



# EXCLUSION POLICY

---

Last update : July 2025

exane  
asset  
management

# Table of contents

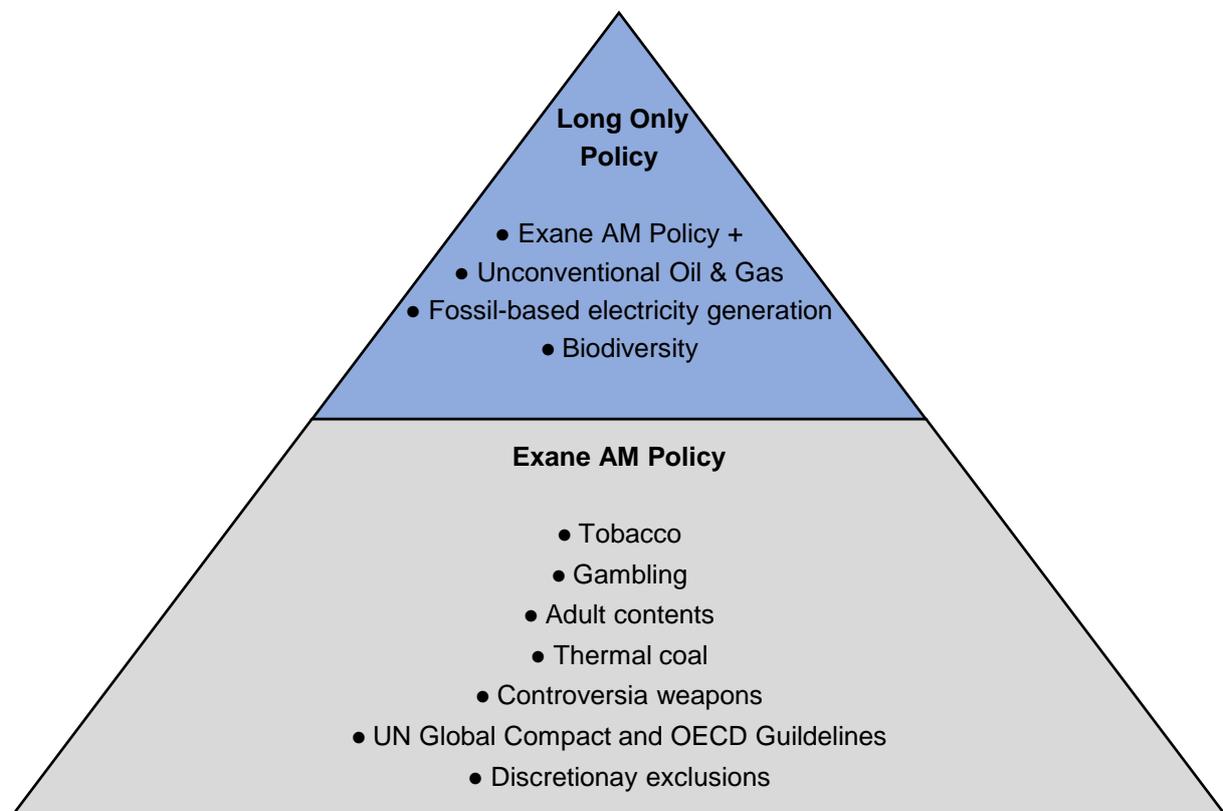
<b>Table of contents</b> .....	2
<b>1. Exane AM Exclusion Policy</b> .....	4
1.1 Discretionary exclusions .....	4
1.1.1 Severe controversies .....	4
1.1.2 Important ESG Risks .....	4
1.2 Compliance with the principles of the UN Global Compact and the OECD Guidelines	4
1.3 Controversial weapons .....	5
1.4 Tobacco .....	5
1.5 Gambling .....	6
1.6 Adult contents .....	6
1.7 Thermal coal .....	6
<b>2. 'Long Only' Exclusion Policy</b> .....	7
2.1 Unconventional Oil & Gas .....	7
2.2 Fossil-based electricity generation .....	8
2.3 Biodiversity .....	8
<b>3. Implementation of exclusions</b> .....	8
3.1 Definition and updating of exclusions .....	8
3.2 Exclusion monitoring .....	9

Exane Asset Management (“**Exane AM**”) has developed a responsible approach by incorporating, from the outset, a policy of exclusion on issues identified as critical from a sustainable development perspective. Exane AM believes that more sustainable management is also a growth driver. Exane AM's exclusion policy has been developed gradually, with the aim of avoiding exposure to ethical, reputational and ultimately financial risks associated with certain activities.

This document presents two levels of exclusion that apply to different scopes:

- An exclusion policy covering all direct investments made by Exane AM in long positions across all managed funds (**‘Exane AM Policy’**)
- An exclusion policy that supplements the Exane AM Policy for the ‘Long Only’ range of funds (**‘Long Only Policy’**)

These exclusion criteria are summarised in the following diagram:



Most of these exclusions are defined by strict criteria based on the level of exposure of companies' turnover.

This exclusion policy is updated once a year.

# 1. Exane AM Exclusion Policy

The exclusions defined by Exane AM apply to all funds (long positions only) managed by Exane AM and may be normative or thematic:

## 1.1 Discretionary exclusions

### 1.1.1 Severe controversies

Exane AM excludes companies facing serious controversies. We exclude all companies with a Sustainalytics® controversy rating of 5. For securities already in the portfolio, if the controversy rating reaches 5, the security must be removed from the portfolio as quickly as possible, within a timeframe that is in the best interests of our clients.

For other controversies (levels 1 to 4), the ESG team analyses each case individually, looking at the controversies, their causes, possible consequences and the remedial measures put in place by the company concerned. The ESG team, in consultation with the fund's lead manager, may decide to exclude a security that is the subject of a level 4 controversy or, if there are obvious shortcomings in the corrective measures, from the portfolios in which it is held.

### 1.1.2 Important ESG Risks

Exane AM excludes companies with an ESG Risk Score from Sustainalytics® greater than or equal to 30. The ESG team, in consultation with the fund's lead manager, reserves the right to reinstate certain names in two distinct cases:

- The ESG Risk Score, although above 30, is actually better than the sector average. In this case, given our intra-sector investment approach, the security may be reinstated to the list of authorised securities.
- Or our internal analysis calls into question a number of assumptions made by our supplier Sustainalytics®. In this case, we recalculate the ESG Risk Score on the basis of the various E, S and G pillars and notify in writing in our internal analysis tool i-ESG the score resulting from the questioning of one or more assumptions.

## 1.2 Compliance with the principles of the UN Global Compact and the OECD Guidelines

Exane AM excludes any company that flagrantly violates any of the principles of the UN Global Compact and the OECD Guidelines. These principles serve as a framework to encourage companies and governments to adopt sustainable practices. They thus provide companies with information and best practices to implement. There are 10 principles in total, covering several topics related to the environment, human rights, international labour standards and the fight against corruption. The pact aims to take measures to advance societal goals and the implementation of the Sustainable Development Goals (SDGs).

This voluntary initiative commits companies to complying with these standards and publishing an annual report to measure progress made.

Based on data provided by our supplier, Sustainalytics®, Exane AM's ESG team reviews the most serious controversies related to the principles of the Global Compact:

- If a flagrant violation is identified, the issuer in question is immediately added to Exane AM's exclusion list, effectively preventing any future investment in it.
- Certain issuers may also be placed on a 'Watch List' if they face high or very high severity controversies related to the 10 principles of the Global Compact, which are limited in frequency, or because they have initiated corrective measures. The ESG team, in consultation with the fund's lead manager, then decides on a case-by-case basis whether or not to add the issuer to Exane AM's exclusion list.

### 1.3 Controversial weapons

Exane AM identifies controversial weapons as those that have a disproportionate and indiscriminate impact on civilians, persisting for years after the end of conflicts. This applies to anti-personnel mines (APMs), cluster munitions and submunitions (CSMs), whose consequences on populations and territories persist beyond the period of peace, thus causing disproportionate and indiscriminate effects on civilians. In response to this, Exane AM has implemented a policy excluding controversial weapons such as incendiary weapons, white phosphorus bombs, chemical weapons, depleted uranium weapons, blinding laser weapons, biological weapons and non-detectable fragmentation weapons. This approach is in line with France's commitments, in particular:

- Ratification of the Ottawa Convention signed in 1997, which prohibits the use, stockpiling, production and transfer of anti-personnel mines, as well as their destruction.
- And the principles of the Oslo Convention signed in 2008, which prohibits the use, production, stockpiling and transfer of cluster munitions, with the exception of so-called 'smart' munitions equipped with electronic anti-deactivation or self-destruction mechanisms.

In addition, Exane AM maintains and updates a list of excluded securities based on product involvement indicators from the data provider Sustainalytics®.

We compare our investment universe to the list of securities that, according to Sustainalytics®, are exposed to controversial weapons. Any security exposed from the first euro to any of the types of products mentioned above is placed on the exclusion list for all UCITS managed by Exane AM (applicable to long positions only).

### 1.4 Tobacco

Exane AM recognises the harmful impact of tobacco on public health and has therefore implemented a tobacco exit policy that consists of excluding issuers:

- That generate more than 10% of their revenue from tobacco production
- Generating more than 10% of their revenue from distribution activities in the tobacco industry

- Generating more than 10% of their revenue from retail activities in the tobacco industry

## 1.5 Gambling

Companies with more than 10% of their turnover derived from the production, distribution or sale of gambling products are excluded.

## 1.6 Adult contents

Companies that derive more than 10% of their turnover from the production, distribution or sale of pornographic content are excluded.

## 1.7 Thermal coal

Exane AM recognises the major contribution of coal to global greenhouse gas emissions. According to the IEA, it is the fossil fuel with the greatest impact on global warming. This requires a profound change in which coal will play an increasingly less important role in both the global energy mix and the global electricity mix.

According to the IEA, it will be impossible to stay on track for a climate trajectory compatible with a 1.5°C rise in temperature by the end of the century if new coal mines are developed or existing mines are expanded.

Finally, coal combustion also has a worrying impact on biodiversity, air quality and therefore human health. This is why Exane AM has implemented a coal exclusion policy covering both extraction and electricity production from thermal coal. This policy is based on four criteria:

- **Relative threshold:** Exclusion of any issuer whose revenue from thermal coal is greater than or equal to 5% of total revenue. This covers both issuers active in mining and those producing energy from coal.
- **Absolute threshold:**
  - Exclusion of any issuer whose annual thermal coal extraction is 10MT or more without a reduction target.
  - Exclusion of any issuer whose coal-fired electricity generation capacity exceeds 5GW.
- **Coal developer:** Exclusion of any emitter developing new thermal coal mining operations or thermal coal-based power generation projects.

These thresholds, aligned with the criteria used by the NGO Urgewald via its 'Global Coal Exit List' database, are the strictest possible. This strategy is reviewed annually based on the latest data available from Urgewald.

It is important to note that Exane AM reserves the right to retain certain issuers that exceed these thresholds in its portfolio or to make new investments in them, provided that:

- Having made a firm commitment and provided a detailed timetable for the definitive phase-out of thermal coal (both for extraction and electricity generation) by 2030 in European/OECD countries and by 2040 in the rest of the world.
- Committing to the conversion or closure of mines and power plants. Exane AM considers the sale of assets to be a last resort if justified by the needs and continued access to energy of local communities.

## 2. ‘Long Only’ Exclusion Policy

The exclusions listed below apply to all Long Only funds managed by Exane AM and concern the following themes. They are in addition to the exclusion policy referred to in section 1:

### 2.1 Unconventional Oil & Gas

Unconventional hydrocarbons are not fundamentally different from conventional oil and gas. The difference lies in their location underground or in the unusual nature of the reservoirs that contain them. These conditions necessitate new extraction methods, which are often difficult.

Exane AM therefore considers unconventional oil and gas to be fuels whose production exposes companies to major and increasingly significant risks in social, environmental and economic terms.

Exane AM considers the following fossil fuels to be unconventional:

- Oil, gas and petroleum extracted by hydraulic fracturing
- Shale oil and gas
- Oil sands
- Oil and gas extracted from Arctic drilling (we follow the AMAP definition for the Arctic region)

Exane AM effectively excludes any new investments in issuers whose production of unconventional hydrocarbons accounts for more than 30% of their total fossil fuel production.

The ESG team bases its analyses on the use of several tools to assess companies' exposure to these fuels, including Urgewald's 'Global Oil & Gas Exit List' and data from Sustainalytics.

It is important to note that Exane AM reserves the right to retain certain issuers exceeding this threshold in its portfolio or to make new investments in them if justified by the ESG team's internal analysis, in particular:

- Companies with a climate strategy validated by SBTi (1.5°C or WB 2°C)
- Companies with a transition strategy aligned with another framework (TPI, NGFS, ISSB, TCFD, Climate Action 100+)

## 2.2 Fossil-based electricity generation

All issuers whose main activity is electricity generation and whose carbon intensity is not compatible with the Paris Agreement are excluded. Exane AM uses data from the International Energy Agency as a benchmark:

Year	2023	2024	2025	2026	2027	2028
gCO <sub>2</sub> eq/kWh	366	326	291	260	232	207

## 2.3 Biodiversity

Exane AM considers biodiversity to be the sum total of the planet's natural resources. The decline in biodiversity and ecosystems poses a threat to our activities and our way of life. Protecting biodiversity also helps to address other environmental challenges such as climate change (through carbon sinks) and social issues. People's livelihoods, incomes, social needs and health can be closely linked to natural resources. Indeed, the loss of biodiversity can have major consequences in these areas. Furthermore, biodiversity plays a crucial role in achieving the SDGs.

Exane AM therefore believes that it is crucial to develop a biodiversity preservation strategy, focused primarily on combating deforestation. Deforestation is one of the main factors contributing to the decline in biodiversity. Exane AM therefore seeks to tackle the main drivers of deforestation, particularly those involved in the palm oil industry. This industry is criticised for the vast areas of forest it clears for oil palm cultivation and the consequences of this deforestation on wildlife, flora and the way of life of local populations. Exane AM therefore excludes any company (producer or distributor) that:

- Revenue from the production or distribution of palm oil is greater than or equal to 5% of total revenue.
- The proportion of palm oil certified by the RSPO label is less than 50%.

These issuers are excluded using data from CDP Forest, recommendations from the Science-Based Targets for Nature (SBTN) initiative, and Sustainalytics.

## 3. Implementation of exclusions

### 3.1 Definition and updating of exclusions

The ESG team defines exclusion lists based on its internal research, information provided by coalitions and associations, such as Urgewald's Global Coal Exit List and Global Oil and Gas Exit List, and data provided by Sustainalytics.

The ESG team reviews and supplements the information provided by these external sources by cross-checking or challenging it, and thus lists all securities relevant to the themes outlined below. The ESG team is responsible for drawing up an initial list using all the exclusion filters mentioned in this policy. Discussions are then held with sector managers on certain cases that

require further investigation. Once the lists have been finalised, they are sent to our IT department so that they can be blocked in pre-trade.

The exclusion lists are updated every six months.

Exane AM applies the following principles:

1. Regarding company exclusions, all securities and instruments issued by a listed company (shares, equity derivatives and negotiable debt securities) fall within the scope of the exclusion policy.
2. The exclusion policy as presented applies only to long positions in the portfolio.
3. The list of excluded companies does not apply to index derivatives, whose administrators are third parties.
4. If company A is owned by company B, and if company B engages in controversial behaviour or participates in a controversial industry such as arms manufacturing, thermal coal mining or tobacco, company A will not necessarily be excluded from the investment universe.

### **3.2 Exclusion monitoring**

Companies on the exclusion lists are blocked in pre-trade in our order management system (OMS) and therefore cannot be purchased. If a company in which Exane AM is already invested is added to the exclusion list, subsequent purchases will be blocked, and the existing position will be sold as soon as possible in the best interests of our clients.

Exane AM's Compliance Department independently verifies, at a second level, the implementation of exclusion lists and their updates. Any exclusion decision based on controversy will be communicated to the Compliance Department. It is also important to note that the definition and updating of these lists is regularly reviewed and amended.

# Appendix: Summary Table

		Exane AM exclusion policy					
		Exclusions	Description	Threshold	Unit	Sources	
Norms		UN Global Compact / OECD Guidelines for Multinational Enterprises	Concerns companies in violation of the Principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	Yes	Yes/No	Sustainalytics	
		Controversial weapons	In line with the Ottawa and Oslo Conventions. Concerns all companies involved in the manufacture, distribution, sale and stockpiling of anti-personnel mines, cluster munitions, and chemical, biological or incendiary weapons	0	% Turnover	Sustainalytics	
		Tobacco	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics	
		Gambling	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics	
		Pornography	Concerns production, distribution or sales activities	>10	% Turnover	Sustainalytics	
	Sectorial			<u>Relative threshold:</u> Concerns all companies active in the extraction or production of energy from coal when the coal share of turnover is exceeding 5%	> 5	% Turnover	GCEL
			Thermal coal	<u>Absolute threshold:</u> Concerns companies with an annual thermal coal extraction of 10MT or more with no reduction target Concerns companies with a coal-fired electricity generation capacity exceeding 5GW	10/5	MT/GW	GCEL
				<u>Coal developer:</u> Concerns companies developing new thermal coal mines or thermal coal power generation projects	Yes	Yes/No	GCEL
			Electricity generation	Concerns companies whose main activity is the production of electricity and whose carbon intensity of the activity is not compatible with the Paris Agreement	scalable	gCO2/kWh	CDP/Sustainalytics
			Unconventional oil & gas	Concerns companies active in the exploration, extraction, distribution or sale of equipment/services	> 30	Of the total production of fossil energy	GOGEL
	Biodiversity		Concerns companies active in the production or distribution of palm oil	> 5	% Turnover	Sustainalytics/CDP Forest	
			Palm oil certification by the RPSO label	< 50	%	Sustainalytics/CDP Forest	