



# RI TRANSPARENCY REPORT

2013/14

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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# 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	✓	n/a							✓
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	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Public							✓
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	✓	Private							✓

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	✓	Public	✓						
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	✓	Public	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
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	✓	Public	✓	✓					
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	-	n/a		✓					
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	-	n/a	✓						
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		✓					

Direct - Infrastructure				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
INF 01	Breakdown of investments by equity and debt	✓	Public							✓
INF 02	Breakdown of assets by management	✓	Private							✓
INF 03	Largest infrastructure	✓	Public							✓
INF 04	Description of approach to RI	✓	Public	✓					✓	
INF 05	Responsible investment policy for infrastructure	✓	Public	✓					✓	
INF 06	Fund placement documents and RI	✓	Public	✓			✓		✓	
INF 07	Formal commitments to RI	✓	Private				✓			
INF 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
INF 09	ESG advice and research when selecting investments	✓	Public	✓			✓			
INF 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
INF 11	Types of ESG information considered in investment selection	✓	Public	✓		✓				
INF 12	ESG issues impact in selection process	✓	Public	✓						
INF 13	ESG issues in selection, appointment and monitoring of third-party operators	✓	Public				✓			
INF 14	ESG issues in post-investment activities	✓	Public		✓					
INF 15	Proportion of assets with ESG performance targets	✓	Public		✓					
INF 16	Proportion of portfolio companies with ESG/sustainability policy	✓	Public		✓					
INF 17	Type and frequency of reports received from investees	✓	Public		✓	✓				
INF 18	Proportion of maintenance projects where ESG issues were considered	✓	Public		✓					
INF 19	Proportion of stakeholders that were engaged with on ESG issues	✓	Public		✓					
INF 20	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
INF 21	Examples of ESG issues that affected your infrastructure investments	✓	Private	✓		✓				
INF 22	Disclosure of ESG information to public and clients/beneficiaries	✓	Public						✓	
INF 23	Approach to disclosing ESG incidents	-	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 only 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

633

OO 03	Mandatory	Descriptive	General
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**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	RI implementation reported here on a consolidated basis
Mirova Environnement et Infrastructures	<input checked="" 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
	<input type="radio"/> Yes <input type="radio"/> No

☐ No

**OO 03.3** Additional information. [Optional]

**Mirova Environnement et Infrastructures, signatory of the PRI since July 2013, became Mirova in January 2014, and no longer consists exclusively of infrastructure, but now encompasses a broader array of activities.** As the subsidiary of Natixis Asset Management dedicated to Responsible Investment, Mirova offers committed asset management with the aim of reconciling sustainable investment and the creation of value. Mirova's philosophy rests on a conviction that incorporating sustainable development concerns makes it possible to offer investors solutions for long-term value creation, not only by better identifying risks, but still more by identifying the investment opportunities of a changing world. Mirova takes a global approach to responsible investing: equities, fixed-income, infrastructure, Impact investing, as well as voting and investment. Mirova is the second largest European manager of open SRI\* funds and #1 for solidarity-based management\*\* in France and in Europe, with €3.4 billion of assets under management and €23.6 billion under advisory for voting and engagement. \*\*\* Mirova's multidisciplinary team brings together 45 experts from a variety of fields: thematic investment specialists, engineers, financial and ESG analysts, project specialists and experts in solidarity-based finance. Distributed worldwide by Natixis Global Asset Management, Mirova's offerings are open to all investor's, professional and non-professional.

**Given this substantial change, we have elected for reasons of clarity to complete a combined PRI report that covers the investment processes of both Natixis AM and its subsidiary.**

\* Source: Feri Lipper - 04/2013. \*\* Finansol 2012

\*\*\*Source: Natixis Asset Management as of 30 September 2013.

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		404	925	311	900
Currency	USD				
Assets in USD		404	925	311	900

**OO 04.3** 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 04.4** Additional information. [Optional]

The total Assets under Management for Natixis AM were **€293,860,671,241 as of 31 December 2013**;

The EUR/USD exchange rate on 31/12/13 was 1.37795.

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

Other (2), specify	0	0
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'Other (1)' specified
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#### Structured products

○ 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.
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**With 294 billion Euros under management,\*** Natixis Asset Management is one of Europe's foremost asset managers. Natixis Asset Management offers all its clients - institutional investors, companies, private banks, wholesale and retail banks - customized, innovative, high performance solutions that fall into **six broad classes of expertise**:

**Fixed Income** covers the entirety of the European credit instrument universe: monetary, sovereign debt, credit, inflation-pegged bonds, aggregate and convertible bonds

**European Equities** provides active fundamentals-based management as well as value style for the mid to large cap segment of European markets.

**Investment & Client Solutions (ICS)** proposes custom products and overall asset allocation services for institutional clients, large corporations, banks and term life insurance providers.

**Seeyond**, our volatility and structured products division, implements strategies that go beyond traditional conceptions of active management with an offer providing structured and active protection, model-driven equity management, and flexible allocation strategies with volatility controls.

**Global Emerging** offers conviction-driven asset management for all classes of emerging market assets: bonds, equities, currencies and commodities.

**Mirova** is our Responsible Investing subsidiary (see OO.03.3 for more details)

\* Source Natixis Asset Management - 31/12/2013.

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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<b>OO 10.1</b>	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 address ESG incorporation, engagement and/or (proxy) voting in our external manager selection, appointment and/or monitoring processes
- ☒ We engage with companies on ESG issues via our staff, collaborations or service providers
- ☒ We cast our (proxy) votes directly or via service providers
- ☐ None of the above

<b>OO 10.2</b>	Indicate if your combined internally and externally managed listed equities are 10% or more of your total AUM.
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- ☒ Yes, our total listed equities are 10% or more of our total AUM
- ☐ No, our total listed equities are less than 10% of our total AUM

<b>OO 11</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	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
- ☒ Infrastructure
- ☒ Inclusive finance
- ☒ Cash
- ☐ Other (1)
- ☐ None of the above

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

<b>OO 11.2</b>	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.
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- ☐ Fixed income – corporate
- ☐ Fixed income – government
- ☐ Fixed Income – other
- ☐ Inclusive finance
- ☐ Cash
- ☒ None of the above

<b>OO 12</b>	<b>Mandatory</b>	<b>Gateway</b>	<b>General</b>
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**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always 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

## Direct - Other asset classes with dedicated modules

- ☒ Infrastructure
- ☐ Inclusive Finance

**RI implementation via external managers****Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

**OO 12.2**

## Additional information. [Optional]

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

# Natixis Asset Management

## Reported Information

## Public version

## Overarching Approach

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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.

☒ Yes

☐ No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

☒ Yes

☐ No

Here on the cusp of our sixth year as members of the PRI, we have decided to reaffirm our commitments by designing and implementing an ambitious Responsible Asset Management Policy to be applied across all of our investment processes. This policy, the outcome of a protracted and in-depth deliberation conducted over several years, was published in 2013, and is structured around **4 principal commitments each comprised of several initiatives.**

### **1. Understand the main issues of sustainable development, analyse their impact on the various sectors and evaluate a broad spectrum of issuers in terms of ESG**

Our Responsible approach is rooted in a thorough investigation of the dominant issues of the 21st century, which weigh heavily on the sustainability of our economic and financial system. Given their diversity and complexity, these sustainable development issues can directly affect the activities of issuers by creating new sources of risk, and of opportunity. As asset managers, we undertake as a means of reinforcing our management to analyse these issues and to what extent they are recognized by issuers. To this effect, we have developed a pioneering methodology for extra-financial research, designed and applied by a team of Responsible Investment analysts with strong credentials from an array of disciplines.

### **2. Manage assets in a responsible and committed manner**

Responsibility limited to a few portfolios or funds is no responsibility at all. The second pillar on which our Responsible Asset Management Policy rests involves taking into account extra-financial facets into consideration for all our investment decisions, using a customised approach that is tailored to different investment processes.\* This responsible management is based on **two distinct but complementary procedures.**

- **Integration of extra-financial criteria in all of our investment processes:** In order to contribute to sustainable value creation and protect our clients' long-term interests, we take into account all of the factors that are likely to impact the performance or risk profile of their portfolios, including certain relevant ESG factors. This response to our social and fiduciary responsibility takes two forms:
  - ESG integration, using extra-financial sources as complementary input in all investment processes.
  - The exclusion of securities that are in contradiction with our Responsibility principles, and particularly the issuers involved in controversial weapons activities.
- **Creating innovative products with a positive impact in terms of sustainability:** Confident in the opportunities that may arise from sustainable development, Natixis AM created Mirova, a subsidiary dedicated to Responsible Investment. Its approach is to develop innovative financial products, with ESG aspects at the core of the generation of investment ideas.

### **3. Encourage issuers to improve their ESG practices**

As asset managers, we are committed to using our influence positively and guiding issuers in improving their environmental, social/societal and corporate governance (ESG) practices. This incentive to progress is based on two primary elements:

- **Exercising our voting rights** in general meetings, on an exhaustive scope\*\* and in accordance with a demanding and active policy, including social and environmental issues.
- **Engagement** that involves maintaining a permanent dialogue with issuers, with the objective of understanding their practices and helping them reach higher ESG standards.

### **4. Develop RI/ESG standards in cooperation with our peers, and promote Responsible Investment**

We are actively involved in specialised professional bodies with the goal of advancing and standardising responsible investment practices. Our contribution takes the form of assiduous presence as members of working groups, material support for structural discussions (upstream research shared in sessions, production of position papers, etc.), and a central role in various organisations (chairmanship of several commissions). We also initiate regular lobbying action to promote ESG best practices in these bodies and from national and international regulators.

*\*This customised accounting is explained in the Listed Equity, Fixed Income and Infrastructures sections*

*\*\*100% of the eligible voting universe*

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://urlz.fr/j3Z>

☐ 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 report	<a href="http://urlz.fr/j3Z">http://urlz.fr/j3Z</a>
Proxy voting & engagement policy	<a href="http://urlz.fr/iVR">http://urlz.fr/iVR</a>
Voting & engagement report, 2013	<a href="http://urlz.fr/IVP">http://urlz.fr/IVP</a>

☐ No

**Natixis AM sets high requirements for transparency**, with a view to offering its investors total visibility as to the way in which their assets are managed. To make this more understandable, Natixis AM's approach to integrating the principles of Responsibility into its investments is presented in **two main documents**:

- **The responsible asset management policy**, which provides an overall synthetic view of the approach.
- **The voting and engagement policy**, summarising the scope of the exercise of voting rights,, the methodology and principles of resolution analysis, and the operational approach to optimising the efficiency of constructive dialogue with issuers.

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 checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" 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 has established a responsible investment policy comprising a wide range of initiatives, applied to relevant asset classes. The exclusion policy thus applies to all investment process (corporate issuers), the voting policy applies to 100% of securities eligible for voting, and engagement actions can be undertaken for issuers involved in investment should major ESG issues be identified and/or to encourage the improvement of practices if the issuer represents a significant holding in our portfolios.

ESG integration is deployed very widely at Natixis AM. We provide our managers with ESG scoring for a broad universe of 3,018 securities, representing 98% of the MSCI World Index, and more than 90% of Barclay's Euro Corporate. In addition to this scoring, we distribute ESG information to the portfolio manager teams, taking into account the specific features of each asset class and investment process. All evaluations are made available to managers in the Front Office. Qualitative ESG input (studies, issuer ESG profiles, etc.) are given priority for fundamental asset management processes, while quantitative and model-based approaches mainly employ ESG scores. ESG integration committees for each asset class have also been put in place to design ESG integration methods that are suitable.

Environmental, social and corporate governance issues are studied in depth by responsible investment specialists at our subsidiary Mirova, using a pioneering and proprietary methodology.

**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

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 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.

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 Asset Management to its clients.

Moreover, the activities of corporate/investment banking and asset management are housed in distinct entities within Natixis. This Chinese Wall of regulation 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 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 the management of possible conflicts of interest is also stipulated in the voting policy:**

*"...The management company exercises voting rights exclusively in the interest of unitholders, without regard for its own interests, and with respect for the principles to which the management company intends to refer at the time of exercising these rights. Natixis AM has implemented a procedure aiming to forestall, detect and manage conflicts of interest. Thus:*

- *If a conflict occurs between Natixis AM and one of its clients, the RCCI-COMPLIANCE OFFICERS in consultation with the other members of the team in charge of the 'exercise of voting rights' will decide what approach to take.*
- *If one of the members of the team in charge of the 'exercise of voting rights' finds him or herself in a conflict of interest on a vote, he or she must immediately inform the RCCI COMPLIANCE OFFICERS and not participate in the exercise of the concerned vote.*

*In such case where the exercise of the voting rights for a company would expose Natixis AM to a significant conflict of interest, the head of extra-financial research at Natixis AM shall submit the matter to the head of compliance, who will decide the stance to take and whether to participate in the general meeting of said company."*

☐ No

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]
---------	------------------------------------

This multiplicity and transversality of our responsible management policy's guiding principles led us to implement a structured strategy, articulated around an action plan for improvement steered by a dedicated body: **the 'Responsible Asset Management' working group**. Attached to the CSR Committee and dedicated to orchestrating the Sustainable Development approach, the group meets regularly to establish and update a clear roadmap, including:

**-A long-term vision**, along the lines of what we require of the issuers in which we invest. This involves defining and regularly reinforcing the cornerstones of our responsible investment policy based on the conclusions of our internal discussions on the various themes (engagement, ESG integration, etc.), and incorporating the discussions of the major professional bodies.

**-A medium-term vision:** Annual objectives, ambitious but attainable, are set for each policy area in order to ensure the policy's efficient deployment, and to track progress that has been made.

**-Short-term monitoring:** The committee meets regularly to maintain the deployment dynamic, monitor the rate of achievement of annual goals, and adjust actions if necessary.

This working group, which brings together all Natixis AM's department heads with ESG experts from Mirova (our dedicated RI subsidiary), is charged with cooperatively developing an approach to responsible investment that is logical, suited to the specificities of each asset class, and can be followed by of all of the teams.

## Governance and human resources

OA 07	Voluntary	Descriptive	General
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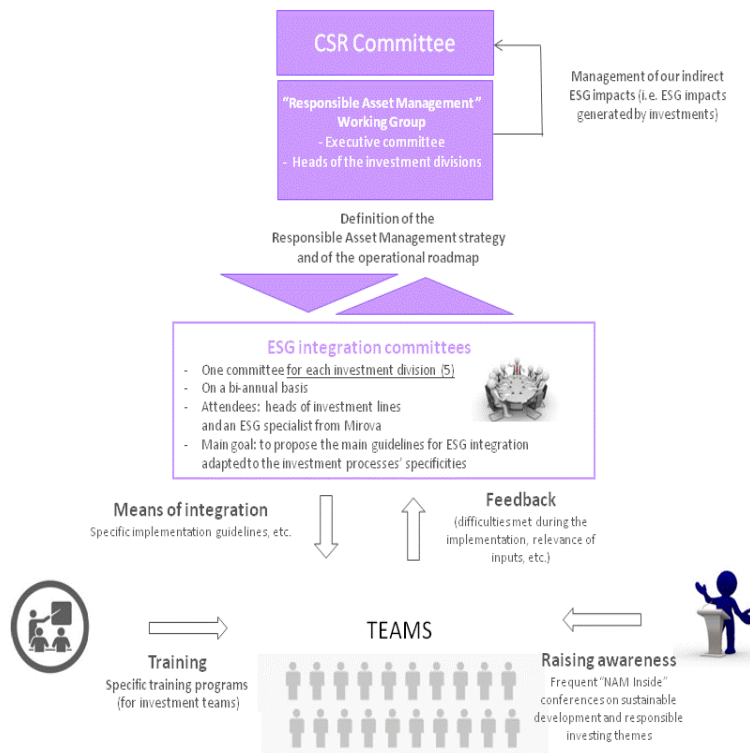
By signing the PRI in 2008, we made the choice to put the concept of Responsibility at the heart of our asset management business. Much more than a mere statement of intent, our engagement activities in the area are accompanied by an ambitious and structured approach, supported by committed leadership and shared by partners who are aware of and trained in extra-financial issues. We have thus formed a '**Responsible Asset Management Working Group**', attached to the **CSR Committee** (in charge of broadly orchestrating the Sustainable Development approach), and made up of all of the members of the executive committee and chief investment officers for each business units as well as representatives of Mirova (our RI subsidiary).

**The mission of this working group is to cooperatively develop an approach to responsible asset management** that is logical, suited to the specifics of each asset class, and agreed upon by all of the teams. **This working group will therefore lay out the key areas of the responsible asset management policy, as well as an operational roadmap to ensure optimal deployment.**

**These guidelines were shared with the management directors during ESG integration committees**, tasked with proposing priority areas of ESG integration according to the various investment processes, defining modes of application and distributing them to portfolio managers teams, and collecting their feedback regarding the use of ESG input (useful elements, potential difficulties, etc.).

A mechanism for awareness and training was also put into place to ensure the teams' adherence to our responsible asset management policy (see detail in 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
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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
  - Mirova Director of RI Research**
    - ☒ 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

<b>OA 08.2</b>	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
----------------	---

	Number
--	--------

45

<b>OA 08.3</b>	Additional information. [Optional]
----------------	------------------------------------

The responsible management policy 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 a working group uniting all of the department directors (CIOs)
- The 'Responsible Asset Management' working group is attached to the CSR Committee, piloted by Natixis AM's Chief Operating Officer

Deployment is assured:

- as a priority, by teams from Mirova, our subsidiary dedicated to responsible investment made up of 45 multidisciplinary experts;
- but also more broadly by all of our analysis and portfolio managers teams, whose goal is to gradually improve in the understanding and consideration of ESG issues..

## Promoting responsible investment

<b>OA 10</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>OA 10.1</b>	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
----------------	---

☒ Yes

<b>OA 10.2</b>	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

- ☐ Asian Corporate Governance Association
- ☐ Association for Sustainable & Responsible Investment in Asia
- ☐ Australian Council of Superannuation Investors
- ☒ CDP Climate Change

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 is a signatory to the initiative

- ☐ 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]

- Philippe Zaouati, CEO of Mirova (RI subsidiary of NAM) is a member of the ICGN Board.
- Zineb Bennani, Mirova's Head of Governance Research and Engagement, is a 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  
☒ 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]
--

Natixis AM is signatory to the PRI since 2008 and participates in the annual cycles of reporting and evaluation. NAM also actively participated in several collaborative engagement initiatives undertaken by the PRI (anti-corruption, improvement in hydraulic fracturing practices, working conditions in the textile sector supply chain, control of palm oil, etc.)

- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
☒ 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)

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]

We actively contribute to UNEP-FI discussions on asset management.

☐ United Nations Global Compact

☒ Other collaborative organisation/initiative, specify

EFAMA's SRI Commission

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 is the head of the working group on responsible investment of the EFAMA, the European Fund and Asset Management Association

☒ 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, CEO of Mirova (RI subsidiary of NAM) is a member of the council,
- Hervé Guez, Director of RI Research, is a member of the working group,
- and one of our SRI 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 chairs a working group in Cambridge's Programme for Sustainability, whose role is to reflect over the course of 3 years on a model linking responsible investment and value creation for the real economy.

☒ 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, Mirova's Director of RI Research, is a member of the FIR Board, and the RI analysis teams actively contribute to work in the 5 permanent committees: appeals, research, general public, issuer relations, civil society relations.

Hervé Guez piloted a working group whose objective was to overhaul FIR governance and bylaws. This overhaul promoted the participation of all SRI body actors in FIR work.

☐ No

**OA 10.3**
**Additional information. [Optional]**

Its position in the foreground of the SRI market, and more broadly in the asset management industry, places a burden of responsibility on Natixis AM to participate in the cooperative development of RI/ESG standards. As these topics are still undergoing harmonisation and professionalization, we give high priority to white papers and contribute to structural discussions on Responsible Investment, particularly through an active presence in the main dedicated professional bodies. In 2013, we significantly expanded our initiatives in this respect, and are today represented in the primary organisations aiming to come up with a common extra-financial approach, and to promote Responsible Investment (see list of the main bodies above)

It is to be also noticed that Natixis AM also plays an active role in other collaborative organisations that we couldn't mention above (because of the limited space) :

- Natixis AM is a member of EUROSIF and participates in work defining typologies of SRI practices in view of upcoming studies.
- Philippe Zaouati, CEO of Mirova (subsidiary of Natixis AM), chairs the French AFG's SRI Commission, whose objective is to propose a vision and initiatives for SRI. Hervé Guez, Mirova's Director of RI Research, is also an active member of this commission.
- Zineb Bennani, Mirova's Head of Governance Research and Engagement, is an active member of AFG's Corporate Governance Commission.
- Hervé Guez, Mirova Director of IR Research, is a member of Paris Europlace SRI-CSR commission, tasked with making proposals to Paris Europlace to promote the development of CSE and SRI for financial players

**OA 11**
**Mandatory**
**Core Assessed**
**PRI 4**
**OA 11.1**

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

☒ Yes

**OA 11.2**

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 through multiple initiatives:

- 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 establishments, particularly through our partnership with the Cambridge Programme for Sustainability Leadership (CPSL), aiming to promote sustainable investment and encourage both European and international finance professionals to adopt more responsible behaviours.
- Increased presence in numerous IR professional bodies, to collaborate with our peers and improve RI/ESG practices (see detail question OA.10)
- Active participation in RI conferences: our experts were called upon to present their vision of responsible investment at 33 conferences and round tables in 2013 on various topics (e.g. P. Zaouati's involvement in the LH forum on 'the movement for a positive economy', J. Peers' presentation during First Global Investor Forum on Climate Change organised by ASriA, etc.)
- Regular publication of research papers produced by our team of RI analysts, collected in a semi-annual book, 'Mirova's thoughts', and accessible on the Mirova website: <http://www.mirova.com/fr-FR/Mediatheque/Travaux-de-recherche-Mirova>
  - Thematic studies (e.g. 'The electric vehicle: are we on track?'; 'Shale gas and other unconventional gases: new resources, new stakes'; etc.).
  - 'Focus' studies (e.g. 'Towards a world at +4°C', 'Horse meat: yea or neigh?', 'The Arctic: the new El Dorado of oil?'; 'What regulations for proxies?'; 'Cheap clothes, but at what price?'; 'Flaring: a blight on the American energy nightscape'; 'Climate Wars, episode II - Return of the President', etc.)

Natixis Asset Management and Amadeis have joined together since 2008 to give the Responsible Investor Prize, in collaboration with the French daily Les Echos. This prize acknowledges institutional investors who, through their actions, have stood out in the past twelve months for their responsible investment approach. In this context, Natixis AM encourages institutional investors in particular to sign and comply with the Principles for Responsible Investment.

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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OA 12.1	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

**OA 12.2**

Select the methods you have used.

- ☒ 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

Philippe Zaouati, Mirova CEO and former Natixis AM deputy CEO, participated in the French National Assembly's roundtable on transparency in the governance of large companies

**OA 12.3**

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.assemblee-nationale.fr/14/rap-info/i0737.asp>

☐ No

☐ No

**OA 12.4**

Additional information.

In addition to Philippe Zaouati's involvement in the French National Assembly's work on transparency in the governance of large companies, Natixis AM has contributed:

- To the white paper on energy transition, including the proposition of creating an SRI label
- To the report given to the French President on the positive economy

Natixis AM also participated in various working sessions and professional body consultations aiming to better define responsible investment standards:

- Participation in working groups in the French Asset Management Association and the FIR (French SIF), whose objective was to find a shared official definition of SRI in France.
- Contribution to the EUROSIF report on investor engagement
- Contribution to the ItalianSIF report on engagement
- Response to ICGN consultation on diversity within boards
- Organisation of an IIRC work session bringing together investors on integrated reporting; response to consultations in the framework of the IIRC initiative
- Participation in a shareholder consultation on behalf of the Access To Medicine Index initiative to cooperatively define the axes of improvement for the 2014 index.

**ESG issues in asset allocation**

OA 14	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	---

☒ Yes

<b>OA 14.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	--

	% of total AUM
--	----------------

1

<b>OA 14.3</b>	Please specify which thematic area(s) you invest in and provide a brief description.
----------------	--

	Area
--	------

☒ Clean technology

	Asset class invested
--	----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

Aside from the natural inclusion of clean technologies in its multi-thematic approach (see 14.4), Mirova invests in renewable energy infrastructure (wind, solar, biomass, etc.) through its FIDEME / EUROFIDEME 2 funds.

☒ Green buildings

Asset class invested
----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

Brief description of investment
---------------------------------

See Mirova's multi-thematic approach, described in section 14.4

☒ Sustainable forestry

Asset class invested
----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

Brief description of investment
---------------------------------

See Mirova's multi-thematic approach, described in section 14.4

☒ Sustainable agriculture

Asset class invested
----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

See Mirova's multi-thematic approach, described in section 14.4

☒ Microfinance

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Fixed income - other
- ☐ Infrastructure
- ☒ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

In its support mission, 10% the net assets of the Impact Nord Sud Développement fund can be invested in securities from microfinance institutions and in shares of small and mid-cap companies.

☒ SME financing

	Asset class invested
--	----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☒ Fixed income - other
- ☐ Infrastructure
- ☒ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

In its support mission, 10% the net assets of the Impact Nord Sud Développement fund can be invested in securities from microfinance institutions and in shares of small and mid-cap companies.

☒ Social enterprise / community investing

Asset class invested
----------------------

- ☒ Listed equity
- ☒ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

Brief description of investment
---------------------------------

In our Impact Investing area, the 3 "Insertion Emplois" funds aim to invest in companies and finance solidarity structures that actively contribute to the creation or the consolidation of jobs for people in need.

- ☒ Affordable housing

Asset class invested
----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

Brief description of investment
---------------------------------

See Mirova's multi-thematic approach, described in section 14.4

- ☒ Education

Asset class invested
----------------------

- ☐ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

Through its FIDEPPP /FIDEPPP 2 funds, Mirova finances various infrastructure projects of public utility, including some concerning education (e.g. universities)

☒ Global health

	Asset class invested
--	----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☒ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

Through its FIDEPPP /FIDEPPP 2 funds, Mirova finances various infrastructure projects of public utility, including some concerning health (e.g. hospitals)

Health is also a sub-theme of the Mirova Europe Life Quality fund, and one of the themes covered by Mirova's multi-thematic approach (see question 14.4)

☒ Other area, specify

Climate Change

	Asset class invested
--	----------------------

- ☒ Listed equity
- ☐ Fixed income - corporate
- ☐ Fixed income - government
- ☐ Fixed income - other
- ☐ Infrastructure
- ☐ Inclusive finance
- ☐ Cash

	Brief description of investment
--	---------------------------------

Mirova Global Climate Change mainly invests in companies that are positively involved in issues related to climate change, i.e., securities that contribute to:

- reducing greenhouse gas emissions,
- adapting to the inevitable consequences of climate change,
- improving the use of natural resources.

☐ No

OA 14.4	Additional information.
---------	-------------------------

**The thematic/multi-thematic investment approach taken by Mirova, Natixis AM's RI subsidiary, entails investing in sustainable business models, the creators of long-term value.**

It involves proposing fundamentally ethical management for European and worldwide companies, bringing solutions to sustainable development problems.

In practical terms, this entails selecting companies that are 'tomorrow's winners', that have the ability to perform over the long term via business models fully integrating the challenges of sustainable economic development. These issues are grouped around **8 sustainability themes**, enabling the identification of investment opportunities along the entire value chain and across all sectors of activity:

- **Sustainable energy**
- **Sustainable mobility**
- **Sustainable resources**
- **Sustainable consumption**
- **Sustainable buildings and cities**
- **Sustainable health**
- **Sustainable finance**
- **Sustainable information and communication technologies**

## Asset class implementation not reported in other modules

OA 15	Voluntary	Descriptive	General
OA 15.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		



Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - other	
Inclusive finance	<p>In its support mission, 10% of the net assets of the Natixis Impact Nord Sud Développement fund can be invested in securities from microfinance institutions and in shares of small and mid-cap companies. Note that, consistent with its mission of solidarity, the fund allocates a minimum of 75% of its assets to bonds issued by supranational issuers (World Bank, European Bank for Development, African Bank, etc.).</p> <p>Natixis Solidaire, our FCPR dedicated to the management of solidarity pockets of employee saving funds, finances a range of solidarity projects, and contains a microfinance element.</p> <p>Note that the finance segment may need to develop given our ambitions for Impact Investing, with an already comprehensive range including funds for reintegration by employment and an obligatory fund on the North-South solidarity theme.</p>
Cash	

## Innovation

OA 18	Voluntary	Descriptive	General
OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.		

Our engagement approach is particularly complete and original. Beyond the traditional avenues for dialogue with issuers (direct, individual actions by companies; association with collaborative professional actions), **Natixis AM has made a choice to share its expertise with other actors through its dedicated subsidiary, Mirova, with a view to promoting the development of responsible shareholding practices.**

This involves offering institutional investors and asset managers **services pertaining to voting and engagement**, with a view to encouraging long-term value creation for company stakeholders. These service are based on an approach that is:

- **Pragmatic:** analysis from the investor's standpoint, taking into account the macroeconomic context, and local and company specifics
- **Responsible:** integration of environmental and social criteria into resolution analysis
- **Constructive:** permanent dialogue and engagement with companies

# 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

In addition to the impact they may have on sustainable development, certain ESG practices can have a direct effect on issuers' economic performance in the form of risks or opportunities. These extra-financial criteria can have repercussions on the portfolio in which the security is held, and are thus considered pertinent, even in the context of traditionally managed portfolios. ESG risk factors are particularly important for evaluating the risk profile of bond issuers. Whether in terms of our social responsibility or our fiduciary duty, we encourage all our management teams to take heed of ESG factors in their asset management process, primarily by integrating ESG criteria, and in certain instances, by implementing a systematic exclusion from portfolios.

#### a) Progressive integration of ESG into each and every portfolio

In order to promote the incorporation of ESG factors as part of all investment processes, we have instituted extra-financial training for all portfolio manager teams. Natixis AM also implements a self-imposed discipline as to coverage (more than 90% of the Barclay's Euro Corporate) and access to information. Thus, all issuers held in portfolios are analyzed from an ESG standpoint, and qualitative analyses are made available via an online portal shared by all portfolio manager teams. The evaluations are also available using Front Office tools, ensuring that ESG considerations are present throughout every phase of investment process.

. In addition to these traditional avenues for incorporating ESG, Natixis developed an innovative integration model in 2013 that takes into account the specificities of different asset classes.

This mode relies on three primary levers:

- **Availability of quality extra financial research tailored to the different styles of investment process underway:** this helps ensure that ESG inputs are suitable for the different investment approaches:
  - Investment processes based on fundamental approaches rely on both qualitative and quantitative extra-financial information put together by our in-house RI research teams (studies with a sustainable development focus, sectorial ESG analysis, qualitative ESG analysis of issuers, ESG and thematic opinions etc.).
  - Investment processes based on quantitative approaches focus on ESG evaluations.
- **Creation of a separate ESG integration committee for each asset class:** these committees meet twice yearly and bring together the portfolio manager team representatives with representatives from Mirova. Their objective is to define the primary avenues to explore for integrating ESG within each type of investment process, establish mechanisms for sharing these with management teams, and centralizing feedback from portfolio managers and financial analysts (inputs employed, obstacles to ESG integrations, etc.)
- **Study of ESG integration for each new investment process introduced:** an in-depth reflection is systematically undertaken in concert with the portfolio manager, ESG specialists and the product engineering teams, in order to establish during the building phase of the investment process what is the most relevant way of incorporating ESG aspects by taking into account its specificities.

#### b) A single exclusion policy is applied to the totality of directly managed portfolios

Our engagement may also consist in refusing to support activities or practices contrary to the fundamental principles of Responsibility. Private issuers implicated in the production, use, stockpiling, distribution or transport of anti-personnel mines or cluster munitions are thus the object of a blanket exclusion from all portfolios, in accordance with the Ottawa and Oslo conventions signed by a number of nations, including France.

## 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 (estimate +/- 10%)

%  
94

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☒ All three strategies combined

Percentage of actively managed listed equities to which each strategy or combination of strategies is applied (estimate +/- 10%)

%  
6

- ☐ No incorporation strategies applied

Total actively managed listed equities

100%

**ESG Incorporation and negative screening**  
**(94% of equity assets)**

Natixis AM has chosen to deploy ESG integration strategies and negative selection (for controversial weapons) across the whole of its conventional management processes because, independently of sustainability concerns, certain practices identified by ESG analysis can directly influence economic performance in the form of risks or opportunities. Certain extra-financial criteria can thus have an impact on the portfolio holding the security, and are consequently deemed relevant, including for traditional management strategies. Whether in terms of our social responsibility or our fiduciary duty, we encourage all our management teams to take heed of ESG factors in their management, primarily by incorporating ESG criteria, but in certain instances as a general exclusion from all portfolios.

**Thematic management, ESG incorporation and negative screening**  
**(6% of equity assets)**

One of the central features of Natixis AM's Responsibility Policy is a focus on developing products that concretely address the challenges of sustainable development; We see this as our duty as asset managers, and the corollary of our high standards for issuers. Alongside the progressive inclusion of extra-financial factors throughout our investment processes and the exclusion of controversial weapons, Natixis AM has also developed, through its Responsible Investment subsidiary, Mirova, a number of innovative products that offer positive contributions to sustainable development. These Responsible and Solidarity-based funds, which are highly distinctive and in many cases certified, are designed to meet the needs of individual and institutional investors that seek involvement in portfolios with strong commitments.

The management of these funds partakes of a process characterized by constant progress and innovation, and has evolved considerably over the last two years. We have come up with new strategies for achieving responsible investment with a positive ESG impact. This approach extends and continues the RI and solidarity-based product lines Natixis has been developing since 1985, and surpasses previous efforts by aiming for excellence according to both financial and extra-financial criteria, thanks to a methodology that places ESG at the heart of the investment identification and selection process. This shift was brought about by our conviction that companies that have exposure to positive long-term trends today, and/or actively position themselves to confront the challenges posed by sustainable development, will be the economic powerhouses of tomorrow. Mirova, the subsidiary of Natixis Asset management dedicated to Responsible Investment has developed this approach from several different angles (multi-thematic equities, impact investment, etc.) all of which share the common goal of creating long term value while connecting investments with the real economy and favouring sustainable assets that fully address the challenges of creating sustainable economic growth. These funds, which represent 6% of equities under management, thus combine thematic approaches, screening, and ESG incorporation.

**ombination # 1: ESG Incorporation + negative screening**  
**(94% of equity under management)**

We maintain a list of issuers that are implicated in controversial weapon and therefore ineligible for investment across the entire investment universe. In tandem with this exclusionary policy, ESG inputs, both qualitative and quantitative, are made available to every one of our portfolio manager's teams to provide a basis for investment decisions. Natixis AM has set itself a disciplined procedure in terms of both analysis coverage (98% of the MSCI World Index is evaluated from an ESG standpoint), and access to information; in fact, issuers held in our portfolios first undergo an ESG analysis, then the qualitative analyses are made available online via a shared information portal open to all portfolio managers teams, while company ESG ratings are available using Front Office tools, such that ESG is present throughout each phase of investment process.

**Combination # 2: thematic management + ESG incorporation + positive selection**  
**(6% of total equity under management)**

In addition to applying the ESG integration strategy and exclusion policy described above, the equity funds managed by Mirova, our subsidiary dedicated to RI, are managed in keeping with a responsible investment approach that carries a sustainable development theme.

**The three approaches are combined as follows:**

**1/ Placing extra-financial analysis at the heart of idea generation:** Mirova's equities portfolios have as their primary objective to invest in sustainable business models that offer long-term value creation. Practically speaking, this consists in selecting 'tomorrow's winners' today: companies with the capacity to deliver long-term performance through business models that fully address the challenges of sustainable economic growth. These issues have been categorized within a typology covering 8 dominant themes of sustainability that helps make it possible to identify investment opportunities all along the value chain and across all sectors of the economy. Our themes are: Sustainable Energy, Sustainable Mobility, Sustainable Resources, Sustainable Consumption, Sustainable Construction and Urbanism, Sustainable Healthcare, Sustainable Finance and Sustainable Information and Communications Technologies. Each portfolio may focus on one or several of these themes.

**2/ Systematic incorporation of ESG risks:** alongside the selection of sustainable business models (see above), Mirova's equity portfolios systematically perform an in-depth evaluation of a company's ESG practices prior to any investment. This review of ESG risks is based on analysis performed by the Mirova RI research team, which itself draws a variety of sources, including direct dialogue with companies representatives extra-financial thematic work groups, sell-side analysis or from extra-financial agencies reports chosen for the quality of their ESG research as well as NGO reports, media etc.

**3/ Negative Screening:** Lastly, portfolio managers verify that no asset held in the portfolios is implicated in activities in any way touching controversial weapons (anti-personnel mines and cluster munitions), as per the company-wide policy of exclusion maintained by Natixis AM. Special mention should be made of Mirova's absolute ESG evaluation system, which produces implicit sectorial biases that effectively limit investments in types of activities that fail to offer solutions to sustainable development challenges.

LEI 04	Voluntary	Additional Assessed	PRI 1
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LEI 04.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.
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#### 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
- ☒ 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.

Analysts from the in-house RI research team draw on a variety of resources to support their extra-financial analysis and gather quality ESG data for the benefit of portfolio manager's teams. Sources include direct dialogue with company management and employees, extra-financial thematic work groups, sell-side analysis, reports from extra-financial rating agencies chosen for the quality of their ESG research as well as reports from NGOs, media etc.

- **Raw ESG Company data** : raw ESG data and KPIs are secured by the in-house RI research team, either directly from issuers (sustainable development reports, annual reports, exchanges with sustainable development department or Investor Relations personnel etc.) or by proxy through intermediaries such as sell-side analysts or extra-financial ratings agencies.
- **Company-related analysis or ratings:** the ESG evaluation of issuers is performed by the RI research team on the basis of:
  - Their own research and analysis, which for Core issuers always entails dialogue with the companies involved, as well as engagement actions when areas for improvement have been identified.
  - Secondary sources such as the ratings of external research providers as concerns the broader investment universe.
- **Sector-related analysis and ratings:** The RI research team undertakes sector-related analysis that examine the ESG risks associated with particular sectors ; these analyses draw on sectorial analysis from sell-side analysts as well as from extra-financial ratings agencies.
- **Country-related analysis or ratings:** ESG analysis of issuers and thematic studies usually incorporate a geopolitical perspective by taking into account context where appropriate (local regulations and/or prevailing practices, cultural biases etc.). For instance, the thematic study published by the RI research team in December of 2013 on the topic of Arctic drilling addresses particular risks more or less specific to certain countries in the zone, such as Russia. Our Governance themed study of executive compensation also provides a comparative perspective of practices and regulations among a number of countries. Our ESG research providers similarly include contextual information in their analyses. Mirova's publications are available online in our digital library at: <http://www.mirova.com/fr-FR/Mediatheque/Travaux-de-recherche-Mirova>
- **Screened stock list:** The ESG evaluations performed by our RI research team on the basis of in-house investigations and/or drawing on input from sell-side analysis or ratings agencies permit us to draw up lists of eligible/ineligible securities for each investment process. For instance, the thematic opinions that assess the adequacy of sustainable business models make possible a list of eligible securities for the Responsible Investment approach used at Mirova, while the exclusion list of issuers implicated in activities related to controversial weapons-established with support from extra-financial ratings agencies, define a perimeter of excluded issuers for all Natixis AM portfolios. Sell-side analysts also produce sector-wide studies that highlight securities that positively reflect certain themes. These recommendations contribute to our deliberation process but are not employed as screening lists per se for our portfolios.
- **Issue-specific analysis or ratings:** One of the primary functions of our 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, our RI analysts regularly produce thematic studies on issues relevant to sustainable development, as well as focus pieces that address more tightly-framed topics to expose the issues and risks at stake and identify the sectors with the highest exposure. In order to produce these materials our in-house team draws on:
  - A variety of sources (sell-side analysis and ratings agencies, which also produce thematic publications).

- The close-knit partnership that Natixis AM/Mirova has built since 2013 with the University of Cambridge, via the Cambridge Programme for Sustainability Leadership, to cooperate in furthering knowledge of particular issues in sustainability.

<b>LEI 04.3</b>	Indicate if you incentivise brokers to provide ESG research.
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☒ Yes

<b>LEI 04.4</b>	Describe how you incentivise brokers.
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Constructive dialogue with our service providers is a constituent part of our engagement process. We encourage sell-side analysts to develop and improve their ESG research publications according to a threefold approach:

- A portion of their compensation is pegged to the quality of their ESG input. Our RI analysis and portfolio manager's teams are thus called upon to evaluate each analyst on this basis during our analyst review process.
- We are fully transparent regarding the amount of compensation allocated to sell-side extra-financial research (10%).
- We regularly make suggestions to sell-side analysts regarding potential ESG topics to cover, in order to promote improvement of their research publications.

☐ No

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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☒ Engagement

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

☒ (Proxy) voting

- ☒ We have a systematic process to ensure the information is made available.
- ☐ We occasionally make this information available.
- ☐ We do not make this information available.

**LEI 05.2****Additional information. [Optional]**

Natixis AM verifies that information pertaining to the exercise of voting rights and engagement is made available to portfolio manager's teams, even where such inputs have no direct bearing on investment decisions.

Such information is made available through four channels:

- Portfolio managers participate in meetings dedicated to the topics of voting and engagement with companies; conversely, IR analysts participate in mainstream management meetings with companies, during which questions about engagements are broached.
- Integration of each engagement action's results into the ESG analyses made available to portfolio managers.
- Centralisation of all information relevant to ESG, voting and engagement in a centralized database available to portfolio managers on request. Automatic access to this file is currently in the programming phase of development.
- Annual 'Voting and Engagement' presentations to equities management teams. These gatherings cover a review of votes cast, changes to the voting policy, a review of engagement actions and the engagement strategy.

**(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
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Negative screening is undertaken at two levels within Natixis AM

**1. For mainstream portfolios:** In keeping with international agreements to which France is a party, Natixis Asset Management excludes from the funds it manages any company implicated in the design, manufacture, sale, transport or storage of anti-personnel mines or cluster bombs.

**2. For Core SRI portfolios:** our SRI equities funds are managed in accordance with a thematic approach (described below) which includes a review of ESG practices, consequent to which certain issuers may be deemed ineligible

☒ Positive/best-in-class screening

#### Screened by

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

	Description
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Our SRI equities portfolios are managed in accordance with a thematic or multi-thematic approach that consists in pursuing investment in sustainable business models, that is to say, companies which:

- Propose products/services that contribute to facing the main challenges of sustainable development
- Present excellent ESG practices

☒ 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
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The Environmental and Social evaluation process takes into consideration the tenets of the main international agreements on these topics

<b>LEI 06.2</b>	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.
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The selection of screening criteria, whether positive or negative, devolves to our experts in the RI research department. In order to further explore sustainable development issues and analyse their impact on sectors and issuers, we have built up a considerable in-house extra-financial research capacity. A dedicated team of 11 specialists in ESG questions undertakes analysis of issues according to a proprietary methodology that is both stringent and practical. This approach takes into account sector specific concerns and the nature of issuers. It makes no a priori exclusions, however, it is founded on an absolute value assessment that aims to distinguish between sectors in keeping with their exposure to issues of sustainable development. The addition of life cycle assessment further highlights ESG risks that may exist and makes it possible to identify opportunities such as business models that offer solutions to the main challenges of sustainable development.

This center of ESG expertise -housed within Mirova, the Natixis AM subsidiary dedicated to Responsible Investment- relies on a variety of sources to evaluate investment decisions and assess a substantial number of issuers on ESG criteria (Mirova thematic groups, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.).

The screening criteria employed, and generally speaking the entire process of extra-financial research undergo constant improvement and refinement (strengthening sources, constant monitoring of sustainability issues etc.), while offering a continuous unbroken thread. Should a significant change occur that might affect the investment process, and, as a result the fund's prospectus, unitholders are informed of any and all developments.

<b>LEI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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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

As described previously (see LEI.06), our extra-financial research is performed by an in-house team of 11 sustainable development specialists who shoulder the task of ensuring the solidity of ESG opinions transmitted to our portfolio manager's teams. They rely for this on a variety of resources (Mirova thematic groupes, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.) which they consult in order to, on the one hand, gauge sustainable development issues and understand their impact of sectors (sources of risk and opportunities) and on the other, to evaluate a large number of issuers from an ESG perspective.

In the course of its activities, as part of the engagement approach of Natixis AM, the RI research team is called upon to:

- Test the validity of analysis produced by ratings agencies and sell-side ESG research, particularly through cross-verification of information with independent sources.
- Provide in-house coverage for those assets which constitute the Core of Natixis AM's investments (80% of equity holdings) in addition to the analysis provided by extrafinancial ratings agencies. Meetings with company management are also systematically arranged for assets in this domain.
- Engage in dialogue with issuers to gain understanding of their practices as implemented, verify or further investigate specific aspects and make suggestions as to avenues for improvement.
- Produce a report for clients that includes the final ratings and summaries of ESG evaluations, voting procedures, and engagement actions. This report causes our clients to regularly challenge our RI research activities.
- Submit certain thematic or sectorial positions to scrutiny by independent experts (ex. Close cooperation with the University of Cambridge on the contributions to 'sustainable mobility' of lightweighting passenger vehicles, with joint publications of the ensuing study)

The extra-financial research process undergoes constant improvement (new and more reliable sources, improved monitoring of sustainability issues etc.) and ESG evaluations are updated regularly, taking into account new information. An ESG engineer supervises the upkeep of both internal and agency procured evaluations, and ensures that changes are promptly transferred to our internal databases (Front Office tools, etc.)

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

☒ 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.

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 - RMCO). 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 RMCO 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 RMCO 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 Compliance, Internal Control and the Risk Management Division. Natixis Asset Management ensures that any breaches in portfolios' guidelines are resolved in the clients' best interests.

## (B) Implementation: Thematic

LEI 09	Mandatory	Descriptive	PRI 1
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### LEI 09.1

Indicate the type of sustainability thematic funds or mandates that your organisation manages.

- ☒ Environmentally themed funds
- ☒ Socially themed funds
- ☒ Combination of themes

### LEI 09.2

Describe your organisation's processes for sustainability thematic funds. [Optional]

The thematic/multi-thematic investment approach employed at Mirova, the RI subsidiary of Natixis AM, consists of investing in sustainable business models with the potential for long-term value creation. The aim is to offer fundamentals-based conviction driven asset management covering European and International companies that propose sustainable development solutions.

Practically speaking, this entails selecting the 'the winners of tomorrow', companies with a capacity to deliver long-term performance through business models that fully address the challenges of sustainable economic development. The issues identified are classified within 8 sustainability themes that make it possible to identify investment opportunities all along the value chain and across all sectors of the economy. These overarching themes are: Sustainable Energy, Sustainable Mobility, Sustainable Resources, Sustainable Consumption, Sustainable Construction and urbanism, Sustainable Health and Sustainable Information and Communication Technology.

### LEI 09.3

Additional information. [Optional]

Mirova's RI equities funds may pursue any of the following strategies:

**Pursue a mix of the 8 sustainable development themes (i.e. multi-thematic approach):**

- Mirova Euro Sustainable Equity
- Mirova Europe Sustainable Equity
- Mirova Global Sustainable Equity
- Mirova Europe Life Quality (Environmental and Social/Health)

**Focus on a single theme:**

- Mirova Global Climate Change: Environmental theme (climate change)
- Gamme Insertion Emplois: Social theme (job creation)

## (C) Implementation: Integration of ESG issues

LEI 10	Voluntary	Descriptive	PRI 1
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LEI 10.1	Describe how you integrate ESG factors into investment decision making processes.
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To promote the incorporation of ESG issues in its investment processes, Natixis AM has set itself a disciplined procedure in terms of both analysis coverage (98% of the MSCI World is evaluated from an ESG standpoint), and access to information; qualitative analyses are made available via a shared information portal open to all asset management teams and company ESG ratings are available using Front Office tools, such that ESG is present during each phase of asset management.

In tandem with these traditional avenues for incorporating ESG, Natixis AM developed an innovative method of integration that respects the specificities of different asset classes. This methodology rests partly on sharing extra-financial research in a manner tailored to the various management styles employed (see description in LEI.02), and also on the establishment of ESG integration committees for each type of asset management expertise. These committees convene twice a year and bring together the heads of the primary investment processes with a representative from Mirova; their objective is to suggest research priorities for ESG integration within each type of management process, and determine methods of disseminating results to management teams as well as centralising feedback from collaborators (inputs used, barriers to ESG integration etc.).

Lastly, an ad hoc study of ESG integration is performed for every new investment process. The goal is to determine, a priori and in concert with the portfolio manager team representatives, ESG specialists, and financial product engineers, the most relevant means of incorporating facets of ESG in ways that recognize the specificities of the investment process in question.

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 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

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

Moving beyond the availability of ESG evaluations for a broad spectrum of assets (98% of the MSCI World) using Front Office tools, daily interactions between RI analysts and equity managers are encouraged in order to promote the incorporation of ESG dimensions among portfolio managers.

Portfolio managers are invited to meetings with companies organized by RI analysts as part of their evaluation of ESG practices as well as voting and engagement actions. Conversely, IR analysts regularly participate in mainstream management's meetings with companies, during which ESG topics may be addressed.

Within Mirova, the Natixis AM subsidiary dedicated to RI, thematic groups focused on Mirova's 8 Sustainability Themes bring together RI analysts and portfolio managers based on their respective areas of expertise. The purpose of these groups is to confront financial and extra-financial approaches in order to generate new investment ideas that emerge from both these input categories.

LEI 12	Voluntary	Descriptive	PRI 1
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#### LEI 12.1 Indicate which processes your organisation uses to ensure that ESG integration is based on a 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
- ☒ 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>LEI 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
- ESG integration committee for each asset class
- ☐ None of the above

<b>LEI 12.3</b>	Additional information.
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We have built up a considerable in-house extra-financial research capacity. A dedicated team of 11 specialists in ESG questions undertakes analysis of issues according to a proprietary methodology that is both stringent and practical. This center of ESG expertise -housed within Mirova, the Natixis AM subsidiary dedicated to Responsible Investment- relies on a variety of sources to evaluate investment decisions and assess a substantial number of issuers on ESG criteria (Mirova thematic groupes, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.). Furthermore, the entire process of extra-financial research undergoes continuous improvement and refinement (strengthening sources, constant monitoring of sustainability issues etc.), and all ESG evaluations are updated regularly.

With the intent of encouraging incorporation of extra-financial criteria as part of investment decisions, our ESG evaluations, covering 98% of the MSCI World are made available online through an information portal accessible to all members of our asset management teams. ESG ratings are also available using Front Office tools, such that ESG analysis is present during every phase of investment process. Natixis AM has furthermore established twice annual ESG integration committees for each asset class. These committees bring together portfolio manager team representative with a representative from Mirova with the objective of identifying research priorities for ESG integration within each type of investment process, and determining methods for distributing results to portfolio managers as well as centralising feedback from portfolio managers and financial analysts (inputs used, barriers to ESG integration etc.).

## Communication

<b>LEI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEI 18.1</b>	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

<http://urlz.fr/3Z>

**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 clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

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

Natixis AM maintains the highest standards with respect to transparency in an attempt to offer investors total visibility as to how their assets are managed.

**The incorporation of ESG criteria into equities management is therefore presented in two essential documents which are published and readily available. These are:**

- **The 'Responsible Asset Management' report.** This document offers a global synthesis of our approach to integration: <http://urlz.fr/j3Z>
- **Our annual UN-PRI report.** As a signatory of the PRI since 2008, Natixis AM participates in the initiative's reporting cycle every year, and has permitted its answers to be published on the PRI's website since 2011 (by way of comparison, only 11% of signatories in 2011 accepted that their results be disclosed).

In addition to these public documents, Natixis offers its primary institutional clients customised reporting that, among other things, includes the ESG analysis of issuers held in their portfolios, any engagement actions involving such companies and a review of all voting on their behalf. This tailored reporting is either compiled regularly, according to a schedule determined with the client (annually, quarterly, and in some cases monthly), or punctually in the case of a tendering process.

# 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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Our engagement approach is designed to employ our influence as shareholder a force for positive change, a lever for progress. We believe that responsible business practices can contribute meaningfully to company performance over the long term while benefiting all stakeholders, and have thus developed an integrated approach to investment that aims to encourage and support issuers as they develop along these lines. A solid corporate governance system and a good management of negative externalities such as environmental pollution or employment pressures allow companies to anticipate new risks and to benefit from positive externalities which could represent a pool of additional opportunities (such as developing products or services that respond to sustainability issues). Awareness of ESG issues thus reflects positively on the overall quality of management, not only its handling of risk, but also their ability to create value in the long term. We thus encourage the issuers in which we have a stake to integrate ESG concerns into their business practices through constructive dialogue as part of our engagement process.

Where the central core of Natixis AM investments, which represent 80% of total equities under management, are concerned, **RI research teams from our subsidiary, Mirova, engage in ongoing dialogue with issuers during ESG analyses and the exercise of voting rights.** These dialogues are based on a detailed analysis of the issuer's practices and focus on concerns identified as key for the sector and bringing to bear any levers for improvement identified. The goal is to draw a company's attention to any existing ESG risks not currently addressed by the company, and to provide contextual information, including best practices benchmarks as a means of encouraging progress. **Natixis AM also participates in collaborative dialogue as a member of industry organizations** (for example, the FIR's CorDial platform, the 'Access to Medicine' initiative, and the collaborative dialogues of the UN-PRI) **and initiates collaborative dialogue targeting specific ESG problems of significance to sustainable development.**

Alongside our process of engagement with issuers, **we contribute to promoting and developing RI and ESG best practices through our lobbying activities.** Due to our high visibility within the SRI community, and more broadly within asset management, we feel a responsibility to participate in the construction of standards for RI and ESG. Because a great deal of work remains to be done in terms of harmonizing these subjects and establishing professional standards, we place considerable stress on lobbying efforts and take part in discussions of how Responsible Investment should be structured by maintaining an active presence within the domain's principal professional bodies (contributing to working groups, signing joint positions, etc.).

In 2013, we broadened our initiatives in this area, and are now active in most recognized organizations that seek to impose a common approach to extra-financial information and promote Responsible Investment (the full list of professional bodies to which we belong is provided in the Overarching Approach section, See OA.10).

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<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
<b>Collaborative engagements</b>	<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
<b>Service provider engagements</b>	<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]

As described previously (cf. LEA.01), our engagement approach is founded on a conviction that responsible business practices can contribute to company performance in the long term while benefitting all stakeholders. Seen this way, issues of social responsibility are not only ethical, but also economic concerns. Taking them into account shows the quality of a company's management, its capacity not only to anticipate and mitigate risks, but also to create long-term value. With this understanding, we have an essential role to play as investors by undertaking engagement actions that encourage companies to:

- Adopt responsible practices that will favour sustainable growth
- Communicate regarding ways in which they are addressing the ESG issues of their sector, whether in terms of mitigating risks or creating new opportunities

Such engagement actions allow us, on the one hand to live up to our own social responsibilities by nudging companies towards a model of development that is sustainable in the long term, and on the other to use our on-going dialogue with companies to strengthen our overall analysis of issuers by combining financial and extra-financial dimensions.

## 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.

Our Responsible Investment research teams monitors, throughout the year, the quality of ESG practices of companies that represent significant positions in our portfolios, basing their assessment on a variety of sources. These include:

- Publicly available materials such as annual reports and sustainable development reports published by the companies themselves, academic research, reports by NGOs and the media
- Regular exchanges with various stakeholders. These may be members of the companies (CEO, CSR directors, Investors Relations I etc.), as well as unions, NGOs, or members of the academic community (especially through our partnership with the University of Cambridge)
- External research secured from sell-side financial and extra-financial analysts, extra-financial ratings agencies, and proxies.

This monitoring process ensures that the ESG evaluations of companies are maintained up-to-date and enriches the analysis of resolutions examined as part of the exercise of voting rights. It also helps in identifying areas for improving practices with an eye to meeting the highest standards and keeping up with frequent regulatory changes; these then become the roadmaps for engagement with companies.

As concerns thematic engagements, each year the RI research teams sit down to identify the major issues relevant to sustainable development and determine the year's priority engagement themes based on a number of criteria such as the importance of the theme, the significance of the ESG issues involved, clients' interests, available levers for engagement and overall capacity to induce change

☐ 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.

The RI research teams bring engagement actions to bear on issuers, in the form of face-to-face dialogue, conference calls, or letters addressed to the Board.

Each exchange occasions a declaration of expectations as to the company's avenues of improvement and anticipated goals, either orally (for face to face meetings and conference calls) or in writing, when the exchanges are by letter or email.

In this manner, specific goals are systematically formulated and communicated to companies.

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

Lastly, a report of each engagement action is logged within a centralized database that tracks the history of the engagement's goals for each company, the results achieved, and the resulting impact on ensuing analysis or voting decisions.

☐ 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

Much like the independent engagement actions we undertake (see LEA.03 and LEA.04), our collaborative engagement process is grounded in the expertise provided through our research team's study of complex issues affecting sustainable development. Our RI analysts identify specific sustainability challenges, basing their determinations on:

- **The prevailing international agreements and regulatory or normative frameworks as a means of establishing a minimum required threshold for practices.** These include:
  - The Global Compact and the Principles and Guidelines of the OECD as concerns Social and Environmental issues
  - The UDHR and foundational agreements of the ILO specifically as regards Social issues;
  - Our voting policy, which is founded on a review of legislation that provides a benchmark for best practices within the area of Governance.
- **The team's thematic and sectorial research** which provides insight as to the degree to which various sectors of the economy are exposed to the challenges and opportunities of sustainable development, and suggests levers for mitigating impacts as well as helping to determine what is to be expected in terms of best practices.

**This RI research contributes simultaneously to our ESG analyses and to identify engagement actions with issuers.**

**Our collaborative engagement actions fall into two distinct categories as regards their selection and prioritization:**

- **The RI research team selects thematic engagements** at the beginning of each year following a brainstorming session that helps identify the primary issues within sustainable development susceptible of becoming the focus of a formally established engagement campaign.
- **Issuer engagement actions** target circumscribed issues, and generally aim to address a controversial practice at a company identified by the research team during the evaluation process.

It should be noted that above and beyond specific engagements centered on the practices of any particular issuer, Natixis AM establishes a list of priority areas for engagement to be transmitted to all companies (for instance, in 2013, the integration of ESG as part of compensation practices).

In tandem with the process of identifying new themes for engagement action, we continuously monitor collaborative engagement actions undertaken by industry organization. If a subject that arises is already covered under an action led by such an organization (PRI, FIR/ French SIF etc.), then we join the collaborative initiatives

○ No

**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.

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

Collaborative engagement actions, undertaken alongside other investors within an industry organization, are tracked both in-house and within the collaborative initiative.

Furthermore, when we receive answers from companies to our engagement letter, we systematically perform an evaluation of such responses in order to determine the course of action to be followed as part of the engagement action:

- If the answer proves satisfactory, we so inform the company and incorporate the favourable conclusions into our ESG analysis and voting position.
- If the response falls short of satisfactory, we request a dedicated meeting with the company in order to address the topic of the engagement.

All actions in which Natixis AM is directly involved, and all responses thereto are collated in the central database which tracks each engagement and all companies over time. These results are systematically taken into account for ESG analyses and voting decisions.

In addition, Natixis AM produces an annual ESG monitoring, Voting and Engagement report that summarizes each engagement (goals, impact, results) conducted for the principal positions held in portfolios and covered 80% of equity assets under management. These reports are dedicated to Natixis AM's major clients

☐ No



## General processes for all three groups of engagers

LEA 09	Voluntary	Additional Assessed	PRI 1,2
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LEA 09.1	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2	Additional information.
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Natixis AM ensures that relevant information pertaining to engagement action is shared portfolios managers, even where such input has no direct tie to investment decisions.

Such information is made available through five channels:

1. Portfolio managers participate in meetings dedicated to the topics of voting and engagement with companies; conversely, RI analysts participate in mainstream management meetings with companies, during which questions about engagements are broached.
2. Publication of summaries concerning voting and engagement actions via the CIGAL information portal, accessible to both portfolios managers and analysis teams.
3. Integration of each engagement action's results into the ESG analysis distributed to portfolio managers.
4. Centralisation of all information relevant to ESG analysis, voting and engagement in a centralized database available to portfolios managers on request. Automatic access to this file is currently in the programming phase of development.
5. Annual 'Voting and Engagement' presentations to portfolios managers. These gatherings cover a review of votes cast, changes to the voting policy, a review of engagement actions and the engagement strategy.

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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LEA 10.1	Indicate if you track the number of companies you engage with.
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Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<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
<b>Collaborative engagements</b>	<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

<b>LEA 10.2</b>	Additional information. [Optional]
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In order to efficiently monitor and update engagement actions, our teams fill out and maintain an in-house tracking database whose object is twofold:

- Firstly, to track any changes in the practices of the company involved that relate to ESG issues raised during dialogue process.
- To provide data for the engagement reports compiled for clients

The database is comprised of the following data: the issuer, the goals of the engagement, the ensuing impact, and the final result of the engagement.

## Outputs and outcomes

LEA 11	Mandatory to Report	Voluntary to Disclose	Core Assessed	PRI 2
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<b>LEA 11.1</b>	Indicate the number of companies with which your organisation engaged during the reporting year.			
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	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	110
Collaborative engagements	42

<b>LEA 11.2</b>	Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]
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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 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]

- **Note to Q11.2:** The dialogue with companies take place as face-to-face meetings and conference calls, but also emails or at times, formal letters. Specific interlocutors in addition to members of the Investor Relations department are identified based on the topic at hand; these may be senior executives, the chairman of the board, the general secretary, the Head of sustainable development, the lead counsel or dedicated governance personnel etc. Following the dialogue phase, an email is systematically sent to the company in order to provide a direct feedback and suggest areas for improvement.
- **Note to Q11.3:** We play an active part in the majority of collaborative engagement initiatives in which we are involved. We participate in workgroups, and/or coordinating conference calls as well as providing plentiful proposals and substantive contributions to the process of reflection. We also assume a lead role, where possible, as regards companies that belong to our core assets (Core Universe)

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
<b>LEA 12.1</b>	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

% Corporate Governance only

67

% Overlapping ESG issues

33

**100%**

Collaborative engagements

% Environmental only

35

% Social only

30

% Corporate Governance only

35

**100%**

**a) In 2013, Natixis AM conducted engagement actions with 110 companies, covering the full range of environmental, social/societal and governance themes.**

As regards governance practices, we have sustained an active dialogue concerning all of the themes covered by our voting policy, with a concentration on topics related to executive compensation due to the broad application of Say on Pay. Recurrent topics aside, the principal themes of engagement in the area of Governance were:

- **Redistribution of created value:** in particular, we invited companies to justify their choices regarding their dividend policy with respect to their economic and financial situation. The purpose here is to determine whether policies are appropriate, do not jeopardize the company's ability to undertake strategic investments, and support the company's ability to develop over the long term.
- **Stakeholder integration:** we encourage companies to improve the integration of stakeholders in every aspect of governance. Within the issue of redistributing value, we attempt to ascertain the quality of social dialogue and the support mechanisms put in place when a company implements restructuring plans. These exchanges allow us to make voting decisions regarding dividend policies, long-term compensation packages etc. In order to ensure that the interests of stakeholders are best taken into account, we also support the integration of employee representatives (elected by entirety of the corporation's employees) on boards.
- **Executive compensation:** in order to promote an alignment of executive interests with the long-term development of the company, we have encouraged the integration of extra-financial performance indicators as part of executive compensation policies. These indicators should be chosen in accordance with the sector involved and address the actual performance of the company and its peers.

**As regards Environmental and Social/Societal issues, engagement focused on the following areas:**

- **Improvement of extra-financial reporting:** engagement with this theme aims to support companies in setting up reporting that is appropriate to the major issues of their sector, based on quantitative tracking indicators that are consistent over time, and accompanied by qualitative content that demonstrates understanding of the issues and explains the appropriateness solutions implemented. Our active participation at every level of the Integrated Reporting Initiative is part of this agenda, the goal of which is to improve company reporting by ensuring it offers a concise and clear illustration of each company that includes its financial and extra-financial aspects, thereby allowing investors to make more informed investment decisions.
- **Development of products and services that offer opportunities for sustainable development:** engagement focused on improvements to companies' reporting practices with respect to the way issues of sustainable development affecting their activities are integrated in their business model. The goal was to foster the development of products and services that offer solutions to the challenges of sustainable development.
- **Improving management of both indirect and direct risks:** we continue to encourage companies to improve their mitigation of environmental and social risks, not only within the scope of their direct influence (Human Resources, pollution risks associated with activities, etc.), but also throughout the value chain in which they participate, both upstream (suppliers etc.) and downstream (recycling etc.).

**b) The collaborative engagement actions in which we have participated have centred on the following themes**

**- Environment:**

- **Improving the practices of companies implicated in hydraulic fracturing (Fracking)**(participation as a member of the Steering Committee of the PRI on this collaborative engagement)
- **Company handling of environmental risks and opportunities** (participation through the CorDial platform for dialogue established by the FIR/French SIF)
- **Improving the practices of companies that use palm oil:** encouraging RSPO membership and certified palm oil procurement (participation as a member of the PRI collaborative engagement initiative)

**- Social/Societal:**

- Improving the working conditions in supply chains for textile sector: signatory to the 'Investor Statement of Bangladesh' (participation as a member of the PRI collaborative engagement initiative)
- Access to medicine: participation in a shareholder survey aimed at identifying avenues for improvement for the 2014 ATM or 'Access to Medicine Index' (Initiative spearheaded by the ATM).

**- Governance**

- **Improving the director nomination process:** (participation as a member of the Steering Committee of the PRI on this collaborative engagement)
- **Fostering greater transparency around anti-corruption practices:** (participation in the PRI collaborative engagement initiative)
- **Addressing pay ratios in the US:** support of the investors in response to an SEC consultation on disclosure of pay ratio in the US (initiative spearheaded by 'Share')

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	Corporate Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Appointment of lead independent director to improve balance of power within the board
Scope and Process	We engaged in 2013 with 3 specific companies for which this may be a real issue
Outcomes	One of the companies has agreed to appoint a lead independent director

☒ Add Example 2

Topic or ESG issue	Corporate Governance
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Reduce over-mandate for director
Scope and Process	We engaged with 6 companies within our core universe for which this item represents an issue
Outcomes	At this stage, we are awaiting the next re-appointment to monitor progress

☒ Add Example 3

Topic or ESG issue	Environment
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Improve transparency by communicating on cradle-to-cradle CO2 emissions
Scope and Process	We engaged more particularly with one company on this issue
Outcomes	We are waiting for company response

☒ Add Example 4

Topic or ESG issue	Environment & Social
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	Review of the company's sustainability policy especially: <ul style="list-style-type: none"> <li>• environmental impacts of the company's products</li> <li>• working condition in emerging countries</li> <li>• BOP solutions</li> </ul>
Scope and Process	We engaged more particularly with one company on this issue
Outcomes	We are waiting for company response

☒ Add Example 5



Topic or ESG issue	Governance
Conducted by	<input type="checkbox"/> Individual / Internal <input checked="" type="checkbox"/> Collaborative
Objectives	Improve transparency on anti-corruption practices
Scope and Process	We engaged with 6 companies with other investors
Outcomes	The engagement process is on-going

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

## Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 15.1	Indicate whether your organisation proactively discloses information on its engagements.
----------	--

- ☒ We disclose it publicly

	please provide URL
--	--------------------

<http://urlz.fr/iVR>

	please provide URL
--	--------------------

<http://urlz.fr/iVP>

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 clients/beneficiaries and/or the public.
----------	--

<div>Reporting to the public</div> <div>Engagement information disclosed</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Details of the selections, priorities and specific goals of engagement</li> <li><input checked="" type="checkbox"/> Number of engagements</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by region</li> <li><input type="checkbox"/> An assessment of the current status of the engagement</li> <li><input type="checkbox"/> Outcomes that have been achieved from the engagement</li> <li><input type="checkbox"/> Other information</li> </ul>	<div>Reporting to clients/beneficiaries</div> <div>Engagement information disclosed</div> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Details of the selections, priorities and specific goals of engagement</li> <li><input checked="" type="checkbox"/> Number of engagements</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by type/topic</li> <li><input checked="" type="checkbox"/> Breakdown of engagements by region</li> <li><input checked="" type="checkbox"/> An assessment of the current status of the engagement</li> <li><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</li> <li><input type="checkbox"/> Other information</li> </ul>
--	--

LEA 15.4	Indicate how frequently you typically report engagements information.
-------------	---

<div>Reporting to the public</div> <ul style="list-style-type: none"> <li><input type="radio"/> Disclosed continuously (prior and post engagements)</li> <li><input type="radio"/> Disclosed quarterly</li> <li><input type="radio"/> Disclosed annually</li> <li><input checked="" type="radio"/> Disclosed every two years or less</li> <li><input type="radio"/> Other, specify</li> </ul>	<div>Reporting to clients/beneficiaries</div> <ul style="list-style-type: none"> <li><input type="radio"/> Disclosed continuously (prior and post engagements)</li> <li><input checked="" type="radio"/> Disclosed quarterly</li> <li><input type="radio"/> Disclosed annually</li> <li><input type="radio"/> Disclosed every two years or less</li> <li><input type="radio"/> Other, specify</li> </ul>
---	--

LEA  
15.5

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 integration of ESG criteria as part of credit asset management is clearly presented in three published documents which are readily available:**

- Our voting and engagement policy, which on the one hand summarizes the scope of voting rights and their exercise as well as the methodology and principles governing our analysis of resolutions; and on the other hand, the procedures in place to promote the greatest possible efficacy of our constructive dialogue with issuers :<http://urlz.fr/iVR>
- Our Consolidated report on voting and engagement: this report provides a quantitative and qualitative account of the voting campaign, and an overview of the dialogues initiated over the course of the year :<http://urlz.fr/iVP>
- The 'Responsible Asset Management' report. This document offers a global synthesis of our approach to integration:<http://urlz.fr/j3Z>

In addition to these public documents, Natixis offers its primary institutional clients customised reporting that, among other things, includes the ESG analysis of issuers held in their portfolios, any engagement actions involving such companies and a review of voting exercised. This tailored reporting is compiled regularly, according to a schedule determined with the client (annually, quarterly, and in some cases monthly).

- ☐ 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

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 the management decisions. Natixis AM has thus, since 1998, exercised its voting rights according to a predefined policy\* submitted to the Executive Committee by the specialists at Mirova, the subsidiary dedicated to Responsible Investment. These latter constantly monitor regulatory changes, establish benchmarks for companies' governance practices, and continuously refine the Natixis voting principles to reflect the highest standards as a means of encouraging the emergence of a responsible system of corporate governance. Mirova's analysts also take charge of implementing the voting policy and ensure the exercise of voting rights. In particular, they are responsible for analysing the resolutions presented at general assemblies and for conducting discussions with managers and financial/extra-financial analysts on the topics submitted to shareholder vote. T A Voting Committee headed by a member of the executive committee of Natixis AM is in charge of ruling on resolutions that relate to certain issues and responsible for all voting decisions related to Natixis AM shareholdings. Natixis AM applies this policy to the entire eligible assets.\*\* In 2013, this represented a universe of global scope comprising close to 1150 securities.

Our policy itself is both demanding and flexible, leaving room for specific approaches following companies characteristics.

- *Geographic specificities:* We have elected 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 inherent to the size of these companies or the composition of their shareholders. Thus one section of the voting policy is dedicated to explaining the principles for analysis of resolutions offered by small and mid-cap companies.

General meetings are also an opportunity to engage in constructive dialogue with companies that represent significant holdings in our portfolios, whether this involves the resolutions at hand, or their ESG practices more generally speaking. These dialogues are part of our engagement approach (see section 'engagement' questions LEA.01 to LEA.15) and help Natixis AM exercise its voting rights knowledgeably and responsibly.

Also, as part of its attempt to promote responsible investment strategies, Natixis AM decided, in 2008, to develop expertise in the area of bondholder voting, and exercises voting rights occasioned by debt restructuring.

\*The voting policy is available on the Natixis AM website: <http://urlz.fr/iVR>

\*\* The scope of eligible assets is comprised of all UCITS and AIF managed by Natixis AM and for which it holds the voting rights, or for which it received a delegation of voting rights.

## Process

LEA 17	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 17.1	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
----------	---

Approach
----------

- ☐ 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]
----------	-----------------------------------

For the purpose of exercising voting rights, Natixis AM hires an independent voting services provider. This proxy agent is responsible for:

- Informing Natixis AM of upcoming shareholders' meeting related securities within the Natixis AM voting universe.
- Analysing resolutions according to the principles described in the Natixis AM 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 the custodian banks , from whom it receives daily the files with the exact positions for all portfolios belonging to the voting universe.

LEA 18	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

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.
----------	---

**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]
----------	-----------------------------------

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 analysis of Natixis AM's core investments. This core universe subject to in-house voting analysis represents nearly **80% of our equity assets under management and close to 20% of all resolutions** submitted to shareholders vote.

LEA 19	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 19.1	To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.
----------	---

- ☒ Obtain confirmation that votes have been lodged:
  - ☒ 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.

**Natixis AM submits the votes for each of its accounts using the voting platform made available by the external voting service provider. This latter is responsible for ensuring that instructions are properly communicated to the issuer.** Two different cases arise, dependant on whether the asset in question is French or foreign; in the first case Natixis AM submits votes by post, while in the latter it submits its vote by proxy.

**For French securities: Natixis AM votes by post**

Natixis AM completes the postal voting forms using the service provider's platform, and then sends them first via fax and then via postal mail to the various custodians.

Upon receiving the instructions for voting, the custodian bank checks and confirms the position held by the portfolio; then transmits the voting form to the issuer or a representative thereof. On a case-by-case basis Natixis AM may elect to send a representative to participate in vivo at a general meeting, and reserves the right to do so.

**For foreign securities: Natixis AM votes by proxy**

Natixis AM enters the voting instructions on the service provider's voting platform; the provider conveys the instructions concerning Natixis AM accounts to the local sub-custodians. In certain cases the service provider is directly responsible for entering the votes on behalf of Natixis AM, as per the principles described in the voting policy.

**In either case, Natixis AM's Middle Office verifies the accuracy of voting execution on the basis of information provided by the proxy, and records all the vote into an internal database used for control procedures for the purpose of the annual voting report.**

LEA 20

Voluntary

Additional Assessed

PRI 2

LEA  
20.1

Indicate if your organisation has a securities lending programme.

☒ 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 optimizes the recall of lent securities in order to exercise its voting rights in the sole interest of unitholders.

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 Natixis AM's investment core, which represents **80% of equity holdings**, the RI research team initiates 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

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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<b>LEA 22.1</b>	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.
-----------------	---

☒ 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

<b>LEA 22.2</b>	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]
-----------------	--

The Natixis AM voting universes for the 2013 voting season consisted of 1143 securities. Of these, 1318 held general meetings; we participated in 1311 such general meetings, for a participation rate of 99.5%. We were prevented from participating in 7 general meetings due to technical problems arising in the voting procedures.



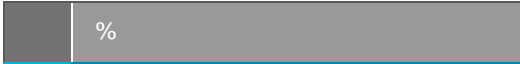
☐ We do not track or collect this information

<b>LEA 23</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
---------------	------------------	--------------------	--------------

<b>LEA 23.1</b>	Indicate if you track the voting instructions that you and/or your third party have issued on your behalf.
-----------------	--

☒ Yes, we track this information

<b>LEA 23.2</b>	Of the voting instructions that you and/or third parties have issued on your behalf, indicate the proportion of ballot items that were:
-----------------	---

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management proposals	 67.5
Against (opposing) management proposals	 32.1
Abstentions	 00.4

100%

**LEA  
23.3**

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

As a general overview for the 2013 voting season, we submitted a total of 16,194 votes\*; of these we **contested 5,391 resolutions, for a contestation rate of 34.6%, 4.5% higher than in 2012**. However, the increase in this contestation exhibited geographical variance. Within Europe the gains were heterogeneous, with a rate that remained fairly stable in France at 28%, but added 6 to 10 points throughout the rest of the zone. However, France aside, a significant number of countries adopted Say on Pay votes. Also, several countries, such as UK and Germany require that companies submit to shareholder vote the reappointment of a significant part (sometimes all) of the directors. This leads to a large, and increasing number of resolutions involving themes that are controversial in European countries, which explains increases in contestation in the region, as well as the French exception.

Outside of Europe, the contestation rate remained stable on average, except for the US, where increases have been significant (18% in 2012: 35% in 2013). An increase in American companies within our voting universe has made our sample more representative of prevailing practices in the country, where the number of resolutions involving hotly debated topics is high. We voted on a larger number of resolutions concerning executive compensation and the balance of powers than in 2012. In Japan, the contestation level remains elevated due to prevailing local practices, which fall considerably short of international standards. Of course, Japanese companies have only recently opened to foreign investment, thus international shareholders have yet had little impact on their norms. While we have adopted voting principles that accommodate certain specificities of Japanese governance, certain requirements, such as independent auditors, cannot be set aside without incurring risks we deem excessive.

Elsewhere, contestation clusters more or less tightly around specific themes. As a percentage of "against" votes casted, we find the highest proportions among: problems in the balance of power (39%), transparency and reliability of disclosures (19%), compensation (18%) and issues of financial structure (13%). If the resolutions are broken down thematically, topics related to business ethics and compensation were responsible for the highest opposition ratio. These numbers suggest that there remains a significant gap between the principles embodied in our policy and current company practices.

\*In toto and not counting those resolutions filed by the management of companies (details are described in LEA23.2 for the latter)

☐ No, we do not track this information

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

☒ 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 companies' long term interest
Scope and Process	All the companies within the voting universe which cover all AUM for which we are able to vote (we voted against 61% of resolutions proposed). We informed companies within our core universe (80% of AUM) of our decisions before exercise voting rights.
Outcomes	Following engagement, many companies interacted with us on how they can ensure that their remuneration practices are better aligned with our expectations before the next AGM.

☒ Add Example 2

Topic or ESG issue	Sustainability
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To encourage companies to integrate sustainable criteria into remuneration
Scope and Process	We focused on companies within our core universe (80% of AUM) with which we had a dialogue prior to the AGM
Outcomes	Subsequent to dialogue, 3 companies announced that the board of directors was considering our request to integrate sustainability issues into executive remuneration

☒ Add Example 3

Topic or ESG issue	Nomination
Decision made by	<input checked="" type="checkbox"/> Internal staff <input type="checkbox"/> Service provider
Objectives	To ensure a balance of power at the board level
Scope and Process	All companies within the voting universe, which covers all AUM for which we are able to vote (we voted against 31% of resolutions proposed)
Outcomes	Following our engagement, many companies engaged with us on how they can improve their practices before the next AGM.

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

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA  
26.1

Indicate if your organisation proactively discloses information on your voting activities.

- ☒ We disclose it publicly

provide URL

<http://urlz.fr/iVR>

provide URL

<http://urlz.fr/iVP>

LEA  
26.2

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

- ☐ Yes  
☒ No

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Reporting to the public	Reporting to clients/beneficiaries
<p><b>Indicate how much of your voting record you disclose</b></p> <p> <input type="radio"/> All voting decisions  <input type="radio"/> Some voting decisions  <input type="radio"/> Only abstentions and opposing vote decisions  <input checked="" type="radio"/> Summary of votes only </p>	<p><b>Indicate how much of your voting record you disclose</b></p> <p> <input checked="" type="radio"/> All voting decisions  <input type="radio"/> Some voting decisions  <input type="radio"/> Only abstentions and opposing vote decisions  <input type="radio"/> Summary of votes only </p>
<p><b>Indicate what level of explanation you provide</b></p> <p> <input type="radio"/> Explain all voting decisions  <input type="radio"/> Explain some voting decisions  <input checked="" type="radio"/> Only explain abstentions and votes against management  <input type="radio"/> No explanations provided </p>	<p><b>Indicate what level of explanation you provide</b></p> <p> <input type="radio"/> Explain all voting decisions  <input checked="" type="radio"/> Explain some voting decisions  <input type="radio"/> Only explain abstentions and votes against management  <input type="radio"/> No explanations provided </p>

**LEA  
26.4**

Indicate how frequently you typically report voting information.

Reporting to the public	Reporting to clients/beneficiaries
<p> <input type="radio"/> Continuously (primarily before meetings)  <input type="radio"/> Continuously (soon after votes are cast)  <input type="radio"/> Quarterly or more frequently  <input checked="" type="radio"/> Between quarterly and annually  <input type="radio"/> Less frequently than annually  <input type="radio"/> Other, specify </p>	<p> <input type="radio"/> Continuously (primarily before meetings)  <input type="radio"/> Continuously (soon after votes are cast)  <input type="radio"/> Quarterly or more frequently  <input checked="" type="radio"/> Between quarterly and annually  <input type="radio"/> Less frequently than annually  <input type="radio"/> Other, specify </p>

☐ We disclose it to clients/beneficiaries only

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

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**As a result, the integration of ESG criteria as part of credit asset management is clearly presented in three published documents which are readily available:**

- **Our voting and engagement policy**, which on the one hand summarizes the scope of voting rights and their exercise as well as the methodology and principles governing our analysis of resolutions; and on the other hand, the procedures in place to promote the greatest possible efficacy of our constructive dialogue with issuers : <http://urlz.fr/iVR>
- **Our Consolidated report on voting and engagement:** this report provides a quantitative and qualitative account of the voting campaign, and an overview of the dialogues initiated over the course of the year : <http://urlz.fr/iVP>
- **The 'Responsible Asset Management' report.** This document offers a global synthesis of our approach to integration. <http://urlz.fr/j3Z>

In addition to these public documents, Natixis offers its primary institutional clients customised reporting that, among other things, includes the ESG characteristics of issuers held in their portfolios, any engagement actions involving such companies, and a review of voting on their behalf for the equity portion. This tailored reporting is compiled regularly, according to a schedule determined with the client (annually, quarterly, and in some cases monthly), and particularly during tender offering procedures.

# 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
FI 03.1	Provide a brief overview of how you incorporate ESG issues in fixed income investments.		

In addition to the impact they may have on sustainable development, certain ESG practices can have a direct effect on issuers' economic performance in the form of risks or opportunities. These extra-financial criteria can have repercussions on the portfolio in which the security is held, and are thus considered pertinent, even in the context of traditionally managed portfolios. ESG risk factors are particularly important for evaluating the risk profile of bond issuers. Whether in terms of our social responsibility or our fiduciary duty, we encourage all our portfolio manager teams to take heed of ESG factors in their investment process, primarily by integrating ESG criteria, and in certain instances, by implementing a systematic exclusion from portfolios.

**a) Progressive ESG integration into each and every investment process**

In order to promote the incorporation of ESG factors as part of all investment processes, we have instituted extra-financial training for all portfolio manager teams. Natixis AM also implements a self-imposed discipline as to coverage (more than 90% of the Barclay's Euro Corporate) and access to information. Thus, all issues held in portfolios are analysed from an ESG standpoint, and qualitative analyses are made available via an online portal shared by all portfolio manager teams. The evaluations are also available using Front Office tools, ensuring that ESG considerations are present throughout every phase of investment process. In addition to these traditional avenues for incorporating ESG, Natixis developed an innovative integration model in 2013 that takes into account the specificities of different asset classes.

This mode relies on four primary levers:

- **Integrated extra-financial and credit research:** Credit analysts refer to the extra-financial research produced by the Responsible Investment analysis team, and systematically incorporate an ESG section in their credit analysis sheets.
- **Extra financial research tailored to the different styles of investment process underway:** this helps ensure that ESG inputs are suitable for the different investment approaches:
  - Investment processes based on fundamental approaches rely on both qualitative and quantitative extra-financial information put together by our in-house RI research teams (studies with a sustainable development focus, sectorial ESG analysis, qualitative ESG analysis of issuers, ESG and thematic opinions etc.).
  - Investment processes based on quantitative approaches focus on ESG evaluations.
- **Creation of a separate ESG integration committee for each area of asset class:** these committees meet twice yearly and bring together the portfolio manager team representatives with representatives from Mirova. Their objective is to define the primary avenues to explore for integrating ESG within each type of investment process, establish mechanisms for sharing these with management teams, and centralizing feedback from portfolio managers and financial analysts (inputs employed, obstacles to ESG integrations, etc.)
- **Study of ESG integration for each new investment process introduced:** an in-depth reflection is systematically undertaken in concert with the portfolio manager, ESG specialists and the product engineering teams, in order to establish during the building phase of the investment process what is the most relevant way of incorporating ESG aspects by taking into account its specificities.

**b) A single exclusion policy is applied to the totality of directly managed portfolios**

Our engagement may also consist in refusing to support activities or practices contrary to the fundamental principles of Responsibility. Private issuers implicated in the production, use, stockpiling, distribution or transport of anti-personnel mines or cluster munitions are thus the object of a blanket exclusion from all portfolios, in accordance with the Ottawa and Oslo conventions signed by a number of nations, including France.

## Fixed Income - Government

Our approach to the integration of ESG criteria in the analysis and assessment of sovereign issuers is based on the same convictions, and relies on the same guidelines for integration as private issuers (as detailed above):

- Establishment of an extra-financial training program for management teams
- ESG evaluation of all public sector issuers
- Sharing of extra-financial inputs via proprietary internal tools (information portal accessible to all management teams, Front Office tools, etc.)
- Establishment of an ESG integration committee
- Pre-implementation study of ESG integration for each new investment process.

As concerns the approach to extra-financial research on sovereign issuers, ESG performance levels are the primary focus of this evaluation, as we know of no research that makes it possible to offer robust assessments of States' ESG policies. For this aspect, Natixis AM has created a scale based on indicators broadly recognized as legitimate.

- The Governance pillar assessment relies on the World Governance Indicators published by the World Bank.
- The Social/Societal evaluations are constructed on the basis of the life expectancy Index and Education index, two components of the UNDP's inequality adjusted HDI.
- Our Environmental opinion is reliant on inputs from an extra-financial rating company selected for the pertinence and depth of its research in this area.

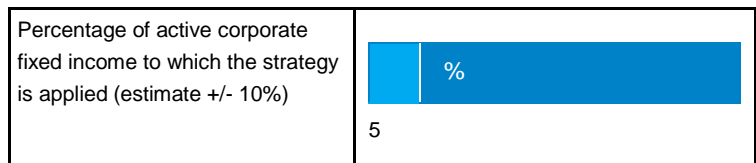
## Fixed Income - Corporate

### Implementation processes

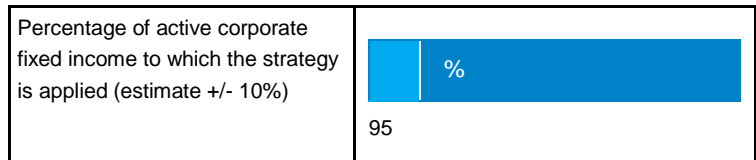
FI 04	Mandatory	Gateway/Core Assessed	PRI 1
FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation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



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



100%

- **ESG Integration and negative selection**

Natixis AM has chosen to deploy ESG integration strategies and negative selection (controversial weapons) across the whole of its mainstream investment processes because, independently of sustainability concerns, certain practices identified by ESG analysis can directly influence economic performance in the form of risks or opportunities. Certain extra-financial criteria can thus have an impact on the portfolio holding the security, and are consequently deemed relevant, including for mainstream investment strategies. Whether in terms of our social responsibility or our fiduciary duty, we encourage all our portfolio manager teams to take heed of ESG factors in their investment process, primarily by integrating ESG criteria.

- **Positive selection:**

One of the central features of Natixis AM's Responsibility Policy consists in a focus on developing products that concretely address the challenges of sustainable development; We see this as our duty as asset managers, and the corollary of our high standards for issuers. Alongside the progressive inclusion of extra-financial factors throughout our investment processes and the exclusion of controversial weapons, Natixis AM has also developed number of 'SRI Core products' which place extra-financial criteria at the heart of the investment process. These SRI funds are easily identifiable, in some cases certified, and respond to specific needs on the part of individual and institutional investors seeking involvement in portfolios with strong commitments. SRI funds involving the bond class of assets are managed according to an ESG selection approach (see explanation in answer to FI.04.3).

**FI 04.3**

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

**Combo 1: ESG integration + negative selection (95% of corporate fixed income assets)**

Issuers involved in controversial weapons are placed on an exclusion list and investment in these companies and their affiliates is prohibited from the entirety of the investment universe. In parallel, ESG inputs, both quantitative and qualitative, are made available to all portfolio managers teams as fodder for their investment decisions. Natixis AM has self-imposed standards both with respect to coverage (over 90% of Barclays Euro Corporate is evaluated from an ESG standpoint in-house), and access to information. Credit analysts systematically incorporate an ESG section in their issuer analysis sheets, qualitative ESG analyses are made available online through the information portal shared by all management teams; assessments are also available using Front Office tools, thereby helping to ensure that ESG is taken into account at every stage of management.

**Combo 2: Screening only, positive and negative (5% of corporate fixed income assets)**

For the bond funds defined as Core SRI products (that is, certified or clearly identified as SRI related), we apply a positive ESG selection strategy in addition to excluding issuers involved in controversial weapons. Our ESG selection practices aim to direct debt financing towards issuers that most effectively handle their ESG risks and opportunities. They are based on a proprietary methodology that takes an absolute approach to ESG analysis, excluding no sector a priori, but ranking them according to their exposure to sustainable development issues. This method naturally produces a sectorial bias that ensures the consistency of our SRI portfolios.

**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 gathered by the in-house research team, either directly from the issuers involved (sustainability reports, annual reports, conversations with sustainable development or investor relations managers etc.) or by proxy from intermediaries such as sell side analysts or extra-financial rating agencies

☒ Issuer-related analysis or ratings

Describe who provides this information.

ESG assessments of issuers are performed by our RI research team on the basis of :

- In house analyses systematically coupled with dialogue involving the issuer, and engagement action in cases where areas for improvement are identified.
- Ratings provided by reliable suppliers of external research for the remainder of the universe (extra-financial ratings agencies, sell-side analysis)

☒ Sector-related analysis or ratings

Describe who provides this information.

Sector-specific studies of ESG issues are produced by the RI research team, which rely in large part on analysis from sell-side brokers and extra-financial rating agencies.

☒ Country-related analysis or ratings

Describe who provides this information.

Extra-financial assessment of sovereign issuers is focused essentially on the level of ESG performance as we know of no research that makes it possible to offer robust assertions about the quality of States' ESG policies. For this aspect, Natixis AM has created a scale based on indicators broadly recognized as legitimate.

- The Governance pillar assessment relies on the World Governance Indicators published by the World Bank.
- The Social/Societal evaluations are constructed on the basis of the life expectancy Index and Education index, two components of the UNDP's inequality-adjusted HDI.
- Our Environmental opinion draws on inputs from an extra-financial rating company selected for the pertinence and depth of its research in this area.

Additionally, the ESG analysis of private issuers is usually adjusted to take into account their geo-political context (legislative framework, local practices, cultural bias etc.)

☒ Screened bond list

Describe who provides this information.

Based on the ESG assessments realized by our RI research team through primary investigative research and/or input from sell-side analysts and ratings agencies, different lists of eligible issuers are drawn up according to the type of investment procedure. For instance, the exclusion list of issuers implicated in controversial weapons sketches an initial contour by defining the universe of issuers to be excluded from all Natixis AM portfolios. The ESG opinions then permit Core ISR Bond fund managers to identify issuers whose ESG practices are sufficiently robust for them to adequately negotiate their extra-financial risks, and potentially integrate these into their portfolios.

☒ Issue-specific analysis or ratings



Describe who provides this information.

One of the central functions of our RI research team is to explore the major challenges of Sustainable Development, and analyse their present and future impact on the sectors to which issuers belong. Our analysts regularly publish studies that treat particular sustainability themes in depth, as well as topical focus pieces on specific problems or events. These help to make evident the stakes, issues and risks in play and highlight the sectors most exposed to each. The in-house team realises these on the basis of:

- Broad research drawing on multiple sources (sell-side analysis and ratings agencies, which also produce thematic publications)
- A close partnership between Natixis AM/Mirova and the University of Cambridge through the Cambridge Programme for Sustainability Leadership, dedicated to cooperative research to deepen understanding of certain sustainability themes. The partnership has already yielded one publication, with further studies to come.

For example, the in-house team's 2013 study examining the dangers of drilling in the Arctic circle sketched out the various significant risks as they apply to the principal actors in the sector that have interests in such activity, especially those with exposure in Russia.

☐ Other, specify

## (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.

### Type of screening

☒ Negative/exclusionary screening

### Screened by

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

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

**Negative screening is performed on two levels at Natixis AM:**

**1. For mainstream portfolios:** in accordance with the agreements to which France is a party, Natixis Asset Management excludes from all funds it manages directly those issuers implicated in the manufacture, sale or storing of anti-personnel mines and cluster bombs

**2. For Core SRI segment:** our SRI bond funds are managed according to an ESG selection approach (described below) that includes a review of actual ESG practices on the basis of which some issuers may be considered ineligible

☒ Positive/best-in-class screening

**Screened by**

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

	Description
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Our Bond portfolios are managed according to an ESG selection approach that aims to direct debt financing to issuers that handle their ESG risks most effectively. While no sector is excluded a priori, our absolute value ESG assessment promotes sectorial biases (not all sectors are equal) this produces the de facto result of privileging sectors with a lower negative impact, or even a positive effect.

☒ 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
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The Environmental and Social evaluation process takes into account all broadly supported international agreements.

<b>FI 06.2</b>	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.
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The design of screening criteria, both positive and negative, devolves to the Responsible Investment analyst team, and relies on their expertise. In order to better understand the issues of Sustainable Development and analyse the impacts these have on various sectors and on specific issuers, we have built up a considerable in-house extra-financial research capacity. A dedicated team of 11 specialists in ESG issues undertakes analysis of issues according to a proprietary methodology that is both stringent and practical. This approach takes into account sector specific issues and the nature of issuers. It makes no a priori exclusions, however, it is founded on an absolute value assessment that aims to distinguish between sectors in keeping with their exposure to issues of sustainable development.

This center of ESG expertise - housed within Mirova, the Natixis AM subsidiary dedicated to Responsible Investment- relies on a variety of sources to evaluate investment decisions and assess a substantial number of issuers on ESG criteria (Mirova thematic groupes, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.).

The screening criteria employed, and generally speaking the entire process of extra-financial research are a process undergoing constant improvement and refinement (strengthening sources, constant monitoring of sustainability issues etc.), while offering a continuous unbroken thread. Should a significant change occur that might affect the investment process, and, as a result the fund's prospectus, subscribers are informed of any and all developments.

<b>FI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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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 with equity securities, extra-financial research in the domain of credit issuers is performed by a team of 11 sustainable development specialists who shoulder the task of ensuring the solidity of ESG opinions given to our portfolio managers' teams. They rely for this on a variety of sources (Mirova thematic groupes, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.) which they consult in order to, on the one hand, gauge sustainable development issues and understand their impact of sectors (sources of risk and opportunities) and on the other, to evaluate a large number of issuers from an ESG perspective.

In the course of its activities, as part of the engagement approach of Natixis AM, the RI research team is called upon to:

- Test the validity of analysis produced by ratings agencies and sell-side ESG research, particularly through the use of cross verification with independent sources.
- Engage in dialogue with issuers to gain understanding of their practices as implemented, verify or further investigate specific aspects and make suggestions as to avenues for improvement.

The extra-financial research process undergoes constant improvement (new and more reliable sources, improved monitoring of sustainability issues etc.) and ESG evaluations are updated regularly, taking into account new information. An ESG engineer supervises the upkeep of both internal and agency procured evaluations, and ensures that changes are promptly transferred to our internal databases (Front Office tools, etc.)

**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.

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 - RMCO). 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 RMCO 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 RMCO 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 Compliance, Internal Control and Risk Management Division. 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
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### 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]

Not only are ESG evaluations for a broad segment of issuers (90% of Barclays Euro Corporate) made available via Front Office tools, we also foster frequent direct interactions between RI analysts and portfolio managers/credit analysts to encourage a reflex on the part of asset managers to incorporate an ESG dimension in their decisions.

- Credit analysts systematically incorporate an ESG section in their credit research tear sheets.
- Portfolio managers/credit analysts are invited to meetings with companies organized by RI analysts as part of their evaluation of ESG practices as well as voting and engagement actions. Conversely, IR analysts regularly participate in conventional asset management's meetings with companies, during which ESG topics are sometimes addressed.

FI 12	Voluntary	Descriptive	PRI 1
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**FI 12.1**

Indicate which processes your organisation uses to ensure that ESG integration is based on a 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
- ☒ 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

**FI 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

Distinct ESG integration committee for each asset class

Our ESG integration process is grounded on the strength of our extra-financial research capabilities. As previously described, (see FI.07), we possess in-house research resources. A team of 11 analysts specialized in extra-financial issues is thus dedicated to investigating ESG as it relates to sectors and companies according to a proprietary research methodology that is both stringent and practical. This center of ESG expertise - housed within Mirova, the Natixis AM subsidiary dedicated to Responsible Investment - relies on a variety of sources to evaluate investment decisions and assess a substantial number of issuers on ESG criteria (Mirova thematic groupes, dialogue with company management, extra-financial agencies, academic research-including the partnership with the University of Cambridge, sell-side analysts, reports from NGOs, etc.). This process is the object of constant improvement (adding new sources, ongoing monitoring of sustainability issues, etc.) and all ESG evaluations are updated regularly to reflect current knowledge.

In order to promote the inclusion of extra-financial criteria as part of our portfolio managers' investment decisions as regards this asset class we have established the following practices.

- Credit analysts systematically include an ESG section in their tear sheets on issuers
- All ESG evaluations (covering over 90% of the Barclay's Euro Corporate) are made available online through a shared information portal accessible to all asset management teams.
- ESG assessments are also available using Front Office tools, such that ESG is brought to the table at every phase of management.

Natixis AM has furthermore established discrete ESG integration committees for each asset class. These committees meet twice yearly and bring together portfolio manager team representative with ESG experts from Mirova; their object is to set the guiding priorities for ESG integration within each investment style, as well as determine the mechanisms for sharing information with portfolio managers teams and centralising user feedback (inputs employed, barriers to ESG integration etc.).

## Fixed income - Government

FI 13

Mandatory

Core Assessed

PRI 1

FI 13.1

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

☒ Yes



**FI 13.2**

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- ☐ <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 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 13.4

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

As previously mentioned, our integration of ESG factors in the analysis and selection of sovereign issuers is based on the same convictions that govern our approach to private issuers (as detailed in our response to question FI.03).

As regards ESG analysis, Natixis AM evaluates all States according to a framework based on broadly accepted indicators deemed legitimate. Thus:

- The area of Governance relies on the World Governance Indicators published by the World Bank
- Social/Societal evaluations are constructed using the longevity and education indices employed by the UNPD for the inequality adjusted HDI.
- As concerns the Environmental dimension, we rely on input from an extra-financial rating agency selected for the pertinence and completeness of its work in this area.

In this way we ensure that the ESG coverage available to management teams is exhaustive, which in turn allows them to develop a global impression of how each state is positioned. Lastly, the indicators for E and S are employed as a screening mechanism. We are not aware of any research currently available that might permit reliable evaluation of countries' social and environmental policies. Furthermore, indicators such as level of development or environmental footprint do not strike us as meaningful criteria with regard to investment orientation. Only Governance indicators are used as a "precautionary" ESG filter, which excludes from the investment horizon any state undergoing serious disturbances of governance; these mostly affect emerging debt.

☐ No

## Communication

FI 18

Mandatory

Core Assessed

PRI 2,6

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

☒ We disclose it publicly

Provide URL

<http://urlz.fr/j3Z>

FI 18.2

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

☐ Yes

☒ No

**FI 18.3**

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

Reporting to public	Reporting to clients/beneficiaries
<input checked="" type="radio"/> Broad approach to ESG incorporation <input type="radio"/> Detailed explanation of ESG incorporation strategy used	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used

**FI 18.4**

Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
<input type="radio"/> Quarterly or more frequently <input checked="" type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify	<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Between quarterly and annually <input type="radio"/> Less frequently than annually <input type="radio"/> Other, specify

☐ We disclose it to clients/beneficiaries only

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

**FI 18.5**

Additional information. [Optional]

**Natixis AM has set itself 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 integration of ESG criteria as part of credit asset management is clearly presented in two primary published documents which are readily available:

- **The 'Responsible Asset Management' report.** This document offers a global synthesis of our approach to integration : <http://urlz.fr/j3Z>
- **Our annual UN-PRI report.** As a signatory of the PRI since 2008, Natixis AM participates in the initiative's reporting cycle every year, and has permitted its answers to be published on the PRI's website since 2011 (by way of comparison, only 11% of signatories in 2011 accepted that their results be disclosed).

In addition to these public documents, Natixis offers its primary institutional clients customised reporting that, among other things, includes the ESG analysis of issuers held in their portfolios, any engagement actions involving such companies (and a review of voting on their behalf for the equity portion). This tailored reporting is either compiled regularly, according to a schedule determined with the client (annually, quarterly, and in some cases monthly), or punctually in the case of a tendering process).

## 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 explained in the section on Active Ownership (OA.01), our engagement approach is designed to employ our influence as a force for positive change, a lever for progress. We believe that responsible business practices can contribute meaningfully to company performance over the long term and benefit the totality of stakeholders, and have thus developed a partnership approach to investment that aims to encourage and support issuers as they develop along these lines.

A solid corporate governance system and a good management of negative externalities such as environmental pollution or employment pressures allow companies to anticipate new risks and to benefit from positive externalities which could represent a pool of additional opportunities (such as developing products or services that respond to sustainability issues). Awareness of ESG issues thus reflects positively on the overall quality of management, not only its handling of risk, but also their ability to create value in the long term. We thus encourage the issuers in which we have a stake to integrate ESG concerns into their business practices through constructive dialogue as part of our engagement process.

**Where the central core of Natixis AM investments are concerned, RI research teams from our subsidiary, Mirova, engage in ongoing dialogue with issuers held in both equity and fixed income (corporate) portfolios.** These dialogues are based on a detailed analysis of the issuer's practices and focus on concerns identified as key for the sector and bringing to bear any levers for improvement identified. The goal is to draw a company's attention to any existing ESG risks not currently addressed by the company, and to provide contextual information, including best practices benchmarks as a means of encouraging progress. Natixis AM also participates in collaborative dialogue as a member of industry organizations (for example, the FIR's CorDial platform, the 'Access to Medecine' initiative, and the collaborative dialogues of the UN-PRI) and initiates collaborative dialogue targeting specific and significant ESG / sustainability issues.

☐ No

# Natixis Asset Management

## Reported Information

### Public version

#### Direct - Infrastructure

## 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

INF 01

Mandatory to Report Voluntary to Disclose

Gateway/Peering

General

INF 01.1

Provide a breakdown of your organisation's internally managed infrastructure investments by equity and debt.

Infrastructure investment instruments	Percentage of your internally managed infrastructure investments (in terms of AUM)
Equity investments	<input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Debt investments	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
<b>Total</b>	<b>100%</b>

INF 01.2

Indicate the level of ownership you typically hold in your infrastructure investments.

- ☐ a majority stake (>50%)
- ☐ a 50% stake
- ☐ a significant minority stake (between 10-50%)
- ☐ a minority stake (<10%)
- ☒ a mix of ownership stakes
- ☐ N/A, we hold 100% debt investments

<b>INF 01.3</b>	Additional information. [Optional]
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This activity, which is part of Mirova, our Responsible Investment subsidiary, currently represents a commitment of more than €400 million across four distinct funds which are dedicated to financing and investing in infrastructure projects that meet the challenges of sustainable development while producing a steady long term cash flow for subscribers.

**We thus promote the development of two types of infrastructure projects:**

- **European renewable energy projects** that implement mature, reliable technologies (photovoltaic solar power, onshore wind, hydroelectric, biomass etc.) through our FIDEME and EUROFIDEME 2 funds. The instruments by which these funds invest are **convertible bonds and equity participation in project companies, with investment tickets of €2M to €20M per transaction.**
- **Socially useful public private partnership projects (PPP)** such as universities, stadia, hospitals, urban transport and railroad systems, highways, etc.) through the FIDEPPP / FIDEPPP 2 funds. These majority or minority stakes in projects are made as equity, or quasi-equity investments, primarily in France, include all types of PPP in which a private company finances, realizes and operates public infrastructure. **Participation ranges from 20% to 80%, but our investment officers actively participate in the governance of each project.**

INF 03	Voluntary	Descriptive	General
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<b>INF 03.1</b>	Indicate up to three of your largest infrastructure sectors by AUM.
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Sector	Main infrastructure sectors (by AUM)
Largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input checked="" type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Second largest infrastructure sector	<input checked="" type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input type="radio"/> Social infrastructure <input type="radio"/> Other, specify
Third largest infrastructure sector	<input type="radio"/> Transportation <input type="radio"/> Energy infrastructure <input type="radio"/> Conventional energy <input type="radio"/> Renewable energy <input type="radio"/> Water management <input type="radio"/> Waste management <input type="radio"/> Communication <input checked="" type="radio"/> Social infrastructure <input type="radio"/> Other, specify



As a division of Mirova, our subsidiary dedicated to Responsible Investment, **the Infrastructure group aims to finance and/or invest in projects that offer solutions to the challenges of sustainable development.**

**This goal drives our choice of sectors, lending a distinctive shape to our overall positions:**

6. **Renewable energies represent the largest sector in terms of total assets** (€140M as of year-end 2013). Our Fideme and Eurofideme 2 funds invest predominately in renewable power production projects (photovoltaic, onshore wind, hydroelectric power, biomass etc.) The funds target projects based on well-established technologies that are in their pre-construction phase and take advantage of the favourable regulatory context unique to Europe (advantages vary according to member State, but can include guaranteed rates, green certificates, tax abatements etc.)
7. **Transport is the second most represented sector** (€80M at year-end 2013), singlehandedly contributing approximately half the portfolio value of FIDEPPP/FIDEPPP 2, our Public Private Partnership funds. These invest in projects offering a broad range of public services, many of which are related to transport (tramways, rail lines, ports, roads etc.).
8. **Social infrastructure is also a major component of our FIDEPPP/FIDEPPP 2 portfolios** (€46M as of year-en 2013). The projects we classify as making social contributions are primarily schools and sports facilities (universities, stadia), health (research hospitals and clinics), or safety and justice (prisons, courthouses).

INF 04	Voluntary	Descriptive	PRI 1-6
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### We have a three-pronged approach to Responsible Investment in infrastructure

**1. Sectoral bias favourable to Environmental and Social issues:** our investments are intended to support infrastructure projects that address the challenges of sustainable development while generating stable cash flow on a long-term basis. We have thus built up our expertise in two primary areas:

- **Environmentally focused expertise:** This takes the form of our FIDEME and FIDEME 2 funds, which invest predominately in the production of power using renewable energy sources (photovoltaic, onshore wind and hydroelectric power as well as biomass etc.).
- **Socially focused expertise:** this takes the form of our FIDEPPP and FIDEPPP2 funds, which invest mostly in projects for the public good, such as universities, stadia, hospitals, urban and rail transportation and roads. While the primary benefit of such projects is social rather than environmental, the project requirements for public works include both social and environmental priorities.

**2. ESG analysis of infrastructure projects following a systematic method:** In order to fully implement our thematic approach based on sustainable investment issues, we have developed a proprietary methodology for ESG analysis tailored to the specificities of infrastructure projects. Project evaluation, according to this method, is a two-stage process:

- Our method offers a classification system that identifies the most relevant environmental and social issues for each type of infrastructure project by cross-referencing issues raised by the sector's impact with available levers for improvement. The criteria thereby established are employed to analyse the complete life cycle of the project, from inception to disposal.
- We then evaluate the project on select criteria specific to its type. This evaluation draws on information garnered from looking at the phases that immediately precede or succeed signing, as well as surveys collected from project heads and meetings with stakeholders.

Our method includes a weighting system that adjusts criteria in keeping with the differences between project types. For instance, social impacts (i.e. access to information) are clearly more significant than environmental ones for a telecommunications project. For each criterion, the project received a distinct evaluation. We then compare these ratings with a maximum value representing 'best available practices' observed in Europe for that category within the typology and with a minimal rating that corresponds to mere compliance with existing regulations. This method allows Mirova to identify the social and environmental risks for each of its projects, and to highlight their achievements and benefits.

**3. Greenfield investments that offer superior ESG leverage:** Our funds' objective is to focus on upstream opportunities under development, known as Greenfield projects (development and construction phase), so as to exert maximum influence at the structural level and through our industrial partnerships. This involvement early on gives us additional leverage when it comes to optimising the project's contribution to sustainable development over its entire life cycle.

☒ Yes

<b>INF 05.2</b>	Provide a URL if your policy is publicly available. [Optional]
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<http://urlz.fr/j2R>

☐ No

<b>INF 05.3</b>	Additional information. [Optional]
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**Our "Infrastructure" expertise is housed within Mirova, our subsidiary dedicated to Responsible Investment.** As with the other specialized departments within this entity (equities, impact investing, SRI Fixed-Income etc.), our approach aims to direct financing and investment towards infrastructure that contribute to meeting the social and environmental challenges of today, and tomorrow. **This thematic and sectoral bias in favour of sustainable development, including a section specifically on infrastructure, is explained in detail on Mirova's website:**<http://www.mirova.com/fr-FR/investissement-energie-renouvelable>

More broadly, Natixis Asset Management has drafted and published a **Responsible Asset Management Policy that covers all asset classes, including infrastructure**. This policy is available on the Natixis AM website at: <http://urlz.fr/j3Z>

**Our ESG policy for infrastructure, including our proprietary methodology for evaluating projects in terms of ESG, is also available on our website:** <http://urlz.fr/j2R>

## Fundraising of infrastructure funds

<b>INF 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,4,6</b>
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<b>INF 06.1</b>	Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.
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☒ Yes

**INF 06.2**

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- ☒ Policy and commitment to responsible investment
- ☒ Always
  - ☐ In a majority of cases
  - ☐ In a minority of cases
- ☒ Approach to ESG issues in pre-investment processes
- ☒ Always
  - ☐ In a majority of cases
  - ☐ In a minority of cases
- ☒ Approach to ESG issues in post-investment processes
- ☒ Always
  - ☐ In a majority of cases
  - ☐ In a minority of cases

**INF 06.3**

Describe how your organisation refers to responsible investment for infrastructure funds in fund placement documents (PPMs or similar). [Optional]

Since 2013, when Infrastructure became part of our Responsible Investment subsidiary, Mirova, ESG factors are systematically taken into account at every step of the investment process, including the fundraising phase.

Marketing documents now include a section devoted to extra-financial aspects, to wit:

- A description of the SRI commitment and overall ESG approach
- An explanation of the environmental and social criteria pertaining to the typologies of projects under consideration as well as the sources of information used for making evaluations at each phase of the investment process (pre-investment investigation versus monitoring during the management phase).

☐ No

## Pre-investment (selection)

**INF 08****Mandatory****Gateway****PRI 1****INF 08.1**

Indicate if your organisation typically incorporates ESG issues when selecting infrastructure investments.

☒ Yes

**INF 08.2**

Describe your organisation's approach to incorporating ESG issues in infrastructure investment selection. [Optional]

**In keeping with our responsible investment approach, we undertake an analysis of the environmental and social aspects of each investment project alongside that of conventional criteria.** The management team relies on Mirova's RI research team to conduct this ESG evaluation. This team of 11 analysts has a prescribed methodology for analysing infrastructure investment and assesses projects in two stages.

- **For the first stage, we have identified the social and environmental issues and criteria applicable to each category within our typology of infrastructure projects** on the basis of the prevailing S&E impacts and existing levers for improvement. These criteria are to be applied across the entire life cycle of the project, from conception to disposal (cradle to grave).
- **We then evaluate each project according to the evaluation criteria selected for its type and weight the evaluations.** We have established a weighting system for balancing the different criteria in keeping with the specificities of each project type. Where a telecommunications project is concerned, for instance, social criteria will carry more weight than environmental considerations. Thus, for each criterion, the project is given a distinct rating. We also give priority to quantitative criteria over qualitative evaluations to help guarantee an objective analysis.

We then compare these ratings with the potential maximum, which is predicated on the European and French 'best available practices' for the type to which the project belongs, and the minimum rating, which assumes mere compliance with existing regulations.

**This process allows Mirova to identify the social and environmental risks of its projects, identify avenues for improvement, and highlight their achievements**

☐ No

INF 09	Voluntary	Descriptive	PRI 1,4
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**INF 09.1**

Indicate whether your organisation typically uses ESG advice and research sourced internally and/or externally when incorporating ESG issues into the infrastructure investment selection process.

- ☒ Internal staff
- ☒ Specify role  
Mirova RI Research team
  - ☐ Specify role
  - ☐ Specify role
- ☒ External resources
- ☒ Environmental advisors
  - ☒ Social advisors
  - ☐ Corporate governance advisors
  - ☒ Regulatory and/or legal advisors
  - ☐ Other, specify type of advisors/roles
- ☐ No use of internal or external advice on ESG issues

The management teams' investment officers relies on **Mirova's RI research analysts** to conduct ESG evaluations. **This team of 11 experts in sustainable development issues, in partnership with a specialized consulting agency**, has developed a methodology that fits within the overall framework common to all Mirova, but specifically designed for analysing infrastructure investments.

Our funds that specialize in renewable energy investments also draw upon a **panel of experts consisting of well-respected professionals** known for their expertise on the topic of renewable energy. This Expert Committee is responsible for keeping the asset manager apprised of developments in the renewable energy sector and, especially of trends or changes in European regulations and technological advances. Experts may also be solicited for other matters, especially regarding investments that touch on their area of expertise.

We furthermore engage the services of **engineering and consulting firms** specialized in the sectors involved, as well as **lawyers** whose responsibility it is to supervise and verify the legal aspects of transactions (for instance, in the case of renewables: permits, lease, connection contracts, energy buyback contracts, and, of course, applicable regulations).

INF 10

Mandatory

Core Assessed

PRI 1,3

INF 10.1

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

#### ESG issues

☒ Environmental

List up to three typical examples of environmental issues

Climate Change (e.g. GHG emissions)

Resources (e.g. Energy or Water Consumption)

Biodiversity (e.g. Ecological continuity, green belts, corridors)

☒ Social

List up to three typical examples of social issues

Fundamental rights (e.g. Working conditions, sanctity of personal integrity)

Development (e.g.; Jobs created, project goals)

Health (e.g. Health and Safety of employees and users)

☒ Governance

List up to three typical examples of governance issues

Balance of the board

Handling conflicts of interest

**INF 10.2**

Additional information. [Optional]

**Social criteria** measure social impact; this may concern, for example, issues such as respect for human rights, recourse to SMEs or artisans or hiring policies and practices in addition to the social utility of the project's stated objective. These criteria, it is worth noting, remain largely the same regardless of the project type.

The criteria that pertain to the **environmental impact** of projects are more often specific to a particular category of project. For example, criteria related to the issue of biodiversity will be very different for a proposed highway than for an energy performance contract.

**Governance** is embedded in the very foundation of contracts in the form of clauses covering conflicts of interest and provisions as to the tenure and composition of the board designed to protect the long-term interests of unitholders.

**INF 11**

Voluntary

Additional Assessed

PRI 1,3

**INF 11.1**

Indicate what type of ESG information your organisation typically considers during your infrastructure investment selection process.

- ☒ Raw data from the target infrastructure asset/company
- ☒ Benchmarks/ratings against similar infrastructure asset
- ☒ Sector level data/benchmarks
- ☒ Country level data/benchmarks
- ☐ Reporting standards, infrastructure sector codes and certifications
- ☒ International initiatives, declarations or standards
- ☒ Engagements with stakeholders (e.g. contractors and suppliers)
- ☒ Advice from external sources
- ☐ Other, specify
- ☐ We do not track this information

**In conjunction with a specialized consulting firm, we have developed a proprietary methodology for evaluating infrastructure projects with respect to ESG criteria.** This method is now implemented in the selection process for each new investment we make. This method draws on both the **major tenets of regional and international agreements with regard to ESG criteria and best available practices in the sectors** concerned, to then adjust for the specificities of this particular asset class.

**Our ESG evaluations draw on a large number of complementary sources:**

- The first stage, which involves identifying the most relevant environmental and social criteria for each category of project within our typology of infrastructure projects, relies on the sectoral expertise of our 11 RI research analysts who prepare studies of key ESG issues for each sector; topics identify the most significant impacts with respect to sustainable development associated with a sector's activity, and also reveal insights as to available levers for change within each sector, and particularly sectors pertinent to each project type. **This process establishes and updates benchmarks for each sector**
- During the second stage we evaluate each project according to the criteria selected as applicable to its type, drawing **data suited to the project's phase of development (Greenfield vs. Brownfield)**
  - => *During the investment phase:* the initial evaluation is made on the basis of **environmental and social impact studies** conducted upstream to identify potential issues based on the established **project guidelines and on the proposal of the candidate group**. The technical specs of the bidding group are analysed using a double approach that combines an absolute assessment with respect to current regulations, and a relative approach based on the expectations of the initial project guidelines. **This evaluation is submitted to the Investment Committee.**
  - => *During the management phase:* Once the partnership contracts have been signed, we monitor the project's impact (**gap analysis, actual implementation during project realization, annual reviews and reports etc.**). In tandem, surveys for data collection are sent to the heads of each project evaluated. In addition to surveys, **meetings may be scheduled with project stakeholders to increase the accuracy of assessments**. The questionnaires are also employed to measure any gaps between actual performance and that stipulated in the partnership contracts.

Once a project has been evaluated on the basis of these sources using relevant criteria, we compare project ratings with the maximum and minimum assessments that correspond to "best available practices" and "mere compliance with existing regulations", respectively. **Thus, ratings are systematically contextualized against a benchmark that is typological, sectoral and local.**

Our Investment funds specialized in renewable energy can also seek **guidance from an Expert Committee** comprised of respected professionals recognized for their expertise in the area of renewables. The Expert Committee's role is to apprise the asset management company of any developments in the renewable energy sector, especially as concerns trends or changes to technologies and European regulations.

**We have not yet identified any generally accepted norms for Reporting procedures. We do, however, contribute to establishing such professional standards by observing and collating the performance and practices that prevail among infrastructure projects involving multiple public and private stakeholders (public and private partners, industry, investors, etc.).**



INF 12.1	Indicate if ESG issues impacted your infrastructure investment selection processes during the reporting year.
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- ☒ ESG issues helped identify risks and/or opportunities for value creation
- ☐ ESG issues led to the abandonment of potential investments
- ☐ ESG issues impacted the investment in terms of price offered and/or paid
- ☐ ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ☐ ESG issues were considered but did not have an impact on the investment selection process
- ☐ Other, specify
- ☐ We do not track this potential impact

INF 12.2	Additional information.
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**Given the nature of the project types in which we invest (renewable energy, public goods and services...) our examination of sustainable development issues helps us identify investment opportunities that address environmental and social issues, while generating stable long term cash flows.**

In terms of ESG analysis properly speaking, we developed our pioneering methodology tailored to infrastructure analysis in 2013. We have applied it ex post to current investments, but our ex ante implementation began too recently for us to provide detailed comments on how ESG factors have affected the final selection process.

## Selection, appointment and monitoring of third-party operators

INF 13	Mandatory	Core Assessed	PRI 4
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INF 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.
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☒ Yes

**INF 13.2**

Indicate your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party operators.

- ☒ Selection process of third-party operators incorporates ESG issues
  - ☒ For all third-party operators
  - ☐ For a majority of third-party operators
  - ☐ For a minority of third-party operators
- ☒ Contractual requirements when appointing third-party operators includes ESG issues
  - ☐ For all third-party operators
  - ☒ For a majority of third-party operators
  - ☐ For a minority of third-party operators
- ☒ Monitoring of third-party operators covers ESG responsibilities and implementation
  - ☒ For all third-party operators
  - ☐ For a majority of third-party operators
  - ☐ For a minority of third-party operators

☐ No

## Post-investment (monitoring and active ownership)

### Overview

INF 14

Mandatory

Gateway

PRI 2

**INF 14.1**

Indicate if your organisation, and/or operators, consider ESG issues in post-investment activities relating to your infrastructure assets.

☒ Yes

**INF 14.2**

Indicate how your organisation, and/or operators, considers ESG issues in the following post-investment activities relating to your infrastructure assets.

- ☒ We consider ESG issues in the monitoring and operation of infrastructure
- ☒ We consider ESG issues in infrastructure maintenance
- ☒ We consider ESG issues in stakeholder engagements related to our infrastructure
- ☐ We consider ESG issues in other post-investment activities, specify

INF  
14.3

Describe how your organisation, and/or operators, considers ESG issues in post-investment activities related to your infrastructure investments. [Optional]

Once the partnership contract has been signed, a **monitoring process is set up to measure the project's impact** using information gathered from gap analysis and actions undertaken during the project, as well as from **annual and punctual reports**. In the meantime, **'information-gathering surveys' are sent to the managers of each project evaluated**. In addition to the surveys, **meetings may be scheduled with project stakeholders in order to refine or confirm an evaluation**. Such questionnaires can also be employed to measure the performance gap separating real performance from the goals specified in the partnership contract (implementation of amendments to the partnership contract, reports and reviews).

Thus the evaluation of a project portfolio is neither static nor limited to an analysis of that information available when the partnership contract is signed. Indeed, an evaluation can change over time in response to a project's negative or positive impact in the real world.

☐ No

## Infrastructure monitoring and operations

INF 15

Mandatory

Core Assessed

PRI 2

INF 15.1

Indicate the proportion of infrastructure assets where your organisation, and/or operators, included ESG performance in investment monitoring during the reporting year.

- ☒ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

INF 15.2

Indicate ESG issues for which your organisation, and/or operators, typically sets and monitors targets (KPIs or similar) and provide examples per issue.

☒ Environmental

List up to three example targets per issue

Energy consumption (e.g. part of renewable energy used during the phase of use)  
CO2 emissions (e.g. kgCO2/Kwc produced for the production of PV cells)  
Biodiversity (e.g. impact or not on biodiversity, measures to reduce impacts, etc.)

☒ Social

	List up to three example targets per issue
--	--

Creation of jobs (e.g. number of jobs created/100 MW for renewable energy projects)

Use of SMI (e.g. % of SMI in suppliers)

Commitment on health & safety of employees

☒ Governance

	List up to three example targets per issue
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Treatment of conflicts of interest

Balance of the board

☐ We do not set and/or monitor against targets

INF 15.3	Additional information. [Optional]
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Our analysis methodology is tailored to each category of project (solar, wind, rail transport, energy services, etc.) to better identify the key issues. Therefore, the KPI disclosed above are only examples of indicators that can be weighted differently from project to project.

INF 16	Mandatory	Additional Assessed	PRI 2
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INF 16.1	Indicate if you track the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
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☒ Yes

INF 16.2	Indicate the proportion of your infrastructure investees that have an ESG/sustainability-related policy (or similar guidelines).
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☐ >90% of infrastructure investees

☒ 51-90% of infrastructure investees

☐ 10-50% of infrastructure investees

☐ <10% of infrastructure investees

☐ 0% of infrastructure investees

(in terms of number of infrastructure investees)

**INF  
16.3**

Describe how your organisation, and/or your operators, contribute to the infrastructure investees' management of ESG issues. [Optional]

A majority of assets/project companies currently in our portfolio have an explicit sustainable development policy.

- Within the context of our Renewable Energy undertakings, infrastructure projects are significantly determined by the CSR policies put in place by the parent companies of corporate participating in a project (GDF Suez, Holmen, etc.)
- In the context of our PPP projects, all of which provide goods or services of public benefit, projects are designed around the public works requirements that apply to all French utility companies, in which environmental and social concerns have a central role.

It is also important to note that the sectors in which we invest are inherently linked to sustainable development issues (see answer INF.03)

☐ No

INF 17	Voluntary	Descriptive	PRI 2,3
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**INF 17.1**

Indicate the type and frequency of reports you request and/or receive from infrastructure investees covering ESG issues.

Type of reporting

- ☐ Overarching portfolio asset/company reports or similar where management disclosure, financial and ESG data are integrated
- ☒ Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☒ Annually
- ☐ Every two years or less
- ☐ Ad-hoc, specify
- ☒ Other, specify

ESG questionnaires are regularly sent to the managers of each project evaluated, and punctual reports may also be requested from infrastructure investees

Typical reporting frequency

- ☐ Quarterly or more frequent
- ☐ Semi annually
- ☐ Annually
- ☐ Every two years or less
- ☒ Ad-hoc, specify

On a regular basis (projects' monitoring)

☐ No reporting on ESG issues requested and/or provided by infrastructure investees

INF 17.2	Additional information.
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Once the partnership contract has been signed, a monitoring process is set up to measure the project's impact using information gathered from gap analysis and actions undertaken during the project, **as well as from annual and punctual reports. In the meantime, 'information-gathering surveys' are sent to the managers of each project evaluated.** Such questionnaires can also be employed to measure the performance gap separating real performance from the goals specified in the partnership contract (implementation of amendments to the partnership contract, reports and reviews).

**Thus the evaluation of a project portfolio is neither static nor limited to an analysis of that information available when the partnership contract is signed.** Indeed, an evaluation can change over time in response to a project's negative or positive impact in the real world.

## Infrastructure maintenance

INF 18	Mandatory	Core Assessed	PRI 2
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INF 18.1	Indicate the proportion of active infrastructure maintenance projects where ESG issues have been considered.
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- ☒ >90% of active maintenance projects
- ☐ 51-90% of active maintenance projects
- ☐ 10-50% of active maintenance projects
- ☐ <10% of active maintenance projects
- ☐ N/A, no maintenance projects of infrastructure assets are active

(in terms of number of active maintenance projects)

## Stakeholder engagement

INF 19	Voluntary	Additional Assessed	PRI 2
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INF 19.1	Indicate which stakeholders your organisation, and/or operators, engaged with on ESG issues in relation to your infrastructure assets during the reporting year and what proportion of your investments they apply to.
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Stakeholders engaged
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☒ Regulators

	Percentage of infrastructure assets these apply to
--	--

- ☒ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

☒ Communities

	Percentage of infrastructure assets these apply to
--	--

- ☒ >90% of infrastructure assets
- ☐ 51-90% of infrastructure assets
- ☐ 10-50% of infrastructure assets
- ☐ <10% of infrastructure assets

(in terms of number of infrastructure assets)

☐ Other stakeholder, specify

☐ Other stakeholder, specify

INF 19.2	Describe your approach to stakeholder engagements in relation to your infrastructure assets.
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We systematically engage in dialogue with the key stakeholders of each project (the regulatory agency, communities, civil society, etc.) as part of our procedure for filing permits ; this also includes impact studies and research. Every investment within our portfolio is subject to these procedures.

It is also worth noting that our ESG evaluation and monitoring process during the management phase stipulates meetings with key stakeholders with the intention of confirming or disproving the initial ESG evaluation.

## Communication

INF 22	Mandatory	Core Assessed	PRI 6
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INF 22.1	Indicate if your organisation proactively discloses ESG information on your infrastructure investments.
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☒ Disclose publicly

	please provide URL
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<http://urlz.fr/j2R>

please provide URL

<http://urlz.fr/j3Z>

**INF  
22.2**

Indicate if the level of ESG information you provide to the public is the same as the level you provide to your clients/beneficiaries.

- ☐ Yes  
☒ No

**INF  
22.3**

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients/beneficiaries.

Public	Clients/beneficiaries
<input checked="" type="checkbox"/> ESG information on how you select infrastructure investments	<input checked="" type="checkbox"/> ESG information on how you select infrastructure investments
<input checked="" type="checkbox"/> ESG information on how you monitor and manage infrastructure investments	<input checked="" type="checkbox"/> ESG information on how you monitor and manage infrastructure investments
<input type="checkbox"/> Information on your infrastructure investments' ESG performance	<input checked="" type="checkbox"/> Information on your infrastructure investments' ESG performance
<input checked="" type="checkbox"/> Other; specify Natixis AM's Responsible Asset Management Policy ; Mirova's extra-financial research philosophy ; Our thematic approach to investment in infrastructure projects that address sustainable development issues.	<input type="checkbox"/> Other; specify

**INF  
22.4**

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients/beneficiaries.

Public	Clients/Beneficiaries
<input type="radio"/> Quarterly or more frequently	<input checked="" type="radio"/> Quarterly or more frequently
<input type="radio"/> Semi annually	<input type="radio"/> Semi annually
<input checked="" type="radio"/> Annually	<input type="radio"/> Annually
<input type="radio"/> Every two years or less frequently	<input type="radio"/> Every two years or less frequently
<input type="radio"/> Ad-hoc; specify	<input type="radio"/> Ad-hoc; specify



The integration of ESG criteria in Natixis AM's investment processes is included in our Responsible Asset Management Report at: <http://urlz.fr/j3Z>

This document, which presents a synthetic overview of our practices to this effect, covers all of Natixis AM's areas of specialization, including infrastructure. The varying descriptions as they apply to each asset class are communicated to clients upon request, and especially in the course of the promotional activities associated with RFPs.

The extra-financial research process (approach, issues, themes etc.) developed by Mirova, our RI subsidiary, is also available on their website: <http://www.mirova.com/en-UK/p/mirova-research/Sustainable-research-philosophy>

This process governs all of Mirova's RI specialties, including infrastructures, and is employed for each in accordance with its peculiarities.

**As concerns infrastructure specifically:**

- **Our thematic investment approach**, which seeks to direct financing and investment toward infrastructure projects that meet to sustainable development challenges, is described in detail on Mirova's website: <http://www.mirova.com/en-UK/p/real-assets>
- **The ESG methodology and principles applicable to infrastructure** are summarized in all commercial documentation (PPM, SIDs etc) : <http://urlz.fr/j2R> and more details are sent to clients upon request.
- **An annual ESG report is sent to unitholders**, providing environmental and social evaluations for each of our positions

- ☐ Disclose to clients/beneficiaries only
- ☐ No proactive disclosure to the public or to clients/beneficiaries