regulations and/or prevailing practices, cultural biases, etc.). For instance, the thematic study published by the RI research team on the topic of Arctic drilling addresses particular risks more or less specific to certain countries in the zone, such as Russia. Mirova's publications (studies, news, etc) are available online on its digital research library: <http://www.mirova.com/en-UK/p/Library/Mirova-research>.

- **Screened stock list:** The ESG assessment is performed by Mirova's RI research team based on in-house investigations and/or drawing on inputs from sell-side analysis or ratings agencies (*for more details about the negative screening process, please refer to LEA.06*).

- **Issue-specific analysis or ratings:** One of the primary roles of Mirova's RI research team is to further understand major challenges of Sustainable Development and to analyse their impact on sectors and issuers. To this end, the RI analysts regularly produce thematic studies on issues relevant to sustainable development, as well as "Focus papers" that address more specific topics to expose the issues, the risks at stake and then identify the sectors with the highest exposure. In order to produce these materials, Mirova's in-house team uses:

- **A broad spectrum of sources** (among which academic research, sell-side analysis and extra-financial ratings agencies, which also produce thematic publications).
- **The close-knit partnership that Mirova has built since 2012 with the University of Cambridge**, via the Cambridge Programme for Sustainability Leadership (CPSL), to cooperate in furthering knowledge of particular issues in sustainability. This partnership includes an active research-based collaboration involving nine joint publications over the next three years.

LEI 04.3

Indicate if you incentivise brokers to provide ESG research.

☒ Yes

LEI 04.4

Describe how you incentivise brokers.

**To encourage brokers to develop their ESG skills and research, Natixis AM financially incentivises them and is fully transparent regarding the amount of compensation allocated to sell-side extra-financial research (10% in 2014).**

☐ No

## (A) Implementation: Screening

LEI 06

Mandatory

Descriptive

PRI 1

LEI 06.1

Indicate and describe the type of screening you apply to your internally managed active listed equities.

## Type of screening

- ☒ Negative/exclusionary screening

### Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

### Natixis AM excludes from all its portfolios:

- **Any company involved in controversial weapons** (cluster munitions & anti-personal mines)
- **« Worst Offenders »**, i.e. companies that do not respect the UN Global Compact principles and / or the OECD guidelines for multinational enterprises.

- ☐ Positive/best-in-class screening

- ☒ Norms-based screening

### Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
--	-------------

As mentioned above, Natixis AM excludes from its portfolios the « Worst Offenders companies », i.e. companies that do not respect the UN Global Compact principles and / or the OECD guidelines for multinational enterprises.

## LEI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

**Screening criteria are selected by Mirova's RI experts, our RI subsidiary which provide us with a state-of-the-art ESG research.** In order to further explore sustainable development issues and analyse their impact on sectors and issuers, we have built up a robust in-house extra-financial research capacity. A dedicated team of 11 specialists in ESG issues handles analysis according to a proprietary methodology that is both stringent and practical.

**In terms of negative screening, we have defined in 2014 a new process to identify and monitor "Worst offenders" companies.** Our ESG analysts therefore : a) identify the potential WO from external sources, b) check internally the allegations of bad and repeated bad practices, c) engage dialogue with the concerned issuers and d) ultimately confirm or infirm the inclusion in the WO exclusion list. In December 2014, all Natixis AM's portfolios have been checked to ensure that no one of the WO issuers was hold.



Should a significant change occur that might affect the investment process, and, as a result the fund's prospectus, unit holders are informed of any development.

LEI 07	Mandatory	Core Assessed	PRI 1
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#### LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☒ Other, specify  
Thematic Research Partnership with the University of Cambridge
- ☐ None of the above

#### LEI 07.2

Additional information. [Optional]

**As described previously, all our ESG research and input rely on the extra-financial expertise of Mirova, Natixis AM's RI subsidiary. This latter conducts a state-of-the art ESG research, performed the in-house RI Research, for its own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM.**

The RI research team, which gathers 11 sustainable development specialists, ensures the robustness of ESG opinions disclosed to our portfolio managers teams. To this end, they rely on a variety of resources (dialogue with company management, extra-financial agencies, academic research - including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.).

**To ensure the robustness of ESG analysis provided to PMs, the RI research team:**

- **Tests the consistency and relevance of analysis produced by extra-financial ratings agencies and sell-side ESG research**, notably through cross-verification of information with independent sources.
- **Provides in-house ESG analysis** in addition to the inputs provided by extra-financial ratings agencies.
- **Engages in dialogue with companies that represent Natixis AM's key assets under management** to reach a better understanding of their ESG practices, verify or further investigate specific aspects and make suggestions for improvement, as part of Natixis AM's engagement approach.
- **Submit certain thematic or sectorial conclusions to scrutiny by independent experts** (e.g. a partnership with the University of Cambridge which includes an active research-based collaboration involving nine joint publications on specific themes, over the next three years).

**The RI research team seeks to constantly improve its research process** (addition of new sources or improvement of the sources' reliability, improved monitoring of sustainability issues, etc.) **and ESG assessments are regularly updated, taking new information into account.**

Moreover, **BPCE Group has conducted an audit on the robustness of Mirova's ESG research processes in 2014.**

LEI 08	Voluntary	Additional Assessed	PRI 1
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LEI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached
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- ☒ Checks are performed to ensure that stocks meet the funds' screening criteria. These checks are:
- ☒ Systematic
  - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

LEI 08.2	If breaches of fund screening criteria are identified - describe the process followed to correct those breaches.
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**Natixis AM relies on its strong risk management organisation to ensure that fund screening criteria are not breached, according to the process described below.**

Considerable attention is paid to monitor compliance with established guidelines, including fund screening criteria. Considering in-depth risk monitoring and the ability to pre-test trades both for coherence with the model portfolio and compliance with guidelines, the potential for breaches based on portfolio management activity should be low. Further, any breach that does occur due to market action can be quickly reported and resolved given the systems on-hand that actively monitors guideline compliance. All constraints pertaining to portfolios are input in dedicated software "Guardian" by the risk department (Constraints & Operations Risk team - RCO). Guardian is linked to the order management system process Charles River development and to Apollo, the central record keeping system for portfolio positions, updated daily. Main constraints are monitored by portfolio managers using their front-office tools on a pre-trade basis.

The Constraints and Operation Risks team daily monitors constraints linked to portfolios' financial management (intelligence and validation, exhaustiveness, effective control, adjustment procedure, audit trails, reporting) using Guardian. Controls cover either the prospectus specifications when relevant for funds, or contractual constraints for mandates including specific investment guidelines, as well as regulatory requirements. It is also in charge of monitoring breaches, operation control and best execution. It finally implements ex-ante constraint controls on portfolios. Any breaches are highlighted daily by the middle office team and brought to the attention of the portfolio manager for resolution. There is a procedure to escalate the breach if it is not resolved quickly: should the breach be longer than 2 NAV, the RCO would be responsible to follow the event until its complete resolution, while activating an escalation procedure involving 5 levels of alerts. If the breach is deemed unusual, the RCO can call the manager for an interview and ask for immediate resolution of the breach, according to an emergency procedure.

Every event relative to the escalation procedure is added to the Guardian audit trail of the breach. So Guardian records and time stamps the entire audit trail, and the data is available for the fund managers, the risk teams, or audit purposes. Reports on breaches are sent twice a month to the heads of investment departments and the heads of Legal, Monitoring and Risk Department. Natixis Asset Management ensures that breaches in portfolios' guidelines are resolved in the clients' best interests.

### (C) Implementation: Integration of ESG issues

LEI 11	Mandatory	Core Assessed	PRI 1
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LEI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
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ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2** Additional information. [Optional]

**Natixis AM encourages its investment teams to take into account extra-financial criteria in their investment decisions in two main ways:**

**- A broad sharing of extra-financial input with all our investment teams.**

- **The ESG scorings are notably made available** on an in-house digital library and directly on the Front Office tools.
- **These ESG scorings cover a large universe** that comprises more than 3,000 issuers, representing 98% of the MSCI World index.

**- The creation of an ESG Integration Committee for each investment division.** These committees, held twice yearly, are in charge of defining the best way of implementing ESG criteria into the various investment processes, by taking into account their specific features. On the listed equity scope, the working sessions of these Committees have already achieved significant results such as:

- **E.g. a database shared by the RI research teams and core equity portfolio managers (PMs),** collating Corporate Governance KPIs and criteria (e.g. consistency between company's strategic plan and the top management compensation policy, responsible dividend payout, etc.). These data are notably used by Large Caps PMs.
- **The integration of certain relevant Governance criteria into Value-investment processes** (e.g. alignment of the top management compensation policy with the company's strategic plan, alignment of the company's strategic development with the minority shareholders' interests).
- **Similar progress, also mainly focusing on the Governance pillar, has been achieved in other equity investment processes** (e.g. Small Caps, Global Emerging processes).

***It is also worth noting that our European equities investment division has set a target of implementing a qualitative ESG section into its stock-analysis factsheets, over a short / medium horizon. The purpose of this extra-financial section, mainly focused on company's specific ESG risks, will be to determine the relevance of these criteria and their potential impacts on the investment case.***

**LEI 12**

**Voluntary**

**Additional Assessed**

**PRI 1**

LEI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

LEI 12.2	Describe how ESG information is held and used by your portfolio managers.
----------	---

- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☐ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify
  - An ESG Integration Committee set up for each asset class
- ☐ None of the above

LEI 12.3	Additional information.
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The processes we use to ensure that ESG integration is based on robust analysis is fully described in LEA.07.2.

And the way we incorporate ESG inputs in our listed equities investment processes is detailed in LEI.11.2.

***It is also worth noting that our European equities investment division has set a target of implementing a qualitative ESG section into its stock-analysis factsheets, over a short / medium horizon. The purpose of this extra-financial section, mainly focused on company's specific ESG risks, will be to determine the relevance of these criteria and their potential impacts on the investment case.***

## Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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- ☒ We disclose it publicly

	Provide URL
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[http://www.nam.natixis.com/Content/Documents/NAM/A\\_propos\\_de\\_NAM/Engagements/EN/NAM\\_PRImars2014vdefEN.pdf](http://www.nam.natixis.com/Content/Documents/NAM/A_propos_de_NAM/Engagements/EN/NAM_PRImars2014vdefEN.pdf)

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes  
☒ No

**LEI 18.3**

Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.

- ☒ Broad approach to ESG incorporation  
☐ Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information to the public.

- ☐ Quarterly or more frequently  
☒ Between quarterly and annually  
☐ Less frequently than annually  
☐ Other, specify

**LEI 18.5**

Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.

- ☐ Broad approach to ESG incorporation  
☒ Detailed explanation of ESG incorporation strategy used

**LEI 18.6**

Indicate how frequently you typically report this information to clients/beneficiaries.

- ☐ Quarterly or more frequently  
☐ Between quarterly and annually  
☐ Less frequently than annually  
☒ Other, specify  
On clients' request
- ☐ We disclose it to clients and/or beneficiaries only  
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.7**

Additional information. [Optional]

**Natixis AM adheres to the highest standards with respect to transparency in order to offer investors total visibility as to how their assets are being managed. As a result, the ways we incorporate ESG issues into our investment processes are clearly described in two main documents:**

- **Our 'Responsible Asset Management' policy**, which explains how we implement concretely the 4 Principles of our policy, among which ESG integration strategy: <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Responsible-asset-management-policy>
- **The voting and engagement policy**, which summarises the scope of voting as well as the methodology and principles governing our analysis of resolutions; and describes the procedures in place to efficiently engage dialogue with issuers. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

**In addition to these public documents, Natixis AM also provides its primary institutional clients (*on request*) with detailed presentations of its investment processes and with a tailor-made report that, among other things, includes:**

- **The ESG assessment of issuers held** in their portfolios and updated ESG newsflow on those issuers ;
- **A RI market review ;**
- **Engagement actions involving these companies,** and a qualitative focus on the main engagement topics ;
- **A quantitative and qualitative review of voting exercised on the issuers held in their portfolios:** evolution of the voting scope, geographical breakdown, thematic breakdown (transparency, compensation policy, etc.), results (percentage of For/ Against/ Abstain,etc.).

# Natixis Asset Management

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
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LEA 01.1	Provide a brief overview of your organisation's approach to engagement.
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- **Our vision and overall approach**

**Convinced that good corporate governance helps in a clearer appreciation of risks and therefore improves a company's medium-/long-term performance**, Natixis AM takes seriously its fiduciary duty as an investor on behalf of third parties, and seeks to:

- **Take into account all financial and extra-financial factors that may affect value in its investment decisions,**
- **Encourage best ESG practices in companies** in which it invests in, through its "responsible and engaged" voting policy.

Engagement is the way in which Natixis AM carries out its role as a responsible investor, by **spreading best corporate governance practices, which include defining and implementing corporate social responsibility (CSR) policies**. Its engagement approach is grounded on the principles defined in Natixis AM's voting policy; a policy regularly reviewed to incorporate the highest European standards on governance and CSR.

- **Our modus operandi**

Engagement is the cornerstone of our responsible investment strategy and is based on constructive and regular dialogue with the companies in which we invest. This dialogue is mainly undertaken during the exercise of voting rights and focuses first and foremost on corporate governance and CSR issues that are submitted to the vote during shareholders' meetings. These discussions with companies are also an opportunity to deal with CSR issues identified by the extra-financial research teams\* as part of the analysis of corporate practices.

In addition to the dialogue engaged during its proxy voting process, Natixis AM also takes part in several engagement actions handled by Mirova, its RI subsidiary, that may take various forms, depending on the desired result. **These actions are implemented through direct actions addressing issuers via dialogue, and indirect actions at the industry level :**

- **On-going Engagement:** For the main holdings that represent Natixis AM's key assets under management, our internal RI research teams\* are establish frequent direct contact with issuers in order to encourage best ESG practices. This dialogue is undertaken continuously in the context of our RI analysis, notably enabling an assessment of issuers' ESG practices prior to the exercise of voting rights at shareholders' general assemblies. *(for more details, please refer to LEA 03, LEA, 04 and LEA. 11).*

- **Targeted Engagement:** these engagement actions are undertaken in order to obtain, within a predetermined timeframe, specific and measurable changes from the issuers. Targeted engagement is handled through Mirova's proprietary engagement platform which was specifically designed to bring together institutional investors with a common view of responsible investment. The targeted engagement topics are identified on the basis of studies performed by the RI research team on sustainability issues and themes, and following discussion with the others investors involved in the engagement platform Natixis AM notably took part in two major collaborative engagement actions through this platform in 2014 *(for more details, please refer to LEA 05, LEA, 06 and LEA. 11).*

- **Engagement at the industry level:** By contributing to various working groups and through active participation in engagement initiatives conducted by professional bodies such as the FIR or the UN-PRI, Natixis AM shares its convictions with its clients and its peers, and thus significantly influences the way people think about CSR and responsible investing issues. *(for a comprehensive list of entities in which Natixis AM is involved, please refer to question OA. 10)*

**These engagement strategies can be implemented individually or combined, either independently or in a collaborative context. Their process depends on the addressed issues, the goals of the engagement, and the leverage available for improving companies' corporate governance and CSR practices.**



LEA 02	Mandatory	Gateway	PRI 1,2,3
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LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
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Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.2	Additional information. [Optional]
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As described previously (cf. LEA.01), our engagement approach arises from the conviction that good corporate governance helps in a clearer appreciation of risks and therefore improves a company's medium-/long-term performance. **Natixis AM thus takes seriously its fiduciary duty as an investor on behalf of third parties, and seeks to:**

- **Take into account all financial and extra-financial factors that may affect value in its investment decisions,**
- **Encourage best ESG practices in companies in which it invests in, through its "responsible and engaged" voting policy.**
- **Spread best corporate governance practices, which include defining and implementing corporate social responsibility (CSR) policies.**

Such engagement actions allow us, on the one hand to **act as responsible investors by positively influencing companies' corporate governance and CSR practices**, and on the other hand to use Mirova's\* on-going dialogue with companies to **strengthen our overall issuer analysis**. This comprehensive analysis is then used as a complementary input in order to progressively combine financial and extra-financial factors, according to our Responsible Asset Management Policy.

*\*Engagement actions and ESG analysis are undertaken by Mirova, our RI subsidiary*

## Process

### Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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#### LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☒ Yes

#### LEA 03.2

Describe how you identify and prioritise engagements.

**The "On-going" engagement" is conducted by Mirova, our RI subsidiary, on the main securities held by Natixis AM, which represent 80% of its listed equity AuM.** It seeks to improve the companies' ESG practices through a dialogue established in multiple contexts (ESG assessment of issuers, exercise of voting rights, important events that bring to light significant short comings in practices, etc.).

**The on-going engagement comprises all areas for improvement identified** by the ESG assessment of companies or the analysis of resolutions presented during the annual general shareholder meetings (AGMs).

In order to identify those issues, and thus prioritise engagement topics, our in-house RI research teams\* perform a **continuous review of companies' ESG practices based on a broad array of information sources:**

- **Publicly available information:** annual reports / CSR reports, academic research, NGOs' reports, press and media sources...
- **Regular contacts with stakeholders:** companies (top management, CSR department, etc.), trade-unions, NGOs, the scientific community (in particular through the partnership with the University of Cambridge).
- **External research:** financial and extra-financial sell side research, ESG rating agencies, proxy.

This monitoring guarantees an up to date view of companies' ESG practices, improves analysis of motions in the context of exercising voting rights, and helps to identify promising areas for improvement in ESG practices.

In terms of means, direct dialogue is preferred for engagement actions. Such discussions may be supplemented with paper or email correspondence addressed to various contacts within the company.

*\*Mirova's RI research teams, our RI subsidiary*

☐ No

LEA 04	Mandatory	Core Assessed	PRI 2
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**LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- ☒ Yes
- ☒ Yes, for all engagement activities
  - ☐ Yes, for the majority of engagement activities
  - ☐ Yes, for a minority of engagement activities
- ☐ No

**LEA 04.2**

Indicate if you monitor the actions that companies take following your engagements.

- ☒ Yes
- ☒ Yes, in all cases
  - ☐ Yes, in the majority of cases
  - ☐ Yes, in the minority of cases

**LEA 04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

**Our RI analysts\* systematically define specific objectives for on-going engagement activities, and monitor the improvements achieved.**

When analysing an issuer's ESG practices, the RI research teamssystematically contact the companies in order to better understand the risks to which they are exposed as well as to challenge them to improve their CSR practices and the quality of their corporate governance.

Following these discussions and the completion of a CSR assessment, the RI analysts send a letter or an email to the company highlighting:

- **The most important areas for improvement identified during their analysis,**
- **Natixis AM's expectations in terms of progress.**

The RI analysts also remain in constant contact with companies, and regularly meet with the various people involved in order to follow up on progress and reaffirm expectations for improvement. Such discussions can also take place when a specific event or news item brings to light significant shortcomings in a company's ESG practices. **Thanks to this constant monitoring, our RI teams have a better chance of anticipating future risks and identifying 'complex' cases that call for the launch of targeted engagement actions** (please refer to LEA.05 and LEA.06 for more details). Furthermore, the analysts' initial ESG assessment may be modified in either a positive or a negative way depending on the results of the engagement.

**When an engagement action is related to the exercise of voting rights, goals are usually well defined insofar as generally correlated with a particular resolution** under consideration at the current AGM. If the company presents an appropriate response (for instance, increased transparency on certain components of compensation policy), our vote may reflect this positively at the upcoming general meeting, or the following voting period, depending on how quickly the company implements the objectives established for the engagement action.

**In terms of monitoring, a report on each engagement action is logged within a centralised database** that tracks the history of the engagement's goals for each company, the results achieved, and the resulting impact on the ESG analysis or voting decisions.

*\*Mirova's RI research teams, our RI subsidiary*

- ☐ No

**Process for engagements conducted via collaborations****LEA 05****Mandatory****Core Assessed****PRI 2**

**LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

☒ Yes

**LEA 05.2**

Describe how you identify and prioritise collaborative engagements.

**Natixis AM's collaborative engagement actions are mainly conducted through Mirova's engagement platform, according to a targeted approach on specific issues** (please refer to LEA 06 for more details).

This proprietary platform aims at engaging targeted companies in collaborative dialogue about ESG issues, and was specifically designed to bring together institutional investors with a common view of responsible investment. These actions are coordinated by an engagement platform led by Mirova's Investment Research team, and composed of the investors involved, among which Natixis AM.

The engagement process consists in three distinct phases: planning, dialogue and assessment. **During the planning phase, Mirova's RI research team notably identifies the potential engagement themes based on:**

- **The analysis performed by the RI research team on sustainability issues and themes;**
- **Discussions with the others investors involved in the engagement platform**

**A potential scope of engagement is then established** by combining the significance of the topic of engagement for each company\* with its weight within the portfolio constituted by the main positions of investors involved in the platform, among which Natixis AM.

**Following these preliminary findings, the engagement platform establishes:**

- **The list of targeted companies.**
- **The topic(s), the objectives and the means for the engagement.** The number of objectives is limited to ensure they can be correctly monitored by the platform, and achieved by the targeted companies.
- **A blueprint for action, covering a period of 1 to 3 years.**
- **KPIs to measure and assess the results of the engagement.**

**Aside from actions undertaken through the platform, our RI research team continuously monitors collaborative engagement actions led by industry organisations** (UN-PRI, FIR/ French SIF etc.). **If a topic matches its engagement priorities, Natixis AM joins the collaborative initiative.** For example, Mirova / Natixis AM is a member of several UN-PRI steering committees on different engagement themes, i.e. human rights in extractive industries, fracking, appointment process, anti-corruption, sustainable stock exchange.

*\* based on a specific ESG analysis*

☐ No

**LEA 06****Mandatory****Core Assessed****PRI 2****LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

☒ Yes

- ☒ Yes, for all collaborative engagement activities
- ☐ Yes, for the majority of collaborative engagement activities
- ☐ Yes, for a minority of collaborative engagement activities

☐ No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

☒ Yes☒ Yes, in all cases☐ Yes, in the majority of cases☐ Yes, in the minority of cases**LEA 06.3**

Describe how you monitor and evaluate the progress of your collaborative engagement activities.

**Each one of our engagement actions includes specific goals, and issuers' practices are monitored over an extended period.**

**Natixis AM's collaborative actions, undertaken through Mirova's proprietary platform, have 3 key features :**

- **Specific:** Engagement is limited to a specific ESG topic that a business is exposed to as a result of its sector, its geographical footprint, or its practices.
- **Measurable:** Engagement consists of well-defined actions coordinated with measurable and predetermined objectives. Assessment criteria are defined in the initial action plan prior to implementation.
- **Attainable:** the objectives that the engagement activities aim to achieve are realistic and attainable within the given timeframe.

It is also worth noting that the engagement platform establishes, for each targeted engagement undertaken, a blueprint for action covering a period of 1 to 3 years. **At the end of the engagement cycle, a full report on the actions taken and results achieved is compiled**, and if the engagement fails at the ultimate step, decisions regarding how to take into account the recommendations received from the engagement platform are taken by Natixis AM's executive committee.

**Collaborative engagement actions undertaken alongside other investors within an industry organisation are also tracked**, both in-house and within the industry organisation.

**All actions in which Natixis AM is directly involved, and all responses thereto are compiled in a central database** which tracks each engagement and all companies over time. These results are systematically taken into account into in-house ESG analyses\*\* and voting decisions.

*\*For more details about this engagement platform, please refer to LEA.05.2*

*\*\* Undertaken by Mirova's research teams, our RI subsidiary*

☐ No**General processes for all three groups of engagers****LEA 10****Mandatory****Gateway/Core Assessed****PRI 2****LEA 10.1**

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

#### LEA 10.2 Additional information. [Optional]

**To ensure traceability, efficiency and reliability of their engagement actions, our teams\* fill out and keep updated an in-house tracking database. Its purpose is twofold:**

- On the one hand, **to monitor any changes in practices of the company** involved that relate to ESG issues raised during dialogue process, **and therefore appropriately update the ESG assessment depending on the outcomes.**
- On the other hand, **to provide data for the engagement reports** performed for clients on request.

The database is comprised of the following data: the name of the issuer, the goals of the engagement, the achieved improvements, and the final result of the engagement.

*\*Mirova's RI research teams, our RI subsidiary*

## Outputs and outcomes

LEA 11	Mandatory to Report Voluntary to Disclose	Core Assessed	PRI 2
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#### LEA 11.1 Indicate the number of companies with which your organisation engaged during the reporting year.

	Number of companies engaged (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	162
Collaborative engagements	25

#### LEA 11.2 Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> > 50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.3

Indicate what percentage of your collaborative engagements you were a leading organisation on during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> None

LEA 11.5

Additional information. [Optional]

**As regards individual engagement, Natixis AM targeted 162 issuers in 2014 through its on-going engagement process, about their ESG practices. 325 areas for improvement were addressed in this context** (main ESG topics covered : supply chain, sustainable reporting, E&S impacts of products, integration of E&S criteria into the remuneration system, and balance of powers).

**In terms of means, our engagement actions are undertaken through letters, emails, conference calls and meetings.**

**As regards collaborative engagement, Mirova, Natixis AM's RI subsidiary, has launched its own collaborative platform in 2014, jointly with 6 others institutional investors.** This proprietary platform aims at engaging several companies around highly controversial issues, requiring interaction with high-level company representatives and both a collaborative and close dialogue as well as regular monitoring to achieve a successful engagement. **Natixis AM took part in two thematic engagement initiatives launched through this platform** : the first one was about **working conditions in the supply chain in textile and IT sectors** ; and the second one covered the **Arctic exploration**. Both were conducted in collaboration with other institutional investors and targeted around 15 companies.

**Natixis AM also participated in others collaborative actions led by the UN-PRI, and is a member of steering committees on several engagement themes** i.e. human rights in extractive industries, fracking, nomination process, anti-corruption, sustainable stock exchange.

**It is also worth noting that Natixis AM supports several investor statements on various sustainability themes** (e.g. Green / Climate Bonds, Climate Change, IOSCO, Global Health, EITI and extractive industries).

LEA 12

Voluntary

Additional Assessed

PRI 2

LEA 12.1

Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA 12.2** Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Overlapping ESG issues

100

**100%**

Collaborative engagements

% Environmental only

42

% Social only

38

% Corporate Governance only

20

**100%**

**LEA 12.3** Additional information.

*For further details, please refer to the engagement commentary provided in LEA.11.2*

**LEA 14**

Voluntary

Descriptive

**PRI 2**



**LEA 14.1**

Provide examples of the engagements that your organisation carried out during the reporting year.

☒ Add Example 1

Topic or ESG issue	S: social issues in the IT and textile supply chain
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative
Objectives	<ul style="list-style-type: none"> <li>• Increased transparency on the structure of their supply chains</li> <li>• Social risk mapping</li> <li>• Enhanced relationship with the suppliers</li> <li>• Multi-stakeholder initiatives</li> </ul>
Scope and Process	<ul style="list-style-type: none"> <li>• Scope : 11 international companies targeted.</li> <li>• Process : a letter was sent to the board chairman; and we directly conducted dialogue through a conference call and / or a one to one meeting.</li> </ul>
Outcomes	Process still ongoing. Reply rate: 80% at end 2014

☒ Add Example 2

Topic or ESG issue	G: integration of E& S criteria into remuneration
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Integration of E&S criteria into the remuneration system in order to : <ul style="list-style-type: none"> <li>• link remuneration to long term performance</li> <li>• and to improve the consideration of E&amp;S issues by the company</li> </ul>
Scope and Process	<ul style="list-style-type: none"> <li>• Scope: 105 international companies targeted</li> <li>• Process : an e-mail was sent to the targeted companies, and we directly conducted dialogue through a conference call and / or a one to one meeting.</li> </ul>
Outcomes	In France for instance, 24 targeted companies have integrated E&S criteria into their remuneration system.

☒ Add Example 3

Topic or ESG issue	E: environmental impact of products
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Identification of environmental impacts of products and implementation of mitigation measures.
Scope and Process	<ul style="list-style-type: none"> <li>• Scope: 19 international companies targeted</li> <li>• Process : an e-mail was sent to the targeted companies, and we directly conducted dialogue through a conference call and / or a one to one meeting.</li> </ul>
Outcomes	Will be reviewed during the next ESG assessment process.

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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**LEA 15.1** Indicate whether your organisation proactively discloses information on its engagements.

- Ⓒ We disclose it publicly

provide URL

<http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

**LEA 15.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- ☐ Yes  
☒ No

**LEA 15.3**

Indicate what engagement information your organisation proactively discloses to the public.

- ☐ Details of the selections, priorities and specific goals of engagement  
☒ Number of engagements  
☒ Breakdown of engagements by type/topic  
☒ Breakdown of engagements by region  
☐ An assessment of the current status of the engagement  
☐ Outcomes that have been achieved from the engagement  
☐ Other information

**LEA 15.4**

Indicate how frequently you typically report engagements information to the public.

- ☐ Disclosed continuously (prior to and post engagements)  
☐ Disclosed quarterly  
☒ Disclosed annually  
☐ Disclosed every two years or less  
☐ Other, specify

**LEA 15.5**

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries.

- ☒ Details of the selections, priorities and specific goals of engagement  
☒ Number of engagements  
☒ Breakdown of engagements by type/topic  
☒ Breakdown of engagements by region  
☒ An assessment of the current status of the engagement  
☒ Outcomes that have been achieved from the engagement  
☐ Other information

**LEA 15.6**

Indicate how frequently you typically report engagements information to clients/beneficiaries.

- ☐ Disclosed continuously (prior to and post engagements)  
☐ Disclosed quarterly  
☐ Disclosed annually  
☐ Disclosed every two years or less  
☒ Other, specify  
     On clients' request

## LEA 15.7

Describe any other differences in the information being disclosed. [Optional]

**Natixis AM adheres to the highest standards with respect to transparency in order to offer investors total visibility as to how their assets are being managed. As a result, the engagement approach and practices are clearly described in three published documents:**

- **The voting and engagement policy**, which summarises the scope of voting as well as the methodology and principles governing our analysis of resolutions; and describes the procedures in place to efficiently engage dialogue with issuers. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>
- **The consolidated report on voting and engagement activities**: this report provides a quantitative and qualitative panorama of the voting campaign, and an overview of the engagement dialogues undertaken over the year. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>
- **The section dedicated to voting and engagement activities within our 'Responsible Asset Management' policy**. This document offers a global synthesis of our approach to active ownership. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Responsible-asset-management-policy>

**In addition to these public documents, Natixis AM provides its primary institutional clients, on request, with a tailor-made report that, among other things, includes :**

- the ESG assessment of issuers held in their portfolios and updated ESG newsflow on those issuers.
- A RI market review.
- **Engagement actions involving those companies, and a qualitative focus on the main engagement topics.**
- A quantitative and qualitative review of voting exercised on the issuers held in their portfolios : evolution of the voting scope, geographical breakdown, thematic breakdown (transparency, compensation policy, etc.), results (percentage of For / Against / Abstain, etc.).

☐ We disclose it to clients and/or beneficiaries only

☐ We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

LEA 16	Voluntary	Descriptive	PRI 2
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## LEA 16.1

Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

**The exercise of voting rights is a central component of our responsible investment policy. It remains the most tangible and formal mechanism available to us as shareholders and as the representative of our investors to express our approval or disagreement with companies' management decisions.**

Natixis AM thus exercises its voting rights according to **an organisation structured around two distinct sets of activities**, aiming at ensuring that the exercise of voting rights is undertaken in the best interests of unit holders:

- **The analysis of resolutions is performed by Mirova, our RI subsidiary.** Its RI research team, composed of 11 analysts specialising in ESG issues, constantly monitors regulatory changes, establishes

benchmarks for companies' governance practices, and continuously helps Natixis AM's in refining its voting principles to reflect the highest standards as a way of encouraging the emergence of a responsible system of corporate governance. The RI research team handles the analysis of resolutions according to the principles described in the voting policy as determined by Natixis AM and validated by the Executive Committee (Comex). In order to ensure strict application of the voting policy, Natixis AM has established a Voting Committee under the supervision of a Comex member. The Committee's responsibility is to rule on resolutions that present an issue (regarding the content of the proposal or the outcome of the analysis performed by Mirova), or for which principles have not been defined in the voting policy.

- **The effective exercise of voting rights : performed by the Middle Office department of Natixis AM,** which also takes charge of relationships with service providers and custodians.

Except for certain cases\*, Natixis AM exercises voting rights for all the UCITS (undertakings for collective investments in transferable securities) and AIF (Alternative Investment Funds) under its management and for which it holds voting rights, as well as for employee savings investment funds for which supervisory boards have delegated its voting rights to Natixis AM. Natixis AM exercises its voting rights for all assets eligible, as of the end of the year before the general meeting season, located in portfolios for which it holds voting rights, on the condition that the regulatory and technical constraints imposed by markets and custodians permit that the exercise of voting rights be in the best interests of unitholders. In 2014, this represented a universe of global scope comprising 1,189 companies.

**Natixis AM's voting policy is both demanding and flexible, leaving room for specific approaches following companies characteristics.**

- **Geographic specificities:** We strive to maintain high standards with respect to corporate governance. Nonetheless, should the governance practices of a particular country be more stringent than those of the voting principles, we align with the latter in analysing the resolutions submitted and determining our vote. Moreover, we have adapted the principles of our voting policy in order to take into account the specificities of local governance models.
- **Size of companies:** We are aware that some of our standards may be onerous for small or mid-cap entities that lack the means to implement such rigorous policies in their corporate governance. Natixis AM has thus decided to modify certain of its voting principles in order to take into account the differences arising from the size of these companies or the nature of their shareholders. Thus, one section of the voting policy is dedicated to explaining the principles for analysis of resolutions submitted by small and mid-cap companies.

**Consistently with its responsible asset management policy, Natixis AM has decided to include environmental and social issues in its voting policy, in addition to corporate governance guidelines.**

**General meetings are also an opportunity to engage in constructive dialogue with companies that represent significant holdings in our portfolios** (80% of Natixis AM equity AuM), whether this involves a resolutions under analysis, or their ESG practices more generally speaking. These engagement dialogues are part of our engagement approach (*for more details please refer to the engagement sub-section, questions LEA.01 to LEA.15*) and help Natixis AM exercise its voting rights knowledgeably and responsibly.

*\* The only exceptions concern funds with restrictive management processes whereby immobilizing securities in order to exercise voting rights may be to the detriment of the shareholders' investments value.*

## Process

LEA 17	Mandatory	Descriptive	PRI 2
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LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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	Approach
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- ☐ We use our own research or voting team and make our own voting decisions without the use of service providers.
- ☐ We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- ☒ We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

	Based primarily on
--	--------------------

- ☐ the service provider voting policy signed off by us
- ☒ our own voting policy
- ☐ our clients requests or policy
- ☐ other, explain
- ☐ We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2	Additional information.[Optional]
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**For the purpose of exercising voting rights, Natixis AM hires an independent voting services provider. This proxy agent is responsible for:**

- **Informing our in-house RI research teams\* of upcoming shareholders' meetings** related to securities within Natixis AM's voting universe.
- **Analysing resolutions** according to the principles described in Natixis AM's voting policy,
- **Providing access to a voting platform** for the exercise of voting rights,
- **Communicating voting instructions to the issuer.**

The service provider communicates directly with custodian banks, from whom it receives on a daily-basis files with the exact positions for all portfolios included in the voting universe.

*\*Mirova's RI research teams, Natixis AM's RI subsidiary*

LEA 18	Mandatory	Descriptive	PRI 2
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LEA 18.1	Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.
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**Percentage of voting recommendations your organisation reviewed**

- ☐ >20%
- ☒ 5-20%
- ☐ 1-5%
- ☐ <1%

**Reasons for review**

- ☐ Specific ESG issues
- ☒ Votes where a significant level of ownership is held
- ☐ Votes against management or abstentions
- ☐ Conflicts of interest
- ☐ Corporate actions such as M&A, disposal, etc.
- ☐ Other, explain

LEA 18.2	Additional information [Optional]
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Our voting services provider is responsible for analysing submitted resolutions according to the principles described in our voting policy for the majority of assets within the voting universe. However, **our RI research team\* handles the analysis itself for the main holdings that form Natixis AM's key assets under management, which represent 80% of its listed equity AuM.**

*\*Mirova, our RI subsidiary*

LEA 19	Voluntary	Descriptive	PRI 2
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LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
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- ☒ Obtain confirmation that votes have been received by the company:
  - ☒ for a majority of votes
  - ☐ for a minority of votes
- ☒ Participate in projects to improve the voting trail and/or to obtain vote confirmation
- ☐ None of the above

LEA 19.2	Provide additional information on your organisation's vote confirmation efforts.
----------	--

**Votes are entered in the voting platform for each account. The procedure then varies depending on whether the securities are French, in which case Natixis AM votes by postal ballot, or foreign, in which case Natixis AM votes by proxy.**

**•French securities: Natixis AM votes by postal ballot**

Natixis AM completes the absentee ballot on a platform made available by the proxy then faxes and posts it to the various custodians. Once the voting instructions are received, the custodian verifies and corrects the positions on securities in each account for which a vote is recorded and send the ballots to the issuer or its agent. On a case-by-case basis, Natixis AM reserves the right to physically attend shareholders' meetings rather than voting by proxy or absentee ballot.

**•Foreign securities: Natixis AM votes by proxy**

Natixis AM enters the voting instructions in the voting platform and the proxy passes on the instructions for Natixis AM's accounts to the local sub-custodians. In some cases, the proxy is required to vote directly on behalf of Natixis AM, in accordance with the principles defined in its voting policy.

LEA 20	Voluntary	Additional Assessed	PRI 2
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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- ☒ Yes



**LEA 20.2**

Indicate how voting is addressed in securities lending programme.

**Please select one of the following**

- ☒ We recall most securities for voting on all ballot items
- ☐ We recall some securities for voting on some ballot items on a systematic basis in line with specified criteria
- ☐ We occasionally recall some securities for voting on some ballot items on an ad-hoc basis
- ☐ We empower our securities lending agent to decide when to recall securities for voting purposes
- ☐ We do not recall our shares for voting purposes
- ☐ Other (please specify)
- ☐ No

**LEA 20.3**

Additional information. [Optional]

**During general meetings, Natixis AM optimises the repatriation of lent securities** in order to exercise its voting rights in the sole interest of unit holders.

**LEA 21****Mandatory****Core Assessed****PRI 2****LEA 21.1**

Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- ☐ Yes, in most cases
- ☒ Sometimes, in the following cases:
  - ☐ votes in selected markets
  - ☐ votes on certain issues (all markets)
  - ☒ votes for significant shareholdings (all markets)
  - ☐ other, explain
- ☐ No
- ☐ Not applicable as we and/or our service providers do not abstain or vote against management recommendations

**LEA 21.2**

Additional information. [Optional]

**For the main holdings that form Natixis AM's key assets under management, which represent 80% of its listed equity AuM, the RI research team\* undertakes dialogue with companies**, if and when the resolutions raise issues, and informs them systematically of the intended vote, whether positive or negative, indicating the rationale behind a negative vote and providing recommendations in order to improve companies' practices.

*\*Mirova's RI analysts, our RI subsidiary*

**Outputs and outcomes****LEA 22****Mandatory****Core Assessed****PRI 2**

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

99.5

	Specify the basis on which this percentage is calculated
--	--

- ☐ of the total number of ballot items on which you could have issued instructions
- ☒ of the total number of company meetings at which you could have voted
- ☐ of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
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In 2014, the voting scope comprised 1,189 companies held in 107 UCITS and AIF managed by Natixis AM. Within this voting scope, 1,398 general meetings (GM) were held in 2014. Natixis AM exercised its voting rights at 1,388 general meetings, for a participation rate of 99.5%. Natixis AM did not exercise its voting rights at 10 general meetings due to technical problems. Among the votes exercised at the 1,388 general meetings, 64 votes were not confirmed due to administrative formalities or market constraints. **The number of general meetings at which votes were cast and confirmed in 2014 is 1,324.**



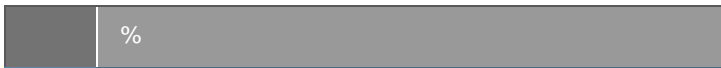
☐ We do not track or collect this information

LEA 23	Voluntary	Descriptive	PRI 2
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LEA 23.1	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
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☒ Yes, we track this information

LEA 23.2	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
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Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	 70
Against (opposing) management recommendations	 29
Abstentions	 1

100%

**LEA 23.3** For the reporting year, describe your approach towards voting on shareholder resolutions.

**In 2014, shareholder resolutions represented 5% of total oppositions** and essentially concerned questions of governance, representing 70% of shareholder resolutions introduced during this voting campaign. These resolutions are put forward more particularly in countries like Japan or the United States. The rate of opposition for these resolutions is 51.5%. We cast votes 'against' when the proposed modifications threatened to affect the quality of governance or the rights of minority shareholders and other stakeholders (e.g., nomination of a non-independent director, proposal of a new dividend). Likewise, we did not support proposals that were not suited to the specificity of the company, unjustified in terms of the quality of practices, or inadequate with respect to social issues. We did support close to 48.5% of shareholder resolutions in cases where the environmental, social, or governance practices of the companies concerned could thereby be improved.

☐ No, we do not track this information

**LEA 23.4** Additional information.

**Information complementary to LEA.23.1 :**

**The average opposition rate (votes against and abstentions) for 2014 is 30%, i.e. 3 points lower than in 2013. Opposition is very unevenly distributed among the different geographical areas, ranging from 17% for Oceania and 41% for Asia.**

**These differences are accounted for by various factors, including:**

- the difference in voting scope from one geographical area to another;
- the diversity of issues put to a shareholder vote from one area to another or from one country to another;
- the importance of certain themes on the agenda of the general meetings in certain countries;
- local practices that remain inferior with respect to international standards.

Thus the distribution of oppositions by theme and geographical area highlights the differences among areas.

The analysis of oppositions by theme and area underscores the significant opposition on the theme of the balance of power in Asia and the Americas. This theme represents 65% and 66% of votes cast in opposition in each of these areas respectively.

In Asia, and more particularly in Japan, resolutions concerning appointments represent 73% of total votes in opposition and 46% of all votes in opposition on the question of appointments. Indeed, the capital of Japanese

companies has only very recently been opened up to international shareholding (and thus to international norms). The presence of independent directors on the boards of Japanese companies is no more than 8% on average, compared to the Netherlands (75%) or Great Britain (63%).

In the Americas, and more particularly in the United States, resolutions concerning appointments represent 71.5% of all resolutions put to a vote and 71% of opposition expressed. The independence of boards remains an issue for American companies, notably due to the significant number of directors having commercial ties with or diverse interests in the company.

In Europe, opposition on the issue of the balance of power is less significant (23%) and represents only 26% of total opposition. This difference with respect to other geographical areas is in large part explained by the degree of progress of European countries on the question of board independence. Nevertheless, practices are not uniform among different European countries. Thus the rate of opposition on this theme in Denmark and the Netherlands is 8% and 5% respectively, while it is 72% in Germany or 60% in Greece.

It should be noted, however, that questions of financial and extra-financial transparency account for 27% of votes in opposition in Europe but only 9% in Asia, 7% in the Americas, and 6% in Oceania. This is essentially explained by the absence of votes in certain countries on resolutions concerning issues such as discharges, regulated agreements, or the approval of accounts.

The theme of remuneration is the second most contested in general, and more particularly in Africa (32%), Europe (22%), and the Americas (21%). The reasons for opposition are relatively similar (cf. 4.3, distribution of value) though practices may differ from one country to another.

The theme of financial structure has a significant weight in the votes in opposition in Europe and Africa, with 20% and 18% respectively. This is explained by the frequency of resolutions relative to this theme at the general meetings in countries in these two areas

LEA 25	Voluntary	Descriptive	PRI 2
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LEA 25.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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☒ Add Example 1

Topic or ESG issue	Executive remuneration
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure that executive remuneration is aligned with long term value creation.
Scope and Process	We focused on all the companies within our voting universe and we voted against 48% of Say on Pay resolution.
Outcomes	Following these votes, we sent e-mails to our core companies to explain our voting rationale and areas for improvement. More than 25 companies engaged with us this year on how they can ensure that their remuneration practices are supported by investors, and they undertook to make changes prior to next year's AGM.

☒ Add Example 2

Topic or ESG issue	Balance of Power within the board
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure that the board is balanced in terms of expertise and independence.
Scope and Process	We focused on all the companies within our voting universe and we voted against 29% of directors election.
Outcomes	Following these votes, we sent e-mails to our core companies to explain out voting rationale and areas of improvement. More than 25 companies engaged with us this year on their governance practices prior to next year's AGM.

☒ Add Example 3

Topic or ESG issue	Quitus
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure that the quitus will not be submitted to shareholders votes in the countries where shareholder approval has a binding effect and can hinder legal claims against directors.
Scope and Process	We focused on all the companies within our voting universe and we voted against 52% of directors election.
Outcomes	Following these votes, we sent e-mails to our core companies to explain out voting rationale and to specify areas for improvement

- ☐ Add Example 4
- ☐ Add Example 5
- ☐ Add Example 6
- ☐ Add Example 7
- ☐ Add Example 8
- ☐ Add Example 9
- ☐ Add Example 10

LEA 25.2	Additional information.
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*The voting activities are undertaken by our in-house RI analysts, i.e. the RI Research team of our subsidiary Mirova.*

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
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- ☒ We disclose it publicly

	provide URL
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<http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

LEA 26.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☐ Yes  
☒ No

LEA 26.3	Indicate the voting information your organisation proactively discloses to the public.
----------	--

	Indicate how much of your voting record you disclose
--	--

- ☐ All voting decisions  
☐ Some voting decisions  
☐ Only abstentions and opposing vote decisions  
☒ Summary of votes only

	Indicate what level of explanation you provide
--	--

- ☐ Explain all voting decisions  
☐ Explain some voting decisions  
☒ Only explain abstentions and votes against management  
☐ No explanations provided

**LEA 26.4** | Indicate how frequently you typically report voting information to the public.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☒ Between quarterly and annually
- ☐ Less frequently than annually
- ☐ Other, specify

**LEA 26.5** | Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- ☒ All voting decisions
- ☐ Some voting decisions
- ☐ Only abstentions and opposing vote decisions
- ☐ Summary of votes only

Indicate what level of explanation you provide

- ☐ Explain all voting decisions
- ☒ Explain some voting decisions
- ☐ Only explain abstentions and votes against management
- ☐ No explanations provided

**LEA 26.6** | Indicate how frequently you typically report voting information to clients/beneficiaries.

- ☐ Continuously (primarily before meetings)
- ☐ Continuously (soon after votes are cast)
- ☐ Quarterly or more frequently
- ☐ Between quarterly and annually
- ☐ Less frequently than annually
- ☒ Other, specify

On clients' request

- ☐ We disclose it to clients/beneficiaries only
- ☐ We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA 26.8** | Additional information. [Optional]

**Natixis AM adheres to the highest standards with respect to transparency in order to offer investors total visibility as to how their assets are being managed. As a result, the proxy voting approach and practices are clearly described in three published documents:**

- **The voting and engagement policy**, which summarises the scope of voting as well as the methodology and principles governing our analysis of resolutions; and describes the procedures in place to efficiently engage dialogue with issuers. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

- **The consolidated report on voting and engagement activities:** this report provides a quantitative and qualitative panorama of the voting campaign, and an overview of the engagement dialogues undertaken over the year. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>
- **The section dedicated to voting and engagement activities within our 'Responsible Asset Management' policy.** This document offers a global synthesis of our approach to active ownership. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Responsible-asset-management-policy>

**In addition to these public documents, Natixis AM provides its primary institutional clients, on request, with a tailor-made report that, among other things, includes :**

- the ESG assessment of issuers held in their portfolios and updated ESG newsflow on those issuers.
- A RI market review.
- Engagement actions involving those companies, and a qualitative focus on the main engagement topics.
- **A quantitative and qualitative review of voting exercised on the issuers held in their portfolios: evolution of the voting scope, geographical breakdown, thematic breakdown (transparency, compensation policy, etc.), results (percentage of For / Against / Abstain, etc.).**



# Natixis Asset Management

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

FI 03	Voluntary	Descriptive	PRI 1
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FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.
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Fixed Income - Corporate
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**Whether it be for corporate or government issuers, all ESG research and inputs rely on the extra-financial expertise of Mirova, Natixis AM's RI subsidiary.** The in-house RI analysts\* handle state-of-the art ESG research, for Mirova's own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM. When producing these ESG inputs, the analysts refer to their own investigations as well as external sources (*For more details please refer to FI.05*).

**In terms of ESG integration, Natixis AM encourages its investment teams to take into account extra-financial criteria in their investment decisions in several ways:**

**- A broad sharing of extra-financial input with all our investment teams.**

- **The ESG scoring are notably made available** on an in-house digital library and directly on the Front Office tools.
- **These ESG scorings cover a large universe** that comprises more than 3,000 issuers, representing 94% of the Barclays Euro Corporate Index.

**- The creation of an ESG Integration Committee for each investment division.** These committees are in charge of defining the best way of implementing ESG criteria into the various investment processes, by taking into account their specific features. **For corporate fixed income, an innovative approach has been defined to efficiently take into account ESG criteria when they could potentially impact an issuer's creditworthiness.** To sum up:

- While analysing corporate issuers, Natixis AM's credit analysts systematically review ESG input provided by our in-house RI research teams\* (i.e. thematic assessment / sustainably incorporation in business models and ESG rating arising from the extra-financial risk review).
- If the credit analysts find out that extra-financial criteria can significantly impact the issuer financial profile (either positively or negatively), they take into account the ESG input in their credit rating assessment.

**Furthermore, Natixis AM excludes from all its portfolios:**

- **Any issuer involved in controversial weapons** (cluster bombs and anti-personal mines)
- **« Worst Offenders issuers »**, i.e. corporate issuers that do not the UN Global Compact principles and / or OECD guidelines for multinational enterprises.

*\*Mirova's research teams, our RI subsidiary*

Fixed Income - Government
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**Sovereign issuers are analysed according to a process based on indicators broadly acknowledged as legitimate, i.e. :**

- **The Governance assessment is based on the World Governance Indicators** published by the World Bank and financed by the Brookings Institution (an american think tank);
- **The Social/Societal assessment** is based on the underlying health, education and income statistics used by the UN Development Programme for the inequality-adjusted Human Development Index (**iHDI**);
- **For the Environmental pillar, the RI research team relies on inputs provided by an extra-financial rating agency** selected for the relevance and the comprehensiveness of its research in this area.

**ESG pillars are therefore systematically assessed during the extra-financial analysis process, covering a broad universe.**

**In terms of ESG integration into our investment processes:**

- **Social criteria can be taken into account for Euro and OECD countries;**
- **Governance criteria can be integrated in Emerging Countries analysis**
- **Environmental criteria are not taken into account:** indicators such as the environmental footprint are not considered as sufficiently relevant at this stage to systematically influence investment decisions or define the funds' investment universe.

## Fixed Income - Corporate

### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.		

#### ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☒ Screening + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div> <div></div> <div>%</div> </div> <div>100</div>
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- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

Total actively managed fixed income - corporate
---

100%

**FI 04.2**

Describe your primary reasons for choosing a particular incorporation strategy.

- **ESG integration and negative screening** Natixis AM has decided to broadly implement ESG Integration and negative screening strategies into all its investment processes (mainstream approach, for more details, please refer to FI.06.2) because, beyond sustainability concerns, certain ESG criteria could influence the financial performances of the issuers in the form of risks and/or opportunities. Certain extra-financial criteria can thus have an impact on the portfolio holding the impacted securities. These criteria are consequently deemed relevant, including for the mainstream investment processes. Either to live up to our fiduciary duty or to our social responsibility, we encourage all our portfolio managers to take into account ESG criteria in their investment decisions, through an ESG Integration strategy and an exclusion policy applied to all our portfolios directly managed (*for corporate issuers*).

**FI 04.3**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

**Combination: ESG Integration + negative screening**

Natixis AM excludes from all its portfolio any issuer involved in controversial weapons (cluster bombs and anti-personal mines), and the issuers identified as « Worst Offenders », i.e. issuers that do not respect the UN Global Compact principles and / or OECD guidelines for multinational enterprises.

Alongside this exclusion policy, ESG sources - both qualitative and quantitative - are made available to all the investment teams, as an additional input to enlighten their investment decisions. Natixis AM has set itself a disciplined procedure in terms of both : a) analysis coverage (94% of the Barclays Euro Corporate Index is assessed from an ESG standpoint), and b) access to information: ESG scorings are made available online via a shared information portal open to all portfolio managers (PMs), as well as directly via the Front Office tools. ESG data are therefore present all along the investment process, so as PMs can easily find them. The ESG Integration Committees dedicated to each investment division are, for their part, in charge of defining the most relevant and efficient way of implementing ESG criteria into the various investment processes, according to their specific features. For corporate fixed income, an innovative approach has been defined to efficiently take into account ESG criteria when they could potentially impact an issuer's creditworthiness. To sum up:

- While analysing corporate issuers, Natixis AM's credit analysts systematically review ESG input provided by our in-house RI research teams (i.e. thematic assessment / sustainably incorporation in business models and ESG rating arising from the extra-financial risk review).
- If the credit analysts find out that extra-financial criteria can significantly impact the issuer financial profile (either positively or negatively), they take into account the ESG input in their credit rating assessment(*for more details please refer to FI.11*).

**FI 05****Voluntary****Additional Assessed****PRI 1****FI 05.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- ☒ Raw ESG company data

Describe who provides this information.

Raw ESG data and KPIs are collected by the Mirova's in-house RI research team, who provide us with state-of-the-art ESG inputs. The analysts collect either directly from issuers (sustainable development reports, annual reports, meetings or calls with CSR department or Investor Relations Department etc.) or by proxy through intermediaries such as sell-side analysts or extra-financial ratings agencies.

☒ Issuer-related analysis or ratings

Describe who provides this information.

The ESG issuer-related analysis or ratings are produced by Mirova's RI research team on the basis of in-house investigations and/or drawing on inputs from sell-side analysis or ratings agencies.

☒ Sector-related analysis or ratings

Describe who provides this information.

Mirova's RI research team undertakes sector-related analysis that reviews the ESG risks; these analyses draw on sectorial analysis from sell-side analysts as well as from extra-financial ratings agencies.

☒ Country-related analysis or ratings

Describe who provides this information.

Sovereign issuers are assessed by our in-house RI research team (Mirova) according to a process based on broadly acknowledged as legitimate (i.e. The World Governance Indicators for the G Pillar; the inequality-adjusted Human Development Index (iHDI) for the S Pillar, and inputs provided by an extra-financial rating agency for the E Pillar). *Please refer to FI.13 for more details.*

☒ Screened bond list

Describe who provides this information.

The ESG assessment is performed by Mirova's RI research team on the basis of in-house investigations and/or drawing on inputs from sell-side analysis or ratings agencies. *(The negative screening process is described in FI.06.2)*

☒ ESG issue-specific analysis or ratings

Describe who provides this information.

One of the primary functions of Mirova's RI research team is to further understanding of the major challenges of Sustainable Development and to analyse their impact on sectors and issuers. To this end, the RI analysts regularly produce thematic studies on issues relevant to sustainable development, as well as focus papers that address more specific topics to expose the issues and risks at stake, and then identify the sectors with the highest exposure. In order to produce these materials, Mirova's in-house team draws on:

- A broad spectrum of sources (among which academic research, sell-side analysis and ratings agencies, which also produce thematic publications).
- The close-knit partnership that Mirova has built since 2013 with the University of Cambridge, via the Cambridge Programme for Sustainability Leadership (CPSL), to cooperate in furthering knowledge

of particular issues in sustainability. This partnership includes an active research-based collaboration involving nine joint publications over the next three years.

☐ Other, specify

FI 05.3	Additional information. [Optional]
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**All ESG research and input relies on the extra-financial expertise of Mirova, Natixis AM's RI subsidiary. Mirova conducts a state-of-the art ESG research, performed the in-house RI Research, for its own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM. While producing these ESG inputs, the RI research team relies on its own investigations, and on external sources. This includes;**

- **publicly available data:** corporate annual reports/sustainable development reports, university research, NGO reports, press, etc.
- **regular contacts with stakeholders:** companies, trade unions, NGOs, scientific community (notably through the partnership with Cambridge University)
- **external research:** financial and extra-financial brokers (BofAML, Cheuvreux, Citigroup, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, JPMorgan, Morgan Stanley, Natixis, Société Générale, UBS, etc.), extra-financial rating agencies.

***The way we incorporate ESG inputs in the various investment processes is described in FI.11 and FI 13.***

## (A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
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FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.
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### Type of screening

☒ Negative/exclusionary screening

#### Screened by

- ☒ Product
- ☐ Activity
- ☐ Sector
- ☐ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description
-------------

**Natixis AM excludes from all its portfolios:**

- **Any issuers involved in controversial weapons** (cluster bombs and anti-personal mines)

- « **Worst Offenders** », i.e. corporate issuers that do not respect the UN Global Compact principles and / or the OECD guidelines for multinational enterprises.

☐ Positive/best-in-class screening

☒ Norms-based screening

#### Screened by

- ☒ UN Global Compact Principles
- ☐ Universal Declaration of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☒ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
	As mentioned above, Natixis AM excludes from all its portfolios the « Worst Offenders issuers », i.e. corporate issuers that do not respect the UN Global Compact principles and / or the OECD guidelines for multinational enterprises.

#### FI 06.2

Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

**Screening criteria are selected by Mirova's RI experts, our RI subsidiary which provide us with a state-of-the-art ESG research.** In order to further explore sustainable development issues and analyse their impact on sectors and issuers, we have built up a robust in-house extra-financial research capacity. A dedicated team of 11 specialists in ESG issues handles analysis according to a proprietary methodology that is both stringent and practical.

**In terms of negative screening, we have defined in 2014 a new process to identify and monitor "Worst offenders" issuers.** Our ESG analysts therefore : a) identify the potential WO from external sources, b) check internally the allegations of bad and repeated bad practices, c) engage dialogue with the concerned issuers and d) ultimately confirm or infirm the inclusion in the WO exclusion list. In December 2014, all Natixis AM's portfolios have been checked to ensure that no one of the WO issuers was hold.

Should a significant change occur that might affect the investment process, and, as a result the fund's prospectus, unit holders are informed of any development.

FI 07	Mandatory	Core Assessed	PRI 1
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**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- ☒ Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- ☒ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- ☒ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

**FI 07.2**

Additional information. [Optional]

**As described previously, all our ESG research and input rely on Mirova's extra-financial expertise, Natixis AM's RI subsidiary.** This latter conducts a state-of-the art ESG research, performed the in-house RI Research, for its own SRI investment processes, and for the responsible asset management approach of its parent company Natixis AM.

The RI research team, which gathers 11 sustainable development specialists, ensures the robustness of ESG opinions disclosed to our portfolio managers teams. To this end, they rely on a variety of resources (dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.).

**To ensure the robustness of ESG analysis provided to PMs, the RI research team:**

- **Tests the consistency and relevance of analysis produced by extr-financial ratings agencies and sell-side ESG research**, notably through cross-verification of information with independent sources.
- **Provides in-house ESG analysis** in addition to the inputs provided by extrafinancial ratings agencies.
- **Engages in dialogue with issuers that represent Natixis AM's key assets under management** to reach a better understanding of their ESG practices, verify or further investigate specific aspects and make suggestions for improvement, as part of Natixis AM's engagement approach.
- **Submit certain thematic or sectorial conclusions to scrutiny by independent experts** (e.g. a partnership with the University of Cambridge which includes an active research-based collaboration involving nine joint publications on specific themes, over the next three years).

**The RI research team seeks to constantly improve its research process** (addition of new sources or improvement of the sources' reliability, improved monitoring of sustainability issues, etc.) **and ESG assessments are regularly updated, taking new information into account.**

**Moreover, BPCE Group has conducted an audit on the robustness of Mirova's ESG research processes in 2014.**

**FI 08**
**Voluntary**
**Additional Assessed**
**PRI 1**



FI 08.1	Indicate which processes your organisation uses to ensure that fund criteria are not breached in corporate fixed income investments.
---------	--

- ☒ Checks are performed to ensure that issuers meet the funds' screening criteria. These checks are:
- ☒ Systematic
  - ☐ Occasional
- ☒ Automated IT systems prevent investment managers from investing in excluded bonds or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☐ Other, specify
- ☐ None of the above

FI 08.2	If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.
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**Natixis AM relies on its strong risk management organisation to ensure that fund screening criteria are not breached, according to the process described below.**

Considerable attention is paid to monitor compliance with established guidelines, including fund screening criteria. Considering in-depth risk monitoring and the ability to pre-test trades both for coherence with the model portfolio and compliance with guidelines, the potential for breaches based on portfolio management activity should be low. Further, any breach that does occur due to market action can be quickly reported and resolved given the systems on-hand that actively monitors guideline compliance. All constraints pertaining to portfolios are input in dedicated software "Guardian" by the risk department (Constraints & Operations Risk team - RCO). Guardian is linked to the order management system process Charles River development and to Apollo, the central record keeping system for portfolio positions, updated daily. Main constraints are monitored by portfolio managers using their front-office tools on a pre-trade basis.

The Constraints and Operation Risks team daily monitors constraints linked to portfolios' financial management (intelligence and validation, exhaustiveness, effective control, adjustment procedure, audit trails, reporting) using Guardian. Controls cover either the prospectus specifications when relevant for funds, or contractual constraints for mandates including specific investment guidelines, as well as regulatory requirements. It is also in charge of monitoring breaches, operation control and best execution. It finally implements ex-ante constraint controls on portfolios. Any breaches are highlighted daily by the middle office team and brought to the attention of the portfolio manager for resolution. There is a procedure to escalate the breach if it is not resolved quickly: should the breach be longer than 2 NAV, the RCO would be responsible to follow the event until its complete resolution, while activating an escalation procedure involving 5 levels of alerts. If the breach is deemed unusual, the RCO can call the manager for an interview and ask for immediate resolution of the breach, according to an emergency procedure.

Every event relative to the escalation procedure is added to the Guardian audit trail of the breach. So Guardian records and time stamps the entire audit trail, and the data is available for the fund managers, the risk teams, or audit purposes. Reports on breaches are sent twice a month to the heads of investment departments and the heads of Legal, Monitoring and Risk Department. Natixis Asset Management ensures that breaches in portfolios' guidelines are resolved in the clients' best interests.

### (C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1
FI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.		

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 11.2

Additional information. [Optional]

**Natixis AM encourages its investment teams to take into account extra-financial criteria in their investment decisions in two main ways:**

**- A broad sharing of extra-financial input with all our investment teams.**

- **The ESG scorings are notably made available** on an in-house digital library and directly on the Front Office tools.
- **These ESG scorings cover a large universe** that comprises more than 3,000 issuers, representing 94% of the Barclays Euro Corporate index.

**- The creation of an ESG Integration Committee for each investment division.** These committees, held twice yearly, are in charge of defining the best way of implementing ESG criteria into the various investment processes, by taking into account their specific features. **For corporate fixed income, an innovative approach has been defined to efficiently take into account ESG criteria when they could potentially impact an issuer's creditworthiness.** To sum up:

- While analysing corporate issuers, Natixis AM's credit analysts systematically review ESG input provided by our in-house RI research teams\* (i.e. thematic assessment / sustainably incorporation in business models and ESG rating arising from the extra-financial risk review).
- If the credit analysts find out that extra-financial criteria can significantly impact the issuer financial profile (either positively or negatively), they take into account the ESG input in their credit rating assessment.

***This combined research process is now systematically applied while analysing corporate issuers. Natixis AM targets a full coverage of its investments universe by the end of December 2015.***

FI 12

Voluntary

Descriptive

PRI 1

<b>FI 12.1</b>	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
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- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Company information and/or ratings on ESG are updated regularly
- ☒ A periodic review of the quality of the research undertaken or provided is carried out
- ☐ Other, specify
- ☐ None of the above

<b>FI 12.2</b>	Describe how ESG information is held and used by your portfolio managers.
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- ☒ ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☐ Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- ☒ Other, specify  
An ESG Integration Committee set up for each asset class
- ☐ None of the above

<b>FI 12.3</b>	Additional information.
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The processes we use to ensure that ESG integration is based on robust analysis is fully described in FI.07.2. And the way we incorporate ESG inputs in our fixed investment processes is detailed in FI.11.2 (corporate issuers) and in FI.13.2 (governments).

**It is also worth noting that a standard section "ESG assessment" has been included in all fixed income research factsheets, for corporate issuers.**

## Fixed income - Government

<b>FI 13</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>FI 13.1</b>	Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.
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☒ Yes

<b>FI 13.2</b>	Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.
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- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

FI 13.3

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 13.4

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

**Sovereign issuers are analysed according to a process based on indicators broadly acknowledged as legitimate, i.e. :**

- **The Governance assessment** is based on the **World Governance Indicators** published by the World Bank and financed by the Brookings Institution (an American think tank);
- **The Social/Societal assessment** is based on the underlying health, education and income statistics used by the UN Development Programme for the inequality-adjusted Human Development Index (iHDI);
- **For the Environmental pillar**, the RI research team relies on inputs provided by an extra-financial rating agency selected for the relevance and the comprehensiveness of its research in this area.

**ESG pillars are therefore systematically assessed during the extra-financial analysis process, covering a broad universe.**

**In terms of ESG integration into our investment processes:**

- **Social criteria can be taken into account for Euro and OECD countries;**
- **Governance criteria can be integrated in Emerging Countries analysis**
- **Environmental criteria are not taken into account:** indicators such as the environmental footprint are not considered as sufficiently relevant at this stage to systematically influence investment decisions or define the funds' investment universe.

☐ No

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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FI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.
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- ☒ We disclose it publicly

	Provide URL
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[http://www.nam.natixis.com/Content/Documents/NAM/A\\_propos\\_de\\_NAM/Engagements/EN/NAM\\_PRImars2014vdefEN.pdf](http://www.nam.natixis.com/Content/Documents/NAM/A_propos_de_NAM/Engagements/EN/NAM_PRImars2014vdefEN.pdf)

FI 18.2	Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.
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- ☐ Yes  
☒ No

FI 18.3	Indicate the information your organisation proactively discloses to the public regarding your approach to ESG incorporation.
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- ☒ Broad approach to ESG incorporation  
☐ Detailed explanation of ESG incorporation strategy used

FI 18.4	Indicate how frequently you typically report this information to the public.
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- ☐ Quarterly or more frequently  
☒ Between quarterly and annually  
☐ Less frequently than annually  
☐ Other, specify

FI 18.5	Indicate the information your organisation proactively discloses to clients/ beneficiaries regarding your approach to ESG incorporation.
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- ☐ Broad approach to ESG incorporation  
☒ Detailed explanation of ESG incorporation strategy used

FI 18.6	Indicate how frequently you typically report this information to clients/beneficiaries
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- ☐ Quarterly or more frequently  
☐ Between quarterly and annually  
☐ Less frequently than annually  
☒ Other, specify

On clients' request

- ☐ We disclose it to clients/beneficiaries only  
☐ We do not proactively disclose it to the public and/or clients/beneficiaries

**Natixis AM adheres to the highest standards with respect to transparency in order to offer investors total visibility as to how their assets are being managed. As a result, the ways we incorporate ESG issues into our investment processes are clearly described in two main documents:**

- Our 'Responsible Asset Management' policy, which explains how we implement concretely the 4 Principles of our policy, among which ESG integration strategy: <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Responsible-asset-management-policy>
- **The voting and engagement policy** (even though more related to listed equities), which summarises the scope of voting as well as the methodology and principles governing our analysis of resolutions; and describes the procedures in place to efficiently engage dialogue with issuers. <http://www.nam.natixis.com/en-UK/p/Governance-and-compliance-commitments-AD/Commitments-with-regard-to-voting-policy>

**In addition to these public documents, Natixis AM also provides its primary institutional clients (on request) with detailed presentations of its investment processes and with a tailor-made report that, among other things, includes:**

- **The ESG assessment of issuers held in their portfolios and updated ESG newsflow on those issuers ;**
- **A RI market review ;**
- **Engagement actions involving these corporate issuers**, and a qualitative focus on the main engagement topics ;
- **A quantitative and qualitative review of voting exercised on the issuers held in their portfolios:** evolution of the voting scope, geographical breakdown, thematic breakdown (transparency, compensation policy, etc.), results (percentage of For/ Against/ Abstain, etc.).

## Engagement in fixed income investments

### Fixed Income - Corporate

FI 19	Voluntary	Descriptive	PRI 2
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FI 19.1	Indicate if you engage with corporate issuers.
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☒ Yes

FI 19.2	Describe your organisation's approach to engagement in corporate fixed income.
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**As fully explained in the Active Ownership section (LEA.01 to LEA.15), Natixis AM engages dialogue with issuers according to 2 main approaches, handled by Mirova's RI research teams (our RI subsidiary) :**

- **On-going Engagement** : For the primary holdings that represent Natixis AM's key assets under management, our internal RI research teams are regularly in contact with issuers, in order to encourage best ESG practices. This dialogue is undertaken continuously within the context of our RI analysis, notably enabling an assessment of issuers' ESG practices.
- **Targeted Engagement**: these engagement actions are undertaken in order to obtain, within a predetermined timeframe, specific and measurable changes from the issuers. Targeted engagement is handled through Mirova's proprietary engagement platform which was specifically designed to bring together institutional investors with a common view of responsible investment. The targeted

engagement topics are identified on the basis of studies performed by the RI research team on sustainability issues and themes, and following discussion with the others investors involved in the engagement platform Natixis AM notably took part in two major collaborative engagement actions through this platform in 2014 (*for more details, please refer to LEA 05, LEA, 06 and LEA.11*).

**While undertaking those on-going and targeted engagement actions, Natixis AM targets issuers, either held in listed equities or corporate fixed income portfolios. For example, Natixis AM targeted 162 issuers in 2014 during its individual engagement actions, about their ESG practices. 325 areas for improvement were addressed in this context.**

☐ No