

Anti-personnel landmines and cluster munitions exclusion policy

May 2019

1. Key points

In March 2009, Natixis decided to adopt a policy excluding companies which are involved in the manufacture, trade, and storage of anti-personnel landmines and cluster munitions from its investment perimeter.

This policy applies to:

- financing the operations of such companies,
- direct investment,
- indirect investment through portfolios managed by Mirova, a 100% subsidiary of Natixis Investment Managers.

Mirova has also pledged to raise client awareness regarding controversial weapons.

The policy excludes issuers involved with anti-personnel landmines and cluster munitions and also applies to funds which Mirova manages, is the parent company of, or which are delegated to Mirova.

2. Legal framework and definition of controversial weapons

The Ottawa (1999) and Oslo (2010) Conventions prohibit the production, use, stockpiling, marketing, and transfer of anti-personnel mines and cluster munitions.

These weapons can be harmful to civilian populations.

- Anti-personnel mines are designed to explode when a person is in close proximity to, or makes contact with, the mine, maiming or killing anyone in the vicinity.
- Cluster munitions are designed to disperse or release explosive submunitions in all directions.

Financing companies who deal in these weapons could be considered as encouraging production. Interpretations of the ban vary from country to country. In France, "Knowingly contributing direct or indirect financial assistance to companies which manufacture or trade cluster munitions constitutes assistance, encouragement, and inducement under criminal law."

3. Application of the exclusion policy

Mirova's investment research teams regularly consult with an extra-financial agency which specializes in arms in order to update the list of listed and unlisted companies which are excluded from Mirova's investment perimeter. The list includes companies which:

- Are involved in developing, producing, using, trading, selling, or transferring anti-personnel landmines or cluster munitions,
- Own 50% or more of a company which has been proven to be involved in any of the aforementioned activities.

In order for a company's involvement to be proven, the company must produce a component which is essential for the production of cluster munitions or anti-personnel landmines.

Consulting with an external agency allows for us to share our expertise on issues regarding arms and to include more specific information in our official communications.

Procedure

- 1) Information provided by the outside agency regarding companies' exposure to controversial weapons is analyzed regularly.
- 2) The list of excluded companies is approved or amended by Mirova according to information received from other sources (NGOs, company contacts, etc.).
- 3) The list is approved by Mirova's management. Mirova's management also determines the scope of the list's application.
- 4) The list is shared with portfolio managers and the Risk department who ensure that the companies on the list are excluded from the investment perimeter.
- 5) The list of excluded companies is shared with Natixis.

The list of excluded companies is reviewed each time there is a change using the same procedure.

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