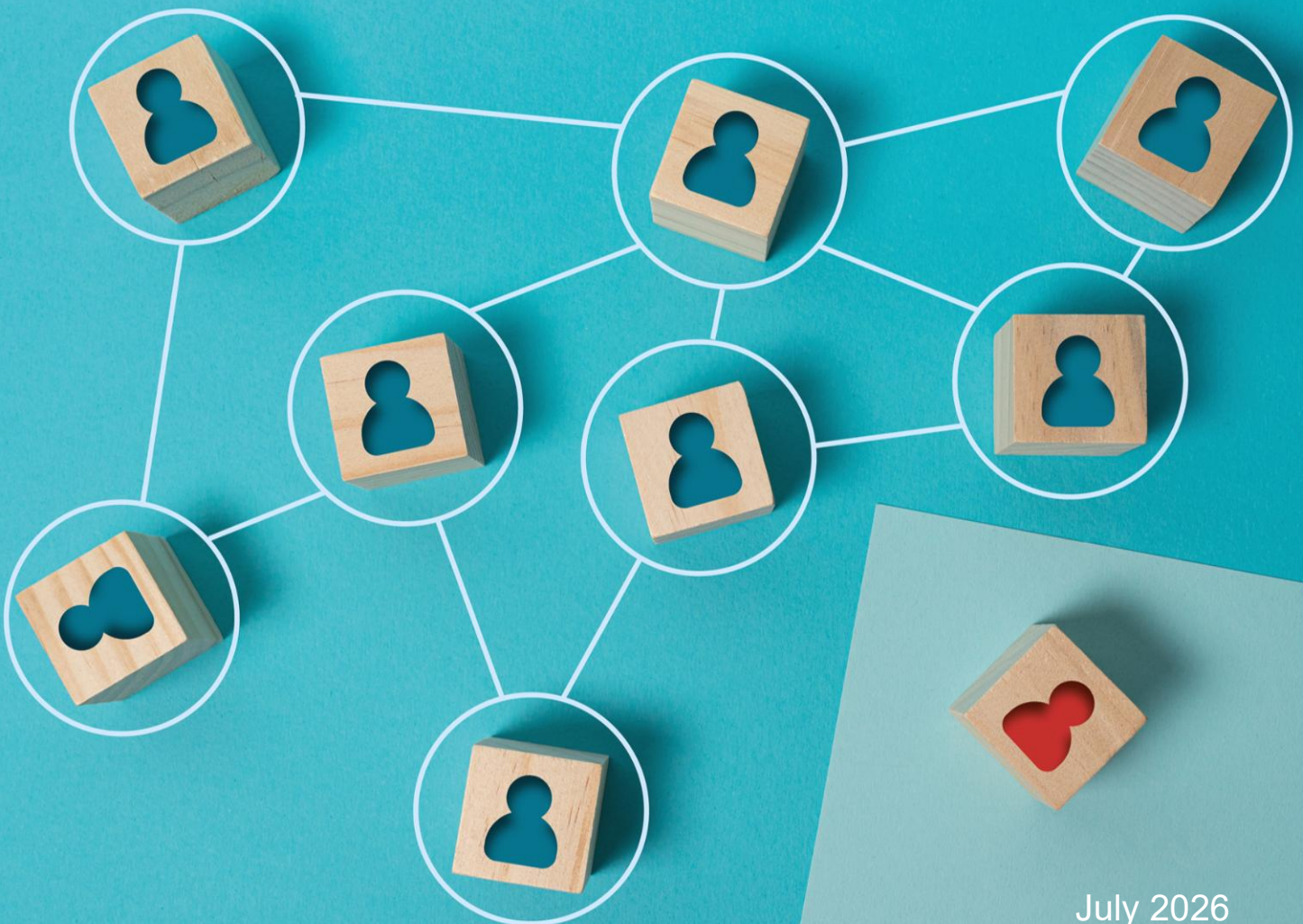


Thematic and Sectoral exclusions

Axiom Alternative Investments



0 - INTRODUCTION	3
1. LEVEL 1: GENERAL THEMATIC AND SECTORAL POLICIES	4
1.1 Violations of United Nations Global Compact (UNGC) Principles	4
1.2. Controversial Weapons	5
1.3. Tobacco	6
1.4. Climate change	6
1.4.1. Coal power and mining	7
1.4.2 Unconventional Oil & Gas	7
1.5 Biodiversity	7
1.6 Water use	9
1.7 Forward contracts on commodities	9
1.8 Death penalty	10
1.9 Taxation	10
1.10 Alcohol	10
1.11 Gambling	10
1.12 Cannabis	11
1.13 Adult Entertainment	11
1.14 Non-compliant sovereign issuers	11
2 – LEVEL 2 EXCLUSION POLICIES	12
2.1 Thermal coal	12
2.2 Conventional and Unconventional Oil & Gas	12
2.3. Policy regarding countries	12

0 - INTRODUCTION

This handbook is used within our [Responsible Investment approach](#) as a complementary tool to formalize our thematic and sectoral policies as well as the related investment restrictions on issuers involved in controversial activities and products that go against our values and our minimum requirements in terms of sustainable development. All these policies are used to define our exclusion lists.

This handbook is divided in two sections:

1. the Level 1 - general Thematic and Sectoral policies section, which summarizes the policies used to define the issuers in our general exclusions list. This section equally explains our view on the relevance of such policies for financial sector issuers and the tools used to monitor compliance with the policies;
2. the Level 2 - exclusions policies section, which defines additional and more stringent climate and sovereign policies.

These policies are used to define our exclusion lists. If a name is added to the exclusion list and the securities are already in the portfolios, the portfolio manager must divest the securities in a way that is not damaging to our clients' capital. The portfolio manager has a maximum of one month to sell the securities. The respect of the exclusion list is monitored on a daily basis and controlled through our pre-trade and post-trade systems.

The following table summarizes the application of our policies across our fund range¹:

Fund Name	Level 1	Level 2
Axiom Emerging Markets Corporate Bonds	X	
Axiom Financial Credit	X	
Axiom Flexible Bond Fund	X	
Axiom Horizon 2028	X	
Axiom Liquid Rates	X	
EC Gestion	X	
Star Colbert	X	
New Holland	X	
Molecule Master	X	
Axiom Obligataire	X	X
Axiom Short Duration Bond Fund	X	X
Axiom 2027	X	X
Axiom 2031	X	X
Axiom European Banks Equity	X	X
Axiom Long Short Equity	X	X
Axiom Global Convertibles	X	X
Axiom European Financial Private Debt Fund	X	X
Axiom Climate Financial Bonds	X	X

¹ The exclusion policy does not apply to funds under delegated management; thus, these funds are not mentioned in the table.

1. LEVEL 1: GENERAL THEMATIC AND SECTORAL POLICIES

Axiom AI asserts that a holistic approach to sustainable development should not only consider the ESG risks that a company faces but also the negative impact that companies can cause in the environment and society. In this context, Axiom AI has defined a set of thematic and sectoral policies that seek to guide investment decision-making. The policies cover sixteen sectors or themes: United Nations Global Compact violations, controversial weapons, tobacco, climate change, biodiversity, water, alcohol, cannabis, adult entertainment, gambling, death penalty, taxation, sovereign issuers, and forward contracts on agricultural commodities.

1.1 Violations of United Nations Global Compact (UNGC) Principles

Axiom AI believes that the companies our funds invest in should meet the principles of the UNGC. All significant violations of the UNGC principles should be addressed.

Axiom AI excludes companies deemed to be in breach of the UN Global Compact Principles on human rights, labour, environment, and corruption. This is done following the exclusions applied by the Norwegian Government Pension Fund, based on a recommendation from the Council on Ethics of Norway, and using our own internal controversies screening database. The exclusion guidelines of the Norwegian fund state that:

"Companies may be put under observation or be excluded if there is an unacceptable risk that the company contributes to or is responsible for:

- i. serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour and the worst forms of child labour
- ii. serious violations of the rights of individuals in situations of war or conflict
- iii. severe environmental damage
- iv. acts or omissions that on an aggregate company level can lead to unacceptable greenhouse gas (GHG) emissions
- v. gross corruption
- vi. other particularly serious violations of fundamental ethical norms."

The ESG committee can decide to remove companies from the exclusion list before they are removed from the Norwegian Government Pension Fund's exclusion list when the committee considers the company has remediated the UNGC breach.

In addition, the controversies monitored in our proprietary database are mapped to the relevant UNGC principle. When a company considered a Sustainable Investment is exposed to a controversy that is potentially breaching a UNGC principle, the ESG committee members discuss the case and determine whether it should be added to a watch list or whether the company can no longer be considered a Sustainable Investment.

Breaches of UNGC principles by financial institutions are quite rare, as they are closely monitored by regulators. It is therefore important to clarify the relevance of the ten UNGC principles and how these cases are typically analysed:

Human Rights [Principle 1: support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.]

Financial institutions are very unlikely to directly breach the internationally proclaimed human rights. Therefore, our focus is on indirect breaches, i.e., breaches for which a client of the financial institution

is responsible and of which the institution has knowledge or should have had knowledge. An example is the Epstein/Deutsche Bank relationship, which is described at length in US court documents.

Labour [Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: elimination of all forms of forced and compulsory labour; Principle 5: effective abolition of child labour; and Principle 6: elimination of discrimination in respect of employment and occupation.]

Axiom AI mostly invest in financial institutions based in the European Union, the United Kingdom and Switzerland. All those countries adhere to strict laws on collective bargaining, freedom of association, forced labour and child labour thus, financial institutions are extremely unlikely to directly breach those rules. Therefore, we focus on possible indirect breaches, i.e., breaches committed by the clients of the institutions, and the type of involvement of the financial institution.

In addition, anti-discrimination laws also exist in those countries, but their effective application is more difficult to monitor. Public data on gender equality (board and management representation, pay, etc.) is used to assess a firm's policies. It is, however, difficult to have more detailed statistics on other possible discriminations (such as those based on race, religion, sexual orientation, disability) as in some European countries companies cannot gather those statistics because it is deemed illegal, or it is severely restricted.

Environment [Principle 7: support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility, and Principle 9: encourage the development and diffusion of environmentally friendly technologies.]

Due to the nature of their business and the European regulatory environment, it is highly unlikely and nearly impossible for a financial institution to breach these principles through their direct operations; however, their client base could breach those principles. Through our proprietary Climate tool for financial institutions, the [Axiom Climate Readiness Score \(ACRS\)](#), Axiom AI assesses how FIs incorporate environmental challenges of their (potential) clients through the analysis of sector policies (e.g. biodiversity, coal)

Anti-Corruption [Principle 10: work against corruption in all its forms, including extortion and bribery.]

Principle 10 is the most likely to be breached by companies in our investment universe. Reported cases of bribery are monitored in our controversies database.

1.2. Controversial Weapons

A zero-tolerance principle is applied to controversial weapons. Companies involved in controversial weapons are excluded if they are involved in the i.) manufacturing of components of weapons intended solely for use in the production and that are essential for the functioning of these weapons. These are components/services that are specifically designed to be used within, or in relation to, an arms system or weapon; or ii.) that supply products and/or services such as stockpiling and transferring, and sales for controversial weapons.

The types of controversial weapons considered are the following: anti-personnel mines; biological and chemical weapons; blinding laser weapons and undetectable fragments; cluster munitions; depleted uranium; incendiary weapons; and nuclear weapons.

1.3. Tobacco

The World Health Organisation (WHO) Framework Convention on Tobacco Control is the first international treaty negotiated at the initiative of the WHO in 2003 and signed by 181 parties covering more than 90% of the world's population. It aims to tackle some of the causes of the tobacco epidemic, including complex factors with cross-border effects, such as trade liberalisation and direct foreign investment, tobacco advertising, promotion and sponsorship and illicit trade in tobacco products. Tobacco is the deadliest modifiable risk factor contributing to non-communicable diseases, with more than 7.2 million deaths per year and is projected to increase over the coming years².

Accordingly, Axiom AI excludes all tobacco producers, irrespective of revenue share, and retailers or distributors deriving more than 5% of revenue from tobacco. The screening criteria are limited to tobacco products and do not include associated products such as filters and flavour additives.

1.4. Climate change

Climate change refers to long-term alterations in temperature, precipitation, wind patterns, and other components of the Earth's climate system. These changes occur over decades or longer and can be driven by natural factors or human activities.

According to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (2023), global warming has been caused by more than a century of fossil fuel combustion, combined with unsustainable and unequal patterns of energy use and land management. These practices have led to a significant increase in GHG emissions. The decade from 2015 to 2024 stands as the warmest ever recorded, with global average temperatures reaching 1.55°C above pre-industrial levels by 2024, as human-caused warming is currently advancing at a pace of 0.25°C per decade³.

Rising temperatures and extreme events are already driving substantial economic costs. The IPCC reports that temperature impacts are expected to cause global GDP losses ranging from 10% to over 23% by 2100 under the RCP 8.5 scenario, which corresponds to a warming of 3.0°C to 12.6°C^{4 5}.

As mentioned earlier, the energy sector, through production and consumption, is the largest source of global CO₂ emissions, accounting for 85% of the total emissions. In 2023, energy-related CO₂ emissions increased by 1.3%, reaching a record 37.7 gigatonnes, mainly due to coal use. This represents an increase of approximately 1 Gt compared to 2019 levels.⁶

Investors have a key role to play in the mitigation of GHG emissions as well as the need to minimize the impact of climate-related risks in their investment portfolios. This can be achieved by actively engaging with companies to encourage more ambitious climate action, through the development of impact products⁷, the redirection of financial flows from high-emitting to transitioning or low-carbon companies and ultimately through the exclusion of the most carbon-intensive activities.

Given this critical context, Axiom AI has put in place climate-related exclusions for the Coal power and mining sectors as well as the O&G sector. It is also committed to phasing out coal mining and coal-fired power generation, with a complete exit by 2030 in OECD countries and by 2040 globally⁸. Other tools that integrate climate change considerations at the issuer level include the ESG and ACRS scores as well as our engagement activities.

² <https://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases>

³ https://climate.ec.europa.eu/climate-change/causes-climate-change_en

⁴ https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_FullReport.pdf

⁵ https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter12_FINAL.pdf

⁶ <https://iea.blob.core.windows.net/assets/140a0470-5b90-4922-a0e9-838b3ac6918c/WorldEnergyOutlook2024.pdf>

⁷ Understood as products that seek a reduction of GHG emissions in the real economy

⁸ The commitment does not apply to funds under delegated management

1.4.1. Coal power and mining

Axiom AI excludes coal mining companies which:

- derive more than 5% of their revenues from thermal coal; or
- produce more than 10 million tons of thermal coal; and

Coal power producers which:

- derive more than 20% of their revenues from thermal coal; or
- base 20% or more of their capacity generation on thermal coal; or
- have a power capacity of more than 10 000 Mega Watt (MW) from thermal coal.

All coal mining and coal power companies with expansion plans (greenfield and brownfield) are equally excluded.

Axiom AI does not exclude financial institutions that provide lending or invest in thermal coal power or mining companies; however, those activities have an impact on the ACRS scoring as the ACRS assesses coal policies of financial institutions.

1.4.2 Unconventional Oil & Gas

As unconventional Oil & Gas (O&G) techniques can have long-lasting negative impacts on the environment, our funds exclude O&G companies that have more than 10% of their production coming from oil sands, Arctic onshore/offshore and coal-bed methane⁹.

As in the case of coal, Axiom AI does not exclude financial institutions that provide lending to or invest in securities issued by O&G companies not meeting the aforementioned thresholds; however, those activities have an impact on the scoring of that bank or insurance company under the ACRS. The ACRS looks at the scope of the O&G sector policies implemented by financial institutions, including both conventional and unconventional O&G types.

1.5 Biodiversity

Biodiversity refers to the variability among living organisms. This includes variation in genetic attributes, and within and among species and ecosystems¹⁰. Each of these diverse components interacts within the environment, maintaining a balance of the ecosystem. However, because of anthropogenic pressure on the environment, biodiversity worldwide is in constant decline.

The current rate of biodiversity loss is alarming, with species going extinct at 10 to 100 times the natural baseline¹¹. This is due to climate change, habitat fragmentation, and deforestation. According to the World Wildlife Fund for Nature's 2024 Living Planet Report, the global wildlife population declined by 73% from 1970 to 2020¹². Biodiversity loss threatens not only the survival of other organisms but also the essential needs of humanity. For instance, a 35% decline in global wetlands coverage since 1970 has contributed to a rise in waterborne diseases and reduced water availability for over 2 billion people¹³.

Biodiversity loss also has significant economic implications. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Nexus Assessment, over half of global gross domestic product (\$58 trillion of economic activity in 2023) is generated in sectors that

⁹ Our data provider, Urgewald, uses the geographic definition provided by the Arctic Monitoring & Assessment Programme (AMAP) of the Arctic Council available at: <https://www.amap.no/about/geographical-coverage>

¹⁰ <https://www.who.int/news-room/fact-sheets/detail/biodiversity>

¹¹ <https://www.who.int/news-room/fact-sheets/detail/biodiversity>

¹² <https://livingplanet.panda.org/en-US/>

¹³ [https://www.global-wetland-](https://www.global-wetland-outlook.ramsar.org/#:~:text=With%2035%25%20loss%20globally%20since,to%20inland%20wetlands%20since%201970.)

[outlook.ramsar.org/#:~:text=With%2035%25%20loss%20globally%20since,to%20inland%20wetlands%20since%201970.](https://www.global-wetland-outlook.ramsar.org/#:~:text=With%2035%25%20loss%20globally%20since,to%20inland%20wetlands%20since%201970.)

are moderately to highly dependent on nature. The negative externalities on biodiversity, water, health and climate change of companies in the fossil fuel, agriculture and fisheries sectors are currently estimated to be \$10 trillion to \$25 trillion per year. These externalities are currently not being accounted for in economic and financial decisions.

As mentioned, the main factor contributing to such degradation of biodiversity is human activity, either from individuals or companies. Investors can therefore support biodiversity loss through the companies they invest in. These companies can contribute to:

- Increased pollution: water and land pollution from waste, e.g. plastics, pesticides, spills, etc.
- Over-exploitation of land and oceans: deforestation, increasing industrialization of agriculture (e.g. monoculture), overfishing; and
- Loss of natural habitats.

Axiom AI integrates biodiversity concerns in its exclusion policies (see below), its ESG ratings (for material sectors), and its ACRS rating through the review of policies from financial institutions in three sectors that are highly exposed to biodiversity controversies: palm oil, forestry/wood pulp, and agriculture. In addition, Axiom AI conducts an annual assessment of the impacts of its investments on biodiversity, as well as its exposure to nature risks and dependencies. Finally, biodiversity is now being included in certain engagement activities.

1.5.1 Palm Oil

The expansion of palm oil production leads to substantial forest loss, as existing forests are cleared—removing existing vegetation— and replaced with monoculture plantations. Forest fires are sometimes used as a method for land clearing, leading to severe consequences for ecosystems, climate change, and air quality.

According to the IPCC, land use changes in the tropics are one of the major GHG emitters, releasing 12%-20% of global emissions. The loss of forests also means the destruction of valuable carbon sinks, which store 428 Gt of carbon¹⁴. According to the Food and Agriculture Organization, palm oil contributes to 5% of tropical deforestation in tropical areas and 2.3% of global deforestation¹⁵. Southeast Asia is the most affected region. From 1990 to 2015, around 15% of total deforestation in Indonesia and 40% in Malaysia came from the direct influence of oil palm plantations¹⁶. At the current level of deforestation, 42% of biodiversity will be lost in Southeast Asia by the end of the century.

In addition, according to the International Union for Conservation of Nature Red List, the palm oil industry also affects 193 threatened species. The expansion of palm oil production could affect 64% of threatened birds and 54% of threatened mammals globally¹⁷.

To signal Axiom AI's support for biodiversity preservation, companies that derive more than 5% of their revenue from palm oil and fail to meet at least one of the following criteria are excluded:

- RSPO¹⁸ certified plantation area more than 80% for growers; and
- RSPO Identity Preserved and Segregated distribution certification is more than 30% for distributors.

¹⁴ <https://escholarship.org/uc/item/9sz5p22f>

¹⁵ <https://www.sustainablepalmoilchoice.eu/deforestation-palm-oil/>

¹⁶ <https://www.deforestationimportee.ecologie.gouv.fr/en/affected-products/article/palm-oil>

¹⁷ <https://iucn.org/resources/issues-brief/palm-oil-and-biodiversity>

¹⁸ RSPO (Roundtable on Sustainable Palm Oil) is a global organization that promotes growth and production of sustainable palm oil through membership-based system and RSP certification.

1.5.2 Pesticides

The widespread use of pesticides poses another threat to biodiversity. Many pesticides are persistent organic pollutants that can contaminate soils and waterways, bioaccumulate in food chains, and cause endocrine disruption, impaired reproduction, and population declines in non-target species. Some of the most toxic pollutants released to the environment historically were used as pesticides, such as DDT, Agent Orange, etc. The extent of harm to the environment and health was only discovered after decades, illustrating how the full magnitude of ecological and human health impacts may remain concealed for a long period before being fully recognized¹⁹.

According to the UN Report of the Special Rapporteur, improper and excessive use of pesticides not only pollutes soils and water bodies, resulting in loss of biodiversity, but also eradicates insects beneficial for the environment and diminishes the nutritional value of food²⁰. Over the past century, Europe experienced a vast decline in weed flora biodiversity, showing a reduction of 50% in seed bank size, because of herbicide use²¹. For a few decades, a decline of 40% in insect species was witnessed across temperate regions due to agricultural chemicals²². Moreover, from 1980 to 2016, the farmland bird index demonstrated a 56.8% decline in the European Union because of dwindling availability of insect prey²³. Beyond these regional trends, it was estimated that 1211 bird species are recognized as threatened due to pesticides and heavy metal pollution in the air and surface waters²⁴. The water surface pollution with pesticides also causes a major threat to around 2000 amphibian species²⁵.

To signal Axiom AI's support to biodiversity preservation, companies that derive more than 20% of their revenue from pesticide production and retail are excluded.

1.6 Water use

Water is an important resource in a wide range of production processes, whose disruption can have a negative direct (e.g. electricity shortages) and indirect (e.g. supply chain disruption) impact on businesses, society and the wider economy. In some sectors (e.g. energy, materials, food and beverage) we invest in, it is therefore crucial to understand how resource-intensive companies are, as well as their actions and commitments to avoid potential risks associated with water shortages or restrictions. Our ESG rating considers the impact of water-related incidents (e.g. operational interruptions, plant closures) on a company's financials, the percentage of sites in water-stressed areas, and water risks management practices.

In addition, the ACRS assesses the potential exposure of a financial institution to water risks by understanding its exposure to economic sectors highly dependent on natural capital as well as the related geographic exposure.

1.7 Forward contracts on commodities

Axiom AI does not directly invest in derivatives and exchange-traded funds based on food (*soft*) commodities or that speculate on agricultural or marine commodities such as wheat, meat, sugar, dairy and fish. This applies to all portfolios, including dedicated funds and third-party mandates, unless the client gives different instructions. Our funds exclude forward agricultural contract investments from their investment universe.

¹⁹<https://www.pan-europe.info/issues/pesticides-and-loss-biodiversity#:~:text=Excessive%20use%20and%20misuse%20of,Rapporteur%20on%20the%20right%20to>

²⁰ <https://docs.un.org/en/A/HRC/34/48>

²¹ <https://www.sciencedirect.com/science/article/abs/pii/S0167880918301099>

²² <https://www.sciencedirect.com/science/article/pii/S0006320719317823>

²³ <https://www.rspb.org.uk/media-centre/increased-pesticide-and-fertiliser-use-driving-bird-population-declines-uk-europe>

²⁴ https://www.pan-europe.info/old/Campaigns/pesticides/documents/bees/Pesticides_and_the_loss_of_biodiversity.pdf

²⁵ <https://royalsocietypublishing.org/doi/abs/10.1098/rsbl.2009.0793>

1.8 Death penalty

We believe that companies and sovereign issuers should adhere to international norms and conventions with respect to human rights, including the death penalty. We screen companies that are involved in the death penalty (e.g. substance providers) on a best-effort basis, not only because it can be ethically questionable, but also because of the potential reputational risks these companies can face and the associated high investment risk.

1.9 Taxation

We believe taxation is a component of conduct risk or compliance risk, which is a key component of governance risk. This is the risk that a company does not respect its legal obligations, which can lead to direct or indirect financial losses. It includes such high-profile cases as tax fraud (for clients or for the company itself), money laundering, sanctions breach, etc. We treat taxation as we treat other major possible issues, such as money laundering or mis-selling. Our approach to this risk involves 3 steps:

1. Identification of the main sources of risk, based on previous cases, ongoing investigations, or prospective analysis;
2. Analysis of the legal environment, what it means in terms of financial risk, and the internal policies of the relevant institutions; and
3. The assessment of the risk that each institution is facing. No complacency is possible: we are aware that this can range from very benign cases to outright bankruptcy.

All these elements are compiled in our controversies database. We also monitor the registration of entities in tax havens.

1.10 Alcohol

The funds exclude all companies directly involved in alcohol (brewers, distillers, traders, liquor store owners and operators) as well as alcohol retailers who derive more than 10% of their revenues from the manufacture or sale of alcoholic products without having a Responsible Drinking policy. We expect companies involved in alcohol to have strict policies in place to restrict the supply of alcohol to minors and to promote responsible drinking, i.e. taking precautions with your drinking so that it does not harm you, your family, or society at large.

Axiom AI does not exclude a financial institution that provides lending to, or that invests in, an alcohol producer, supplier or retailer.

1.11 Gambling

The funds exclude from their investment universe companies that generate 5% or more of their revenues from owning and/or operating gambling establishments (e.g. casinos, racetracks, online gambling), manufacturing specialized equipment used exclusively for gambling (e.g. slot machines, roulette wheels), and/or supporting products and services supplied to gambling operations.

Axiom AI does not exclude a financial institution that provides lending to or invests in the gambling industry. However, these types of financing are generally restrained by financial institutions through the application of dedicated policies. We believe that if not restrained by the financial institution policies in place, these financings would appear under our different screening filters, such as our controversies database.

1.12 Cannabis

At Axiom AI we recognise that cannabis production poses several serious ESG risks²⁶. Indoor cannabis is energy intensive, while outdoor cultivation is related to soil and water pollution risks and requires high water consumption. The industry is exposed to social risks related to the health of cannabis users and producers due to pesticides. Moreover, cannabis production is dependent on changes in regulations. Finally, the cannabis industry is often linked to unethical business practices. That is why we forbid all direct investments in any company that is generating more than 5% of its revenues from the production of recreational cannabis and companies that generate 10% or more of their revenues from retail sales of recreational cannabis.

1.13 Adult Entertainment

We do not invest directly in companies that generate 5% or more of their revenues from the production (e.g. online, TV), operation, and/or distribution (e.g. pay-per-view adult channels) of adult entertainment.

This exclusion does not apply to indirect investments: we do not exclude a financial institution because it lends to or invests in an excluded company. However, these types of financing are generally restrained at the bank/insurance company level by the application of dedicated policies or otherwise appear under our different screening filters, such as our controversies database.

1.14 Non-compliant sovereign issuers

Axiom AI does not allow investments in securities issued by sovereign issuers that:

- are included on the list of non-cooperative countries and territories for tax purposes from the Council of the EU;
- are on the blacklist of the Financial Action Task Force;
- score below 20/100 on the most recent version of the Transparency International Corruption Perceptions Index²⁷; and
- have not signed the Treaty on the Non-Proliferation of Nuclear Weapons²⁸

These exclusions are complementary to the risk classification put in place by our compliance department.

²⁶ See for example: <https://www.morningstar.com/articles/949410/cannabis-faces-significant-esg-risks>

²⁷ <https://www.transparency.org/en/cpi/2024>

²⁸ have not signed the Treaty on the Non-Proliferation of Nuclear Weapons

2 – LEVEL 2 EXCLUSION POLICIES

2.1 Thermal coal

In addition to the level 1 exclusions (c.f. 1.4.1), companies from the mining, power and services sector that meet at least one of the following thresholds are excluded:

- 10% or more of their revenues are from thermal coal;
- Their coal share of power generation exceeds or equals 10%;
- Their installed coal-fired power capacity generation exceeds or equals 5 GW;
- They produce more than 10 million tons of thermal coal;

2.2 Conventional and Unconventional Oil & Gas

The requirements of 1.4.2 are extended to exclude:

- upstream Conventional and Unconventional Oil & Gas companies as well as midstream companies with expansion plans (i.e. pipelines and terminals)²⁹;
- fracking (including shale oil & gas and tight gas and liquids), ultra-deepwater, and extra-heavy oil production

2.3. Policy regarding countries

We believe governments have a key role to play in the achievement of the Sustainable Development Goals. In addition to the requirements of 1.14, we limit sovereign debt investments to all countries that are in the 1st and 2nd quartiles of the UN SDG Country Index³⁰.

²⁹ Companies are identified using Urgewald's GOGEL database