EXCLUSION POLICY

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INTRODUCTION

This Exclusion Policy defines the activities, sectors, and behaviors that Stilgar Asset Management (hereinafter "Stilgar AM") considers incompatible with its ESG commitments and the regulatory requirements applicable to its funds, particularly under:

- The SFDR Regulation (Sustainable Finance Disclosure Regulation),
- ESMA guidelines on fund names using ESG or sustainability-related terms,
- AMF Doctrine DOC-2020-03 on preventing greenwashing.

It aims to:

- Reduce portfolio exposure to severe ESG risks.
- Prevent inconsistencies between the ESG characteristics promoted by the funds and the assets held.
- Frame the normative and sectoral exclusions applicable to investments.
- Mitigate legal, regulatory, reputational, and commercial risks.

SCOPE OF APPLICATION

This policy applies to:

- All open-ended funds classified as Article 8 or 9 under SFDR.
- By principle, all other funds and mandates managed by Stilgar AM, unless an express, documented, and validated exemption is granted by the Compliance and Risk functions.
- Direct investments in equities and corporate bonds.
- Underlying UCITS/AIFs, where technically feasible.

NATURE OF EXCLUSIONS

Stilgar AM applies a strict screening framework structured around several types of exclusions in order to remove issuers that do not meet its standards from the investable universe:

Norm-based exclusions

Stilgar AM excludes from its investment universe issuers involved in severe, proven, or repeated violations of recognized international standards, including:

- the ten principles of the United Nations Global Compact;
- the fundamental conventions of the International Labour Organization (ILO);
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Guiding Principles on Business and Human Rights.

Jurisdictional / Territorial exclusions

The following are also excluded:

- issuers domiciled in jurisdictions on the European Union list of non-cooperative jurisdictions for tax purposes, subject to a proportionality assessment based on the type of exposure;
- issuers on international sanctions lists or exposed to high-risk anti-money laundering or counter-terrorism financing (AML/CFT) frameworks, notably in relation to FATF lists, where such exposure calls into question the eligibility of the investment.

Sector-based exclusions

Controversial weapons

Companies involved in activities linked to controversial weapons are excluded, defined as:

- anti-personnel mines;
- cluster munitions;
- chemical weapons;
- biological weapons. This definition is aligned with PAI 14 of Table 1 in Annex I of Delegated Regulation (EU) 2022/1288, as incorporated by the ESMA Q&As and integrated into AMF doctrine DOC-2020-03. At a minimum, the exclusion covers:
- producers;
- developers;
- and, where information is available and sufficiently robust, suppliers of components specifically designed for and essential to the operation of these weapons.

Tobacco

The following are excluded:

- companies whose core business is tobacco production;
- companies deriving more than 5% of their revenue from tobacco manufacturing;
- companies deriving a significant portion of their revenue from the specialized distribution of tobacco products.

Thermal coal (power generation and extraction)

The following are excluded:

- companies deriving more than 5% of their revenue from thermal coal extraction or thermal coal-fired power generation;
- companies developing new coal mine or coal power plant projects;
- companies lacking a credible coal exit plan aligned with the climate targets established by the Management Company.

Other fossil fuels (oil & gas)

The following are excluded:

- companies involved in unconventional fossil fuel projects with particularly high environmental impacts, notably oil sands and Arctic drilling.

Pornography

Companies whose core business is the production, distribution, or sale of pornographic content are excluded.

Label-related exclusions

Where applicable, strict rules defined by the specifications of labels held by the funds are applied (e.g., reinforced exclusion criteria of the French SRI Label / Label ISR).

OPERATIONAL IMPLEMENTATION

1. Integration into the Investment Process

Exclusions are integrated into Stilgar AM's management and control tools.

Portfolio managers must verify compliance before initiating any new position and refrain from investing in excluded issuers.

Second-level controls are conducted regularly by the Risk/Compliance teams to detect residual exposures or errors.

Compliance with the Exclusion Policy is subject to regular audits. Any breach triggers an analysis, a remediation plan, and, if necessary, divestment within the shortest possible timeframe.

For further details on ESG integration into the investment process, refer to the ESG Integration Policy.

2. Governance

The Exclusion Policy is approved by the Executive Committee and reviewed at least annually to account for regulatory developments (ESMA, SFDR, Taxonomy, labels) and market expectations.

Decisions to add or remove issuers from the exclusion list are made by an internal ESG Committee, comprising representatives from Portfolio Management, Compliance, and Risk teams.

The exclusion list is shared with portfolio managers, Risk, Compliance, and Trading teams.

ESG criteria are an integral part of investment decisions. Portfolio managers are responsible for both financial and extra-financial analysis, and extra-financial objectives are included in annual individual performance goals.

Stilgar AM implements ESG governance through a quarterly ESG Committee and a monthly Risk Committee.