

FINARE ASSET MANAGEMENT S.A.

Exclusion policy

Updated in February 2025

Finare Asset Management S.A. (hereinafter FINARE AM or the Company) has a responsible investor approach based on a long-term investment philosophy based on conviction-based management. Our approach is distinguished by our in-depth analysis and engagement with companies.

Our responsibility towards our customers involves offering them adapted investments that take into account social and environmental impacts. Aware of this duty, we are convinced that our investments must focus on companies that have a sustainable business model and long-term growth prospects.

As such, we have drawn up an exclusion list of companies that do not meet the investment criteria of Finare Asset Management S.A. due to their business activities or violations of international standards.

PERIMETER

This exclusion policy applies to any portfolio invested in direct lines in stocks and/or bonds.

SCOPE

The above exclusions apply to all "open-ended" investment funds managed by FINARE AM. We will not knowingly own securities of companies in which we have identified breaches of the above principles. We do not exclude companies whose products or main purpose of activity are not mentioned in the principles set out above.

Our Socially Responsible Investment funds have made stronger commitments by expanding their list of exclusions and negative selection. Specific information on this subject can be found in the Transparency Code and the documentation relating to these funds, published on our website.

EXCLUSIONS RELATING TO COMMERCIAL ACTIVITIES

TOBACCO – The Company considers that tobacco does not fall into the category of sustainable investments, due to the harmful nature of this product to health and the environment. We therefore exclude companies involved in tobacco production from our investment universe. We also exclude companies that have a significant stake in these companies as well as those that are heavily involved in the wholesale distribution of tobacco or in the supply of cigarette components such as filters (more than 5% of their turnover).

THERMAL COAL – The Company agrees with scientists in recognizing that reducing emissions from thermal coal is one of the most effective ways to complete the transition to a cleaner energy system, and in line with the Paris Agreement. In addition, FINARE AM is committed to ensuring that, if future coal-related investments are allowed under its exclusion policy, a full exit of coal-related investment

companies will be implemented by 2030, as outlined in our carbon phase-out strategy. We see investments in thermal coal as subject to increased risks in the future as companies move away from thermal coal as a fuel source.

To avoid the risk of abandoning thermal coal mines, we have developed a framework that excludes any company that derives more than 10% of its turnover from thermal coal mining or produces more than 20 million tonnes of thermal coal per year. FINARE AM will not knowingly and directly finance the development of new coal mining projects. If a company in which we invest is involved in new coal mining projects through an acquisition, FINARE AM will seek to divest within a defined and specific timeframe. Exceptionally, it may be considered to invest in mining companies producing more than 20 million tonnes of thermal coal per year, but whose core business is not coal mining, and which contribute positively to the energy transition through other commercial activities.

ENERGY GENERATION – The price of renewable energy has fallen significantly as developed countries, particularly in Europe, increase their electricity production. However, we must consider that in developing countries, coal can still support improved access to electricity and modernisation, while ensuring the transition to cleaner energy sources in the future. We believe that while thermal coal may play a role in the energy transition in the short term, coal-fired power plants may no longer be economically viable in the long term. However, an oversimplified approach, which discriminates against power generation companies only on the coal threshold in their energy mix, without taking into account the company's efforts to implement more efficient technologies, is not viable for the upcoming energy transition. It is for this reason that we have adopted the criteria using gCO₂/kWh, following the threshold recommended by the standards of the Belgian label "Towards Sustainability" and taking into account the recommendations of the International Energy Agency, in order to keep the increase in global temperature below 2 degrees, as provided for in the Paris Agreement.

	2022	2023	2024	2025
gCO ₂ /kWh	374	354	335	315

FINARE AM recognises the importance of encouraging companies to reduce their dependence on coal mining so that they can align their activities with the Paris Agreement. In this context, FINARE AM will consider exceptions to its exclusion rules for companies that make credible commitments to reduce and abandon their thermal coal mining business.

ADULT ENTERTAINMENT AND PORNOGRAPHY – FINARE AM considers that investments in adult entertainment and pornography production companies are not sustainable and do not contribute positively to the sustainable development of society in the long term. We believe that there is a significant risk that the adult entertainment industry, indirectly, will not respect human rights principles, both in terms of labour practices and societal impact. We exclude companies that derive

more than 2% of their turnover from the production of adult entertainment and pornography, those that have a significant stake in these companies, or those that are significantly involved in the wholesale distribution of adult entertainment and pornographic content.

CONTROVERSIAL WEAPONS - FINARE AM considers anti-personnel mines, nuclear weapons, cluster bombs, chemical and biological weapons, depleted uranium weapons, white phosphorus munitions, blinding lasers and non-locatable shrapnel to be controversial weapons. We exclude from our investment universe companies that manufacture products that violate treaties, Conventions or laws prohibiting the following controversial weapons:

1. The Ottawa Treaty (1997), which prohibits the use, stockpiling, production and transfer of anti-personnel mines
2. Convention on Cluster Munitions (2008), which prohibits the use, stockpiling, production and transfer of cluster munitions
3. The Chemical Weapons Convention (1997), which prohibits the use, stockpiling, production and transfer of chemical weapons
4. The Biological Weapons Convention (1975), which prohibits the use, stockpiling, production and transfer of this category of weapons
5. The Treaty on the Non-Proliferation of Nuclear Weapons (1968), which limits the spread of nuclear weapons to only the group of recognized nuclear-weapon states (Russia, the United Kingdom, France and China).
6. The Belgian Mahoux law, which prohibits investments in uranium weapons.
7. The 1980 Convention on Certain Conventional Weapons relating to non-detectable shrapnel, incendiary weapons and blinding laser weapons.

EXCLUSIONS RELATING TO COMMERCIAL STANDARDS

FINARE AM acts in accordance with the principles of the United Nations Global Compact, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises to assess corporate standards from the perspective of respect for human rights, labour law and standard practices in the face of climate change, among others. We rely on our proprietary analysis to identify possible breaches of these principles and, where we do identify them, on external research to assess their severity. When a company demonstrates serious breaches of these principles and those presented in the appendix to this document, we initiate an enhanced engagement process with them. If this enhanced engagement process, which can last up to three years, does not result in the desired behavioural change, FINARE AM will exclude the company concerned from its investment universe.

IMPLEMENTATION

1. With regard to company exclusions, all investment instruments issued by a listed company (e.g. shares, individual derivatives and private bonds) fall within the scope of the exclusion policy.
2. FINARE AM's in-house ESG team, using external data, tools and research providers, undertakes a series of ESG assessments to identify companies in our investment universe that may be eligible for potential exclusion.
3. Any new sector exclusions contemplated at our company level are discussed within the investment team and then submitted to FINARE AM's Responsible Investment Governance group for approval.
4. Cases of companies whose behaviour is deemed controversial are presented first to the Investment and Responsible Investment team and then, if necessary, to the Responsible Investment Governance group. Exclusion decisions must be justified by specific arguments.
5. In the case of discretionary mandates and investment solutions that meet specific client expectations, FINARE AM will initially propose to its clients to apply its current exclusion framework. However, FINARE AM may subsequently withhold additional and/or different investment restrictions if requested by the client.
6. If Company A is partially owned by Company B, and if Company B exhibits controversial behaviour or is involved in a business such as controversial armaments, thermal coal mining or tobacco, FINARE AM will not exclude Company A from its investment universe.
7. The list of excluded companies does not apply to index derivatives, whose directors are third parties.
8. Companies excluded from the investment universe will be subject to a quarterly review using FINARE AM's internal assessment methodology to see if there have been any changes in their activities or behaviour. A notice of changes may lead to a lifting of exclusion.
9. When a company owned by FINARE AM is placed on the exclusion list, we will close our funds' positions in that company within a defined and specific time frame. FINARE AM's Compliance team monitors compliance with exclusions. Any situation of infringement/violation identified within the defined time frame is duly escalated to the ESG Governance group.

GOVERNANCE AND POLICY MONITORING

FINARE AM's Investment Committee, composed of several senior directors and managers, decides on the proper implementation and updating of the exclusion policy applicable to our entire company. In its role as an escalation body, it makes decisions on additions and/or removals from the exclusion list and approves exceptions to the exclusion list if the situation so requires.

An operational framework also governs the management of our exclusion list. These are monitored by the Investment and Responsible Investment team as a first line of control through the trading system: it incorporates strict sector exclusions and the processes mentioned in this policy, resulting in the impossibility of investing in the securities concerned.

The Compliance team acts as a second level of control, and ensures that the exclusion strategy applied respects the various constraints (regulatory, statutory and internal), using the QUANTILIA tool that allows us to have a transparency of the titles used.

UNITED NATIONS GLOBAL COMPACT PRINCIPLES ANNEX

- **Human rights:** Companies must:

Principle 1 : Promote and respect the protection of international human rights law within their sphere of influence; and

Principle 2: Ensure that we are not complicit in human rights violations.

- **Labour Standards:** Businesses must:

Principle 3: Respect freedom of association and recognize the right to collective bargaining;

Principle 4 : eliminate all forms of forced or compulsory labour;

Principle 5 : Effectively abolish child labour; and

Principle 6 : Eliminate discrimination in respect of employment and occupation.

- **Environment:** Businesses must:

Principle 7: Apply the precautionary approach to environmental problems;

Principle 8: Take initiatives to promote greater environmental responsibility; and

Principle 9: Promote the development and diffusion of environmentally sound technologies.

- **Anti-corruption:** Companies must:

Principle 10: Act against corruption in all its forms, including extortion and bribery.

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

Companies must take full account of the policies established in the countries where they operate and take into account the views of other stakeholders. In this regard, companies must:

1. Contribute to economic, environmental and social progress with a view to achieving sustainable development.

2. Respect internationally recognized human rights vis-à-vis people affected by their activities.
3. Encourage capacity building at the local level by cooperating closely with the local community, including the business community, while developing the company's activities in domestic and international markets in a manner consistent with sound business practices.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating the training of employees.
5. Refrain from seeking or accepting exceptions not provided for in the legislative or regulatory framework concerning human rights, the environment, health, safety, labour, taxation, financial incentives or other areas.
6. Support and enforce principles of good corporate governance and develop and implement good corporate governance practices, including within enterprise groups.
7. Develop and implement self-regulatory practices and effective management systems that foster a relationship of mutual trust between companies and the companies in which they operate.
8. Ensure that the workers they employ are aware of the policies they have in place and encourage them to comply with them by disseminating them appropriately, including through training programmes.
9. Refrain from taking discriminatory or disciplinary action against workers who have, in good faith, reported to management or, where appropriate, to the competent public authorities, information about practices contrary to the law, the Guidelines or company policies.
10. Exercise risk-based due diligence, for example by integrating this dimension into their risk management systems, in order to identify, prevent or mitigate the actual or potential adverse impacts described in paragraphs 11 and 12, and report on how they respond to such impacts. The nature and extent of due diligence depends on the circumstances of a particular situation.
11. Avoid having or contributing to adverse impacts in areas covered by the Guidelines as a result of their own activities and take appropriate action when such impacts occur.
12. Strive to prevent or mitigate a negative impact, where they have not contributed to it but that impact is nevertheless directly related to their activities, products or services under a business relationship. This should not be interpreted as transferring responsibility from the entity that has a negative impact on the company with which it has a business relationship.
13. In addition to addressing negative impacts in areas covered by the Guidelines, encourage their business partners, including suppliers and subcontractors, to the extent possible, to apply principles of responsible conduct consistent with the Guidelines.
14. Engage with relevant stakeholders by giving them meaningful opportunities to voice their views when planning and making decisions about projects or other activities that are likely to have a significant impact on local populations.
15. Refrain from undue interference in local political activities.

ILO DECLARATION ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

Adopted in 1998, the Declaration commits member States to respect and promote principles and rights falling into four categories, regardless of the ratification of the Conventions concerned by the States in question.

These categories are: freedom of association and effective recognition of the right to collective bargaining, elimination of all forms of forced or compulsory labour, effective abolition of child labour and elimination of discrimination in respect of employment and occupation.