FFG SICAV - RESPONSIBLE INVESTMENT POLICY

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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 ("the Fund") 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 Fund) 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 Fund.

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 Fund. 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 Fund 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 Equities Low Carbon*).
2) By setting carbon emissions reduction and carbon intensity reduction objectives vs a benchmark, *FFG Global Flexible Sustainable, FFG Global Equity Convictions and FFG Global Defensive*.
3) 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 Fund

ESG considerations are embedded at several levels within the Fund. Some requirements apply uniformly across all compartments, while others are sub-fund specific. Each compartment is managed by an external investment manager who applies one of their flagship strategies and, at a minimum, adheres to the FFG Responsible Investment Policy.

Funds For Good requires all delegated investment managers to comply with three core ESG obligations across the Fund:

1. Implement a robust ESG Due Diligence and Monitoring process (paragraph 3.1);
2. Apply the FFG Exclusion Policy to all portfolio holdings (paragraph 3.2);
3. Incorporate the ESG principles and sustainability requirements specific to the compartment they manage (paragraph 3.3).

While these obligations form a common framework for all compartments, their practical implementation depends on the delegated investment manager. Each manager is responsible for translating these requirements into operational ESG criteria based on their own investment philosophy, proprietary ESG processes, analytical methodologies, materiality assessments, and preferred data sources or providers. This approach ensures consistency with FFG's minimum standards while allowing managers to apply ESG integration techniques that best align with their strategy.

As a signatory to the Towards Sustainability Label, Funds For Good commits all compartments of the Fund 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

For every position in the portfolio, a documented ESG due diligence result must be available. The ESG evaluation may take the form of a quantitative or qualitative assessment, relying on relevant ESG data and indicators.

In line with the principle of double materiality, the manager should have formal, credible policies and procedures to assess both:

- the potential impact of sustainability risks on the portfolio's financial returns, and
- the potential principal adverse impacts that each investment may have on environmental, social and governance (ESG) factors.

A robust ESG due diligence framework must therefore be in place, ensuring that risks and impacts are systematically identified, analysed, and integrated into investment decisions.

Additionally, an ongoing monitoring process of ESG factors should be established to track the evolution of risks, assess the effectiveness of mitigation measures, and ensure continuous alignment with the portfolio's sustainability objectives.

Compliance with the FFG Responsible Investment Policy is verified at multiple levels throughout the investment process. The investment manager, the depositary institution, the management company and Funds For Good each apply dedicated procedures to monitor the adherence to the Policy.

3.2. Exclusion policy applied across the Fund

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 Fund.

3.2.1. Normative Screening

Funds For Good requires all companies held in the Fund to 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 breaches these principles, frameworks or standards is excluded from the investment universe of the fund compartments. In addition, depending on the investment manager's assessment, controversy screenings may result in the exclusion of companies involved in undesirable practices related to human rights, labour conditions, environmental harm or corruption. Investee companies must also show no indication of actively spreading misinformation, creating doubt, or downplaying the negative impacts of their activities on sustainability factors. Funds For Good retains the discretion to add to its exclusion list any company identified in the media for disinformation, controversial conduct 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 across the Fund:

- **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
- Investment in **soft commodities** contract

Typically, a **tolerance threshold** based on the percentage of revenues derived from the 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). In some compartments of the Fund, a tolerance threshold of 5% or 10% of revenues may apply to adult entertainment, alcohol and gambling-related activities.
- Tolerance threshold of 25% for any indirect involvement in the production of equipment, products 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 they manage. Therefore:
- The definition of "direct involvement" and "indirect involvement" in a 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 fuel-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

[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

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 Fund and is partly based on industry-recognized exclusion lists such as:

- Norges Bank Exclusion List [8]
- ASN Bank Nuclear weapons producers[9]
- Global Coal Exit List[10]
- Global Oil & Gas Exit List[11] (Upstream expansion)
- For sovereign investments, the list of eligible states published by the Towards Sustainability Label

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

[8] https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/
[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. ESG Policies applied in the Fund

The Exclusion policy forms a common basis for all compartments under the Fund. 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 Convictions	BLI – Banque de Luxembourg Investments	Mixed flexible allocation– Global	Art 8+	BLI – Banque de Luxembourg Investments Sustainable Investments methodology: Contribution to four sustainability themes: climate change, natural resources, health/longevity, fair and innovative society
FFG-BLI Global Impact Equities	BLI – Banque de Luxembourg Investments	Global equities – Sustainable multi-thematic	Art 9	
FFG-BLI European Impact Equities	BLI – Banque de Luxembourg Investments	European equities – Sustainable multi-thematic	Art 9	
FFG-BLI American Impact Equities	BLI – Banque de Luxembourg Investments	American equities – Sustainable multi-thematic	Art 9	
FFG Global Equity Convictions	Fisher Investments	Global Equities – Large Cap	Art 8+	Contribution to Sustainable Development Goals and/or alignment with the EU Taxonomy
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 Global Defensive	Orcadia Asset management	Defensive allocation - Global	Art 8+	Contribution to Sustainable Development Goals

3.3.2. FFG Global Flexible Convictions

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 5% 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 redirect capital flows towards sustainable activities and solutions for the future. To achieve this objective, the sub-fund targets through its sustainable investments companies that have a material and measurable positive impact on the society via the products and services their offer. 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.

The sustainable objective is pursued through the fund's corporate investments (equities and corporate bonds). Accordingly, the fund will invest in companies that contribute to the sustainable objective for at least 5% of its net assets. In practice, the share of net assets invested in sustainable investments is expected to be higher than 5%. This relatively low minimum is explained by the requirement to maintain this minimum threshold at all times and in all market circumstances, as opposed to the flexibility of the mandate, which allows the fund to be, for example, fully invested in cash (which, by definition, is not considered a sustainable asset).

For more information on the methodology, we refer to the BLI methodology available on the following website:
https://www.banquedeluxembourginvestments.com/fr/bank/bli/notre-maison/investissement-responsable

Additionally, the weighted average carbon emissions intensity (Scope 1 + Scope 2) of the portfolio of corporate securities (stocks and bonds) shall be at least 20% 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 the Paris Agreement) from being invested in highly polluting companies.

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.

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 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 revenue from power generation based on fossil fuels, 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. Products/services aimed at mitigating or reducing negative effects of these activities are not included.

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 sustainable investment.

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 targets through its sustainable investments companies that have a material and measurable positive impact on the society via the products and services their offer. 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.

For more information on the methodology, we refer to the BLI methodology available on the following website: https://www.banquedeluxembourginvestments.com/fr/bank/bli/notre-maison/investissement-responsable

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 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 revenue from power generation based on fossil fuels, 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. Products/services aimed at mitigating or reducing negative effects of these activities are not included.

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 sustainable investment.

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 Global Equity Convictions

FFG Global Equity Convictions promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulation and will invest a minimum of 5% of its net assets in sustainable assets as defined in Article 2(17) of the Sustainability Regulation.

The sub-fund aims to make sustainable investments by investing in companies that have at least 20% revenue in the aggregate attributed to:

- economic activities aligned or potentially aligned to one or more of the Environmental Objectives of the Taxonomy Regulation (environmental objective); or
- economic activities aligned to one or more social objectives described in the United Nations Sustainable Development Goals ("SDGs") provided by a Data Provider. Such SDGs are expected to include, but are not limited to, good health and well-being (SDG 3), quality education (SDG 4), clean water and sanitation (SDG 6) and decent work and economic growth (SDG 8).

Additionally, the weighted average carbon emissions intensity (Scope 1 + Scope 2) of the portfolio of corporate securities shall be at least 20% lower than MSCI World.

Exclusion criteria applied in the sub-fund

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.

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 power generation based on fossil fuels are excluded, unless they have an emissions reduction plan approved by the SBTi.

3.3.5. 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 (except 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.
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.

Exclusion criteria applied in the sub-fund

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.

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 power generation based on fossil fuels 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.

3.3.6. FFG Global Defensive

FFG Global Defensive promotes environmental and/or social characteristics within the meaning of Article 8 of the Sustainability Regulation and will invest a minimum of 10% of its net assets in sustainable assets as defined in Article 2(17) of the Sustainability Regulation.

The sub-fund's sustainable investment objectives are to
- to promote sustained, shared and sustainable economic growth, full and productive employment and decent work for all;
- promote the sustainable management and use of natural resources, halve global per capita food waste and significantly reduce waste production;
- build resilience and adaptability to climate-related disasters; and
- significantly reduce corruption and bribery.

These objectives are based on the four United Nations Sustainable Development Goals below:
- SDG 8: Decent work and economic growth ;
- SDG 12: Responsible consumption and production;
- SDG 13: Climate action; and
- SDG 16: Peace, justice and strong institutions.

Additionally, the weighted average carbon emissions intensity (Scope 1 + Scope 2) of the portfolio of corporate securities (stocks and bonds) shall be at least 30% lower than the weighted average carbon emissions intensity (scope 1 + 2) of a global equity benchmark representative of the investment universe of the equity portion of the fund. This objective complements the minimum sustainable investment objective of the fund.

Exclusion criteria applied in the sub-fund

The fund will primarily invest in funds, equities, bonds and cash/cash equivalents.

With respect to its investment in funds (mutual funds or ETFs), the compartment will primarily invest in funds holding the Towards Sustainability Label. It may also include investments in funds bearing other recognized sustainability labels – such as LuxFLAG or the ISR Label – provided they have an MSCI ESG Rating of at least BBB or a minimum of three Morningstar Globes.
In all cases, the selected funds will promote ESG characteristics and consider principal adverse impacts on sustainability factors, or pursue a sustainable investment objective. For diversification purposes, the sub-fund may also invest in Exchange Traded Commodities (ETCs).

With respect to its investment in **corporate securities** (individual **equities** and **corporate bonds), the fund will only invest in securities** issued by companies that comply with the following criteria (which comply Quality Standards of the Label) :

- **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 considered "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 power generation based on thermal coal 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.

The sub-fund may only be invested in **sovereign securities** issued by sovereign entities that comply with the Quality Standards of the Label:

- The fund will primarily invest in securities issued by sovereign entities that are found in this list of eligible issuers provided by the Label; and/or
- For diversification purposes, in public debt instruments issued by core reserve (non-EURO) currency issuers (Japan and the United States of America) that do not comply with Quality Standards of the Label, to a maximum of 24% (in total) of the portfolio

In addition, any investment in financial security issued by a company or a state mentioned on the Funds For Good exclusion list will be prohibited.

Finally, the Investment Manager will also restrict investments (direct or indirect) in agricultural or hard commodities, except for precious metals.

3.4. Engagement & Voting policy

Voting: a responsible voting policy is implemented in each sub-fund. The vote to the general assemblies 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 engages 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 on request. The engagements performed and the voting rights exercised by the investment managers are monitored by Funds For Good.