Exclusion Policy

DELEN

PRIVATE BANK

1. Rationale

The underlying idea governing this policy and its principles is “avoid harm”. Some exclusions may seem severe, others lenient. Yet, it is our way to exclude serious ESG offenders (companies that run risks concerning ecologyl, social justice or good governance) and the highest ESG risks, taking into account the other pillars of our broader sustainable policy, being engagement (company dialogue) and integration (of ESG parameters in the analysis of a company).

We strongly believe in active engagement keeping our main task in mind, portfolio management. Risk management is an important factor through which we guide our asset management. Instead of bluntly excluding many sectors which would result in highly concentrated portfolios we prefer to positively influence companies to have a long term perspective.

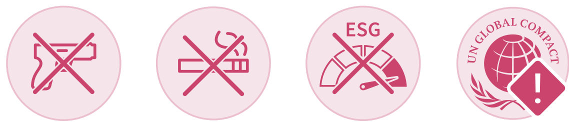
Fossil fuel could serve as an example. Excluding coal, oil and gas producers does not necessarily result in a fossil free portfolio when you take into account chemicals, pharmaceuticals, plastics (from bags to hip replacements), transportation, travel, agriculture,… To be entirely fossil free and consequent, a substantial part of a classic diversified portfolio would have to be excluded.

As an active shareholder, we prefer dialogue and when we don’t exclude an activity formally, we still have a strict engagement and integration policy, enabling us to select the companies that have a long term view on their activities, including climate change and its impact. When we see engagement doesn’t work, the company will be tossed out of our portfolios.

2. Exclusion principles

We exclude weapons, tobacco, severe ESG risks, UN Global Compact offenders and controversial fossil fuels. The detailed principles and thresholds are specified hereafter.

For countries we exclude those whose governments are sanctioned by the United Nations.



3. Applicable universe

This policy is applicable to all funds for which Capfi Delen Asset Management or Cadelux, is responsible for the portfolio management.

We do not apply this policy to futures (all other asset classes are covered) as they remain a very small part of our portfolios and are used for basic exposures in less accessible markets only. Should those positions become larger, we will reassess the use of ESG/SRI ETFs or other mitigating solutions.

The activities exclusion principles are applicable to all asset classes except government bonds and treasury notes.

The countries exclusion principle is applicable to government bonds and treasury notes only.

4. Detailed exclusion principles

Sustainalytics[1] provides the data to analyse and monitor controversial activities .

Are excluded:

Weapons/military

- *Controversial weapons*
  All companies with any tie to controversial weapons (anti-personnel mines, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, and white phosphorus munitions), as defined by the methodology of Sustainalytics.

- *Assault weapons*
  All companies classified as manufacturers.
  All companies classified as retailers to civilian customers.

- *Non-assault weapons*
  All companies classified as manufacturers. All companies classified as retailers that earn 5% or more in revenue from non-assault weapons to civilian customers.

- *Military contracting*
  All companies deriving more than 50% or more in revenue from manufacturing military (conventional) weapons or from products and services supporting those weapons.

Energy

- *Oil sands*
  All companies deriving 5% or more revenue from oil sands extraction.

- *Arctic Oil & Gas Exploration*
  All companies deriving 5% or more revenue from arctic oil & gas exploration.

- *Shale energy*
  All companies deriving 10% or more revenue from shale energy production or exploration.

- *Thermal coal*
  All companies deriving 10% or more revenue from the extraction of coal.
  All companies deriving 25% or more revenue from thermal coal based power generation.

Tobacco

All companies classified as manufacturers. All companies classified as retailers or as supplier of tobacco-related products and services that earn 5% or more in revenue from tobacco-related products.

UN Global Compact

All companies that offend the UN Global Compact principles as analysed by Sustainalytics, provided that engagement through Hermes EOS is showing no positive evolution after maximum one (1) year after the company has been declared non-compliant or that the outlook isn't declared positive by Sustainalytics itself.

Severe ESG Risks

All companies that have a Sustainalytics ESG Risk score of 40 or above (classified by Sustainalytics as "significant ESG risks").

[1] www.sustainalytics.com

5. Not formally excluded

- Alcoholic beverages
- Nuclear power
- Traditional oil and gas
- Pesticides
- Palm Oil

For the list above, we don't exclude the whole activity per se. Yet, as mentioned before, we will thoroughly assess the eventual ESG issues of the companies that would have exposure to one of the abovementioned activities and if we have them in portfolio, engage them accordingly.

6. Duration

This policy is applicable as from November 1st 2020 for an indefinite time or until a new or updated version is available.

It will be reviewed annually in October.

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