FUNDS FOR GOOD

Invest Impact

FFG SICAV - RESPONSIBLE INVESTMENT POLICY

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Contents

1. Introduction

Funds For Good was launched in 2011 with the objective to offer innovative investment solutions, where investors have the certainty of generating a tangible and positive local social impact through investing in an array of UCITS funds.

Led by their personal convictions, and by the fact that successful companies need to place all stakeholders at the center of their business model, the founders of the FFG Sicav have put in place a business model where they donate a significant share of their revenues to help local communities in need. Following this decision, Funds For Good (as Board Member and Coordination Distributor of the Sicav) pledges to donate 50% of its own profits, with a minimum of 10% of its own revenues, to Funds For Good Impact, a non-profit entity which serves the social goal. Local impact is generated by providing financial help and support to communities living in the direct neighborhood of where its investors live. Financial help is provided in the form of "honor loans", which are interest-free subordinated loans that complement microcredits from one of Funds For Good microfinance partners. The loan is repaid to Funds For Good Impact and is used to support new entrepreneurs. As of December 2023, Funds For Good had contributed to the creation of 1298 jobs.

Moreover, the Founders and Employees of Funds For Good are convinced that the values and philosophy of their company, as well as the social engagement through Funds For Good Impact, should also be reflected in the investment solutions that are offered to their investors. This document describes how Funds For Good implements environmental, social and governance (ESG) considerations in the investment management process of the compartments of its Sicav.

2. The standards Funds For Good adheres to

Next to the principles applied in its investment solutions (principles which are detailed in the upcoming sections of this document), Funds For Good adheres to several internationally recognized standards.

First, Funds For Good signed the **UNPRI** (United Nations Principles For Responsible Investments) in 2016. Becoming a signatory of the UNPRI, Funds For Good engaged in incorporating ESG criteria in the investment analysis of the different compartments of the FFG Sicav. Our Responsible Investment Transparency Report showing our compliance with the UNPRI is available on the Funds For Good website: https://www.fundsforgood.eu/les-fonds-funds-for-good/

Furthermore, Funds For Good fully supports the Ten Principles of the **UN Global Compact.** The UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support the United Nations Development Goals. It promotes the participation of businesses in enhancing sustainability and corporate citizenship by aligning their operations and business strategies with ten principles in the areas of human rights, labor, the environment, and anti-corruption. FFG commits to implement the principles at corporate level and excludes violators from its investment funds.

The ten principles are as follows:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labor
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Next, through Funds For Good Impact, investors of the FFG Sicav actively contribute to 5 of the 17 **UN Sustainable Development Goals:**

- Objective 1 – No Poverty: the activity of the Foundation is to reduce poverty by stimulating employment
- Objective 8 – Decent work and economic growth: through our mentoring programs, we support entrepreneurs and make sure they can run their business in an efficient way and can make a living out of it
- Objective 5 – Gender Equality: our objective is to finance an equal share of men and women
- Objective 10 – Reduced Inequalities: our project aims to decrease inequalities between poor/rich, men/women, access to finance.
- Objective 17 – Partnerships for the goals: the relationship with our stakeholders is determinant for the success of our social objective

Finally, with respect to **climate change**, Funds For Good commits to reducing the carbon footprint of its corporate investments by

1) Investing in companies whose carbon profile is aligned with the Paris agreement (*FFG Global Flexible Sustainable*). The target is to invest more than 50% of its net assets in companies whose carbon profile is aligned with the Paris agreement.
2) Investing in companies enabling other companies to reduce their carbon footprint thanks a better use of their resources (*FFG Cleantech II*)
3) By setting carbon emissions reduction and carbon intensity reduction objectives vs a benchmark (*FFG Global Flexible Sustainable and FFG European Equities Sustainable (Moderate))*. The reduction objective is currently 50% vs a respective benchmark.
4) Investing in companies having a positive impact on sustainability factors, including environmental factors (*FFG-BLI Global Impact Equities, FFG-BLI European Impact Equities and FFG-BLI American Impact Equities)*.

3. ESG Integration in the FFG Sicav

As detailed in paragraphs 3.1, Funds For Good applies an *ESG Due Diligence and Monitoring* process across its SICAV. All compartments under the FFG SICAV will also comply with the FFG Exclusion Policy (paragraph 3.2). Finally, each compartment will apply additional ESG criteria according to its own investment and sustainability strategy. These additional criteria are described in paragraphs 3.3.

As a signatory to the Towards Sustainability Label, Funds For Good commits all products of the FFG SICAV marketed in Belgium have obtained, are in the process of obtaining or will apply for the Towards Sustainability label.

3.1. ESG Due Diligence and Monitoring

Each compartment of the FFG Sicav is managed by an external investment manager who implements one of his flagship strategies and applies the FFG Responsible Investment policy (at least). All investment managers commit to applying the FFG Responsible Investment policy and integrating its principles and rules in their portfolio construction and security selection process. A financial and extra-financial analysis shall therefore be available for any portfolio investment (excepted for cash or technical assets).

Compliance with the FFG Responsible Investment Policy is checked by several parties in the investment process. The investment manager, the depositary institution, the management company and, of course, Funds For Good have procedures in place to monitor the compliance with the Policy.

3.2. Exclusion policy applied across the SICAV

The Exclusion policy provides that some companies will be restricted, either because of their negative behavior in terms of environmental, social or governance aspects ("conduct-based" or "normative" screening) or because the economic activities from which these companies derive their revenues are harmful and could lead to adverse impacts on sustainability factors ("product-based" or "negative" screening).

Below is a description of how these normative and negative screenings are applied across the FFG Sicav.

3.2.1. Normative Screening

Funds For Good requires all companies held in the FFG Sicav do not violate the following international norms and standards:

- The UN Global Compact
- The United Nations Guiding Principles for Business and Human Rights
- The International Labor Organization's standards
- The OECD Guidelines for Multinational Enterprises.

Any company that violates such principles, framework and standards is excluded from the investment universe of the funds. On a case-by-case basis and depending on the appreciation of the investment manager, a controversy screening may lead to the exclusion of companies responsible of undesirable behaviors related to human rights, labor, environment and anti-corruption. Finally, there shall be no clear indication that investee companies actively spread misinformation, maintain doubt, or downplay the adverse impacts of their activities on sustainability factors. Funds For Good has the discretion to add on its exclusion list any company flagged in the media for disinformation, controversial behavior, or irresponsible lobbying.

3.2.2. Negative Screening

CORPORATE ISSUERS

Companies involved in **harmful activities** that could lead to potential negative impacts on sustainability factors are subject to exclusion criteria. The following activities are subject to exclusion criteria in all of the sub-funds of the FFG Sicav:

- **Controversial weapons**: Controversial weapons are those that have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended. Such weapons include antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons. There are several International Conventions and Treaties that have been developed with a view to prohibiting or limiting the use and availability of these weapons.
- **Conventional weapons**: all other types of weapons (such as civilian firearms)
- **Thermal coal**, i.e. a type of coal used primarily for generating electricity through combustion
- **Tobacco** and tobacco products (including e-cigarettes)
- **Non-conventional oil & gas**: petroleum and natural gas extracted through unconventional methods such as fracking, oil sands extraction, or coal-bed methane extraction.
- **Conventional oil & gas:** petroleum and natural gas extracted through traditional methods from easily accessible underground reservoirs
- **Power generation** from fossil fuels
- **Gambling** & casinos
- Investment in **soft commodities** contract

Typically, a **tolerance threshold** based on the percentage of revenues derived from harmful activity is applied:

- Zero-tolerance to controversial weapons (i.e. no involvement at all)
- Tolerance threshold of 5% of revenues for any direct involvement in conventional weapons, thermal coal and energy production based on thermal coal, tobacco and oil & gas (conventional & non-conventional)
- Tolerance threshold of 10% for any direct involvement in gambling & casinos
- Tolerance threshold of 25% for any indirect involvement in the production of equipment, product or services supporting weapons, tobacco, conventional and unconventional oil & gas, and thermal coal-related activities.
- No investment in soft commodities contract

Note that these are principles set by Funds For Good and implemented by the different delegated investment managers in the sub-funds the manage. Therefore:

- The definition of "direct involvement" and "indirect involvement" in an harmful activity may differ from an investment manager to another;
- With regard to involvement in fossil fuels (i.e. thermal coal, oil & gas and power generation), certain transitional criteria may be applied by the investment managers. This means that a company deriving

more than 5% of its revenues from fossil fuels-related activities may be accepted into the portfolio provided it meets one or more of these transitional criteria (such as a minimum production of renewable energy, for example);

- As part of their own ESG policy, investment managers may apply additional or tighter restrictions to their investments, either by limiting exposure to controversial activities not covered by the present exclusion policy (such as alcoholic beverages or adult entertainment), or by applying stricter tolerance thresholds than the present exclusion policy;

In any case, the definition of direct and indirect involvement, the transitional criteria used as well as the additional exclusion criteria are detailed in the following paragraphs.

SOVEREIGN ISSUERS

Funds For Good funds will not hold financial instruments issued by government or state-owned companies of countries violating the UN Global Compact, or subject to international sanctions, or in countries that are under embargo by the European Union[1].

Besides, Funds For Good funds will not invest in sovereign bonds issued by[2]:

- States that have not ratified or have not implemented in equivalent national legislation the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work[3] and at least half of the 18 core International Human Rights Treaties[4]
- States which are not party to the Paris Agreement, the UN Convention on Biological Diversity and the Nuclear Non-Proliferation Treaty
- States with particularly high military budgets (>4% GDP)
- States considered 'Jurisdictions with strategic AML/CFT (Anti-money laundering & countering the financing of terrorism) deficiencies' by the Financial Action Task Force[5]
- States with less than 40/100 on the Transparency International Corruption Perception Index[6]
- States qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey[7]

At the time of writing, FFG Global Flexible Sustainable is the only compartment that can invest in government bonds as per its investment policy. The fund will typically select government bonds issued by the United States or European Countries. Given the importance of US treasury bonds in the investment strategy of FFG Global Flexible Sustainable, the ESG Policy does not formally exclude sovereign issuers applying the death penalty. However, the potential exposure to sovereign issuers applying the death penalty is subject to ongoing monitoring and will be avoided as much as possible.

The list of sovereign issuers excluded by this policy can be found in the FFG Exclusion List, available on the Funds For Good website – www.fundsforgood/eu/documents.

Remark: Investments in use-of-proceeds instruments (such as green bonds or impact bonds) issued by states that do not comply with the above criteria are allowed provided that issuers are subject to ESG due diligence and that the instruments comply with appropriate frameworks and are subject to independent external review.

3.2.3. FFG Exclusion List

To complement the guidelines of the Exclusion policy, Funds For Good has constructed its own exclusion list. This list applies to all compartments of the SICAV and is partly based on industry-recognized exclusion lists such as:

- Norges Bank Exclusion List [8]

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[1] Countries under embargo by the EU can be found here: https://www.sanctionsmap.eu
[2] For diversification or currency risk hedging purposes, investments in sovereign bonds issued by the US, Japan or the UK are authorized if these countries do not comply with the above requirements (anymore). Investments are then limited to a maximum of 30% (in total) of the portfolio. This threshold may temporary be exceeded in the event of extraordinary market conditions.
[3] https://www.ilo.org/dyn/normlex/fr/f?p=NORMLEXPUB:11001:0::NO:::
[4] https://indicators.ohchr.org/
[5] AML/CTF deficiencies: High-Risk Jurisdictions subject to a Call for Action (i.e. "black list"), see https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html
[6] https://www.transparency.org/en/cpi
[7] https://freedomhouse.org/countries/freedom-world/scores
[8] https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/

- ASN Bank Nuclear weapons producers[9]
- Global Coal Exit List[10]
- Global Oil & Gas Exit List[11] (Upstream & Midstream expansion)

The delegated Investment Managers of the compartment of the FFG Sicav may use additional lists as part of their own internal policies.

3.3. ESG Policies applied in the FFG sub-funds

The Exclusion policy forms a common basis for all sub-funds under the FFG Sicav. Each sub-fund applies additional ESG strategies, which are detailed below per sub-fund.

3.3.1. Overview of FFG Sub-funds

Sub-Fund	Delegated Investment Manager	Strategy	SFDR Classification	Sustainable Objective
FFG Global Flexible Sustainable	BLI – Banque de Luxembourg Investments	Mixed flexible – Global Allocation	Art 8+	Alignment with the objectives of the Paris Agreement on Climate.
FFG-BLI Global Impact Equities	BLI – Banque de Luxembourg Investments	Global equities – Sustainable multi-thematic	Art 9	Contribution to four sustainability themes: climate change, natural resources, health/longevity, fair and innovative society
FFG-BLI European Impact Equities	BLI – Banque de Luxembourg Investments	European equities – Sustainable multi-thematic	Art 9	Contribution to four sustainability themes: climate change, natural resources, health/longevity, fair and innovative society
FFG-BLI American Impact Equities	BLI – Banque de Luxembourg Investments	American equities – Sustainable multi-thematic	Art 9	Contribution to four sustainability themes: climate change, natural resources, health/longevity, fair and innovative society
FFG Cleantech II	Capricorn Partners	Thematic equities – Cleantech	Art 8+	Contribution to the 'Cleantech' sustainability theme
FFG Global Equities Low Carbon	Orcadia Asset Management	Global equities – Low carbon exposure	Art 9	Alignment with the objectives of the Paris Agreement on Climate.
FFG European Equities Sustainable	Acadian Asset Management	European equities - Quantitative	Art 8	N/A
FFG European Equities Sustainable (Moderate)	Acadian Asset Management	European equities - Long / Short	Art 8	N/A

[9] https://www.dontbankonthebomb.com/nwproducers/
[10] https://coalexit.org/database?name=&production=All&power_capacity=1&powerprod=All&revenue=All&page=1
[11] https://gogel.org/

3.3.2. FFG Global Flexible Sustainable

FFG Global Flexible Sustainable promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulation and will invest a minimum of 30% of its net assets in sustainable assets as defined in Article 2(17) of the Sustainability Regulation.

The **sustainable investment objective** of the fund is to contribute to the long-term temperature objective of the Paris Agreement, which is to keep the increase in global average temperature well below 2°C above pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21^{st} century.

The sustainable objective is achieved via the corporate investments made by the fund (equities and corporate bonds). Therefore, the fund will be invested in companies that contribute to the sustainable objective for at least 30% of its net assets.

Any company that meets at least one of the following three criteria contributes to the sustainable investment objective of the fund:

1) The company's current carbon intensity is compatible with a global temperature increase kept below 2°C by the end of the century (as calculated by ESG Book, an external and independent data provider)
2) The company's current carbon intensity is not yet compatible with a global temperature increase of less than 2°C by the end of the century, but the company has set emissions reduction targets that have been accepted by the Science Based Targets initiative (SBTi), meaning that these targets are considered compatible with the Paris Agreement's 2°C or less. These emission reduction targets set under this initiative are independently verified.
3) The company's current carbon intensity is not yet consistent with keeping the global temperature increase below 2°C by the end of the century, but the company's annual emissions reductions (scope 1 and 2) are consistent with those required in the current year to achieve net zero emissions by mid-century and to limit the global temperature increase to below 2°C by the end of the century.

Because not all corporate investments are sustainable investments, additional ESG policies apply to all corporate investments as environmental, social and governance safeguards:

- <u>Minimum ESG Score</u>: Any corporate security must have a minimum ESG score of BBB for developed markets, or minimum BB ESG score for Emerging markets.
- <u>Low carbon emissions:</u> The weighted average carbon emissions intensity (Scope 1 + Scope 2) of the portfolio of corporate securities (stocks and bonds) shall be at least 50% lower than MSCI ACWI. This objective complements the minimum sustainable investment objective of the fund. It aims to prevent the non-sustainable part of the equity portfolio (not aligned with Paris) from being invested in highly polluting companies.
- <u>Better Labor Management Score:</u> bottom/lowest 5% of companies in terms of Labor Management Score are removed from the investment universe.

Carbon Emissions Intensity data, Labor Management Scores (or ESG scores if no Labor Management Score is provided) must be available for at least 90% of the equity portfolio weight. For transparency reasons, these scores are disclosed on the monthly factsheet of the sub-fund.

<u>Exclusion criteria applied by BLI Banque de Luxembourg Investments</u>

Weapons: No investments will be made in companies involved in any activity related to “controversial weapons”. Controversial weapons are those that have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended. Such weapons include antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons. There are several International Conventions and Treaties that have been developed with a view to prohibiting or limiting the use and availability of these weapons.

All other weapons are “conventional weapons”. Any company deriving more than 5% of its revenues from the production of conventional weapons or tailor-made components thereof is restricted.

Alcohol: Companies deriving more than 10% of their revenues from the manufacturing, distributing, retailing, licensing, and supplying of alcoholic products are excluded.

Gambling: Companies deriving more than 10 % of their revenues from gambling-related business activities are excluded.

Tobacco: Companies deriving more than 5 % of their revenues from the production of tobacco, products that contain tobacco, distribution, retail sales or wholesale trading of tobacco are excluded.

Thermal Coal: Companies deriving more than 5% of their revenues from thermal coal-related activities (exploration, mining, extraction, transportation, distribution or processing of thermal coal) or whose annual thermal coal production is larger than 10Mt are excluded.

On a case-by-case basis, companies that would not comply with this criteria could be allowed provided that they comply with at least one of the following transitional criteria: 1) they have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment, 2) they have less than 10% of CapEx dedicated to thermal coal and 3) they have more than 50% of CapEx dedicated to contributing activities.

Any company allowed in the portfolio and being exposed to thermal coal shall not be involved in coal exploration and in the exploitation or development of new coal mines. Also, the company's absolute coal production or capacity for thermal coal shall not be increasing.

Non-conventional oil & gas: Companies deriving more than 5% of their revenues from non-conventional oil or gas are excluded, unless the company has a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment, or the company has more than 50% of CapEx dedicated to contributing activities. The activities restricted include the prospection, exploration and extraction of unconventional oil & gas. Additionally, 1) the production and the capacity production of non-conventional oil and gas of any portfolio company shall not be increasing and 2) portfolio companies shall not be involved in exploration, and not be involved in exploitation or development of new oil or gas fields.

Conventional oil & gas: Companies deriving more than 5% of their revenues from conventional oil or gas-related activities are excluded, unless they have a SBTi target set at below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment, have more than 15% of their CapEx dedicated to contributing activities or have less than 15% of their CapEx dedicated to conventional oil & gas activities. The restricted activities include the exploration, extraction, refining, transportation of conventional oil & gas. Finally, portfolio companies shall not be involved in exploration, and not be involved in exploitation or development of new oil or gas fields.

Power generation: FFG funds will favor utility companies that announced a SBTi target set at below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment. If such commitment hasn't been made or published, or if this information is not available, a power utility company shall comply with the three following criteria:

1. The company derives more than 50% of its revenue or devotes more than 50% of its CapEx to contributing activities (such as power from renewable energies);
2. It does not derive more than 5% of its revenues from coal-based power generation, it is not involved in building new coal-fired power stations and the production of or capacity for coal-based power shall be less than 5 GW.
3. It does not plan any structural increase of the production (or production capacity) of coal-based energy.

Enabling activities: company's revenue generated from products, equipment, or services specifically designed to support the activities outlined in the preceding paragraphs ("enabling activities") related to weapons, tobacco, conventional and unconventional oil & gas, and thermal coal shall not exceed 25% of its total revenues.

Other sustainability topics and controversial activities: despite the exclusion policy of the fund not explicitly addressing topics such as biodiversity, water use, pollution/waste, gender & diversity or taxation, the ESG due diligence conducted by the investment manager under the SFDR framework ensures that no significant harm is inflicted upon these topics by any company.

Contracts on agricultural commodities: Investments in soft commodities futures contracts are excluded.

The investment managers of the sub-funds may apply additional restrictions to their investments, either by restricting exposure to controversial activities not covered by this Exclusion policy, or by applying stricter criteria than this Exclusion policy.

3.3.3. FFG-BLI Global, European & American Impact Equities

FFG-BLI Global Impact Equities, FFG-BLI European Impact Equities and FFG-BLI American Impact equities are classified as SFDR Article 9 funds and have a sustainable investment objective.

The Sub-Funds will hold a minimum of 75% in sustainable investments, i.e. assets contributing to the sustainable investment objective. In normal market conditions, the proportion of net assets invested in sustainable investments shall be around 80%. The proportion of net assets not invested in sustainable investments will consist of cash and hedging instruments.

The sustainable objective of these sub-funds is to redirect capital flows towards sustainable activities and solutions for the future. To achieve this objective, the sub-funds invest in companies that generate through their productive and services have a material and measurable positive impact. Four sustainability themes have been defined and companies are categorized in one theme according to their activities: climate change, natural resources, health/longevity and a fair and innovative society.

To measure the contribution towards the sustainability objective, an impact analysis is performed by the investment manager on each potential investee company. This analysis combines quantitative and qualitative measures:

- Quantitative: the revenues generated by the investee companies in activities that contribute to the realization of the Sustainable Development Goals (SDGs) of the United Nation. Individual issuers must generate at least 5% of their sales through products and services that contribute to one or more of the SDGs. The weighted average percentage of sales generated by portfolio companies from products and services that contribute to one or more of the SDGs will be at least 20%.

- Qualitative: analysis of the impact of the products and services and operations of the investee company generated on its stakeholders and society in general. Particular attention is given to the reach, potential and quality of these solutions as well as the general company ESG-culture, which are key dimensions of a holistic impact definition.

Exclusion criteria applied by BLI Banque de Luxembourg Investments

Weapons: No investments will be made in companies involved in any activity related to "controversial weapons". Controversial weapons are those that have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended. Such weapons include antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons. There are several International Conventions and Treaties that have been developed with a view to prohibiting or limiting the use and availability of these weapons.

All other weapons are "conventional weapons". Any company deriving more than 5% of its revenues from the production of conventional weapons or tailor-made components thereof is restricted.

Alcohol: Companies deriving more than 10% of their revenues from the manufacturing, distributing, retailing, licensing, and supplying of alcoholic products are excluded.

Gambling: Companies deriving more than 10 % of their revenues from gambling-related business activities are excluded.

Tobacco: Companies deriving more than 5 % of their revenues from the production of tobacco, products that contain tobacco, distribution, retail sales or wholesale trading of tobacco are excluded.

Thermal Coal: Companies deriving more than 5% of their revenues from thermal coal-related activities (exploration, mining, extraction, transportation, distribution or processing of thermal coal) or whose annual thermal coal production is larger than 10Mt are excluded.

On a case-by-case basis, companies that would not comply with this criteria could be allowed provided that they comply with at least one of the following transitional criteria: 1) they have a SBTi target set at well-below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment, 2) they have less than 10% of CapEx dedicated to thermal coal and 3) they have more than 50% of CapEx dedicated to contributing activities.

Any company allowed in the portfolio and being exposed to thermal coal shall not be involved in coal exploration and in the exploitation or development of new coal mines. Also, the company's absolute coal production or capacity for thermal coal shall not be increasing.

Non-conventional oil & gas: Companies deriving more than 5% of their revenues from non-conventional oil or gas are excluded, unless the company has a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment, or the company has more than 50% of CapEx dedicated to contributing activities. The activities restricted include the prospection, exploration and extraction of unconventional oil & gas. Additionally, 1) the production and the capacity production of non-conventional oil and gas of any portfolio company shall not be increasing and 2) portfolio companies shall not be involved in exploration, and not be involved in exploitation or development of new oil or gas fields.

Conventional oil & gas: Companies deriving more than 5% of their revenues from conventional oil or gas-related activities are excluded, unless they have a SBTi target set at below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment, have more than 15% of their CapEx dedicated to contributing activities or have less than 15% of their CapEx dedicated to conventional oil & gas activities. The restricted activities include the exploration, extraction, refining, transportation of conventional oil & gas. Finally, portfolio companies shall not be involved in exploration, and not be involved in exploitation or development of new oil or gas fields.

Power generation: FFG funds will favor utility companies that announced a SBTi target set at below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment. If such commitment hasn't been made or published, or if this information is not available, a power utility company shall comply with the three following criteria:

1. The company derives more than 50% of its revenue or devotes more than 50% of its CapEx to contributing activities (such as power from renewable energies);
2. It does not derive more than 5% of its revenues from coal-based power generation, it is not involved in building new coal-fired power stations and the production of or capacity for coal-based power shall be less than 5 GW.
3. It does not plan any structural increase of the production (or production capacity) of coal-based energy.

Enabling activities: company's revenue generated from products, equipment, or services specifically designed to support the activities outlined in the preceding paragraphs ("enabling activities") related to weapons, tobacco, conventional and unconventional oil & gas, and thermal coal shall not exceed 25% of its total revenues.

Other sustainability topics and controversial activities: despite the exclusion policy of the fund not explicitly addressing topics such as biodiversity, water use, pollution/waste, gender & diversity or taxation, the ESG due diligence conducted by the investment manager under the SFDR framework ensures that no significant harm is inflicted upon these topics by any company.

Contracts on agricultural commodities: Investments in soft commodities futures contracts are excluded.

The investment managers of the sub-funds may apply additional restrictions to their investments, either by restricting exposure to controversial activities not covered by this Exclusion policy, or by applying stricter criteria than this Exclusion policy.

3.3.4. FFG Cleantech II

FFG Cleantech II promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulation and will invest a minimum of 51% of its net assets in sustainable assets as defined in Article 2(17) of the Sustainability Regulation. The targeted proportion of sustainable investments is 70%.

The Sub-Fund aims to make sustainable investments by investing in "cleantech" companies, i.e., quoted companies that deliver products or services for a cleaner or more efficient use of the earth's natural resources. Investments made by the fund target three main "cleantech" themes: renewable energy, resource efficiency and energy efficiency.

At least one third of each of the portfolio companies' activities, measured by revenues, profits or sum-of-the-parts, must correspond to at least one of the three "cleantech" themes, as measured by Capricorn Partners, the delegated investment manager of the sub-fund. The target portfolio's weighted average of activities, measured by revenues, profits or sum-of-the-parts of the portfolio companies, linked to "cleantech" is 70%, with a minimum of 51%.

To some extent and while it is not explicitly an objective of its investment strategy, the fund does contribute to Objective 6 ("Clean water and sanitation"), Objective 7 ("Affordable and clean energy"), Objective 11 ("Sustainable cities and communities") and Objective 13 ("Climate action"), of the UN Sustainable Development Goals[12].

The **exclusion criteria** applied by Capricorn Partners in FFG Cleantech II are detailed in Capricorn's ESG Policy, available on their website (https://capricorn.be/en/esg, under "ESG Policy"[13])

3.3.5. FFG European Equities Sustainable (Moderate)

FFG European Equities Sustainable promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulations. FFG European Equities Sustainable Moderate, as a feeder fund investing at least 85% of its net assets in FFG European Equities Sustainable, also promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulation.

These funds do not commit to a minimum of sustainable investments.

ESG policies applied in FFG European Equities Sustainable (Moderate)

- Minimum ESG Score: any corporate security must have a minimum ESG score of BBB for developed markets, or minimum BB ESG score for Emerging markets.

- Low carbon emissions: the weighted average carbon emissions (Scope 1 + Scope 2) of the portfolio of corporate securities (stocks and bonds) shall be at least 50% lower than MSCI Europe.

- Labor Management Score: the bottom/lowest 5% of companies in terms of Labor Management Score are removed from the investment universe.

Exclusion criteria applied by Acadian Asset Management

Weapons: No investments will be made in companies involved in activities such as manufacturing, distribution, repair of or any other activity related to "controversial weapons". Any company that is involved in such activities is excluded from our investment universe. "Controversial weapons" typically violate fundamental humanitarian principles through their normal use. Those include, among others: indiscriminate weapons such as cluster munitions, anti-personal mines, landmines, etc. or mass destruction weapons such as biological/chemical weapons, nuclear weapons, etc. Besides, any company that derives more than 5% of its revenues from conventional weapons is also excluded.

Gambling: Companies deriving more than 10 % of their revenues from gambling-related business activities are excluded.

Adult entertainment: Companies deriving more than 10 % of their revenues from adult entertainment-related business activities are excluded.

Tobacco: Any company that derives more than 5% of revenues from the production of tobacco, products that contain tobacco, distribution, retail sales or wholesale trading of tobacco is excluded.

Coal and Non-conventional oil gas: Any company deriving more than 5% of its revenues from thermal coal, non-conventional gas or non-conventional oil is excluded from the investment universe. Additionally, the production and the capacity production of coal, non-conventional gas or non-conventional oil of such companies shall not be increasing.

Conventional oil & gas: Companies involved in the exploration, extraction, refining and transportation of oil and gas, or providing dedicated equipment or services are allowed in the portfolio provided that they derive less than 5% of their revenues from conventional oil & gas or make at least one third of their capital expenditures in activities aligned with the EU Taxonomy.

[12] For more information on the UNDGs, see https://sdgs.un.org/goals
[13] https://capricorn.be/en/attachment/61057c6c-1b84-4889-a61c-76aa0ff57655/capricorn-esg-policy-v-2023-12.pdf

Power generation
With respect to power generation, Funds For Good considers the complete value chain and selects electricity utility companies that act to be in line with the Paris agreement. FFG funds will favor utility companies that announced a SBTi target set at below 2°C or 1.5°C, or have a SBTi 'Business Ambition for 1.5°C' commitment.

If such commitment hasn't been made or published, a company can be included in the investment universe if it complies with the three following criteria:

1. The company derives more than 50% of its revenue from contributing activities (such as power from renewable energies).
2. It does not derive more than 5% of its revenues from coal-based power generation.
3. It does not plan any structural increase of the production (or production capacity) of coal-based energy.

Any company that would be involved in the below activities while satisfying the authorized threshold shall have a strategy to reduce the adverse impact of their activities and to increase their contributing activities[14], if applicable.

Contracts on agricultural commodities: Investments in soft commodities futures contracts are excluded.

Carbon emissions data and Labor Management Scores (or ESG scores if no Labor Management Score is provided) must be available for at least 90% of the equity portfolio weight. For transparency reasons, these scores are disclosed on the monthly factsheet of the sub-fund.

3.3.6. FFG Global Equities Low Carbon

FFG Global Equities Low Carbon is classified as a SFDR Article 9 fund and has a sustainable investment objective. The fund will invest all its assets (excepted cash and hedging instruments) in investments that contribute to the sustainable objective.

The **sustainable investment objective** of the fund is to contribute to the long-term temperature objective of the Paris Agreement, which is to keep the increase in global average temperature well below 2°C above pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21st century.

Any company that meets at least one of the following three criteria contributes to the sustainable investment objective of the fund:

1) The company's current carbon intensity is compatible with a global temperature increase kept below 2°C by the end of the century (as calculated by ESG Book, an external and independent data provider)
2) The company's current carbon intensity is not yet compatible with a global temperature increase of less than 2°C by the end of the century, but the company has set emissions reduction targets that have been accepted by the Science Based Targets initiative (SBTi), meaning that these targets are considered compatible with the Paris Agreement's 2°C or less. These emission reduction targets set under this initiative are independently verified.
3) The company's current carbon intensity is not yet consistent with keeping the global temperature increase below 2°C by the end of the century, but the company's annual emissions reductions (scope 1 and 2) are consistent with those required in the current year to achieve net zero emissions by mid-century and to limit the global temperature increase to below 2°C by the end of the century.

<u>**Exclusion criteria applied in the sub-fund**</u>

Weapons: No investments will be made in companies involved in any activity related to "controversial weapons". Controversial weapons are those that have an indiscriminate and disproportional humanitarian impact on civilian populations; the effects of which can be felt long after military conflicts have ended. Such weapons include antipersonnel landmines, cluster munitions, chemical and biological weapons, and nuclear weapons. There are several International Conventions and Treaties that have been developed with a view to prohibiting or limiting the use and availability of these weapons.

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[14] Contributing activities are activities that make a substantial contribution to one of the six Environmental Objectives defined by the European Commission.

All other weapons are "conventional weapons". Any company deriving more than 5 % of its revenues from the production of conventional weapons or tailor-made components thereof is restricted.

Gambling: companies deriving more than 5 % of their revenues from gambling-related activities are excluded. Such companies include sports betting companies and casinos/hotels-casinos. Companies producing software specific to these industries are also included.

Tobacco: companies deriving more than 5 % of their revenues from the production of tobacco, products that contain tobacco, distribution, retail sales or wholesale trading of tobacco are excluded.

Fossil fuels: companies deriving more than 5 % of their revenues from the exploration, extraction, processing or refining, sale and transportation of coal, oil and gas (conventional and non-conventional) are excluded.

Power generation: utility companies deriving more than 5 % of their revenues from coal-based power generation are excluded, unless they have an emissions reduction plan approved by the SBTi.

Adult entertainment: Companies deriving more than 5 % of their revenues from adult entertainment-related business activities are excluded.

3.4. Engagement & Voting policy

Voting: a responsible voting policy is implemented in each sub-fund. Voting is delegated to the investment manager of the sub-fund.

Engagement: each delegated investment manager shall have an engagement policy in place, whereby the investment manager actively engage with portfolio companies to promote better governance and discuss issues/challenges relating to sustainability.

Voting and Engagement policies are available on the investment manager's website and can be provided by Funds For Good upon request. The engagements performed and the voting rights exercised by the investment managers are monitored by Funds For Good.