



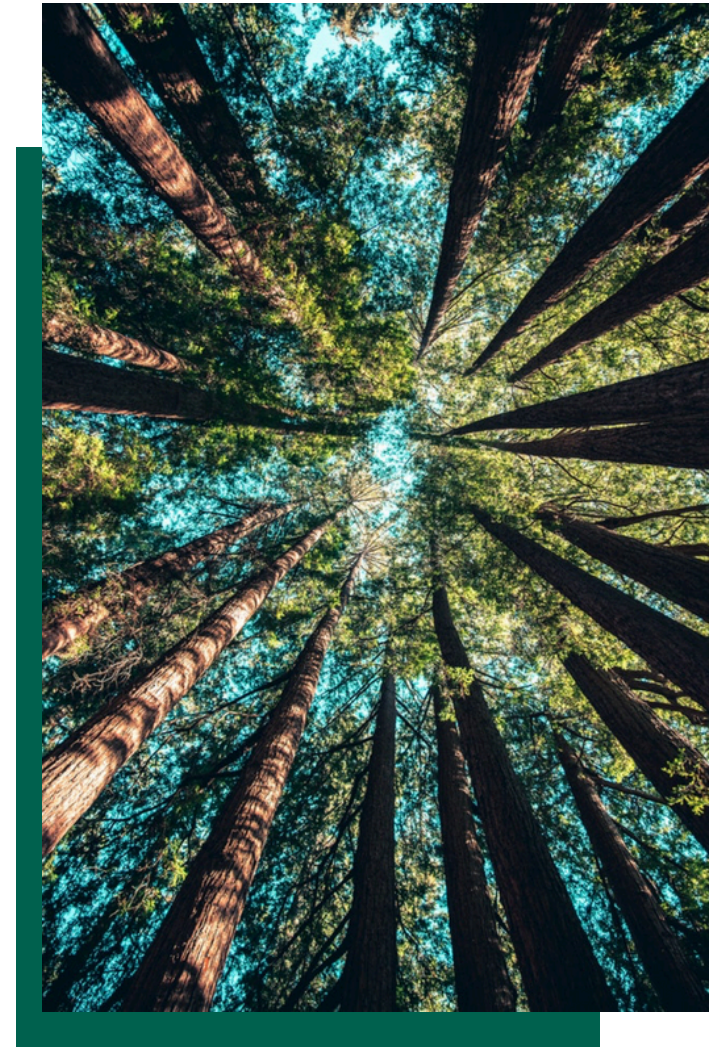
Econopolis Demographic
Dynamics
May 2025
Sustainable Investment Policy

Econopolis Demographic Dynamics is a Sub-Fund of Econopolis Funds, a SICAV laws of the Grand Duchy of Luxembourg, that is managed by Conventum TPS. The investment policy is delegated to Econopolis Wealth Management NV (hereinafter "Econopolis").

Our philosophy

Econopolis' long-term success is based on trust and confidence. **Sustainable business is a prerequisite to uphold trust and confidence.** This document sets the principles for how Econopolis ensures long-term sustainability of its operations, and by doing so **strengthening long-term relationships with our customers and our contribution to a greater good.**

Our investment philosophy is inspired by the books written by Geert Noels, which outline the fundamentals of sustainable and responsible economic principles. This charter also aims to support Econopolis and its employees in performing their work and decision-making. It contains both general principles and specific criteria that apply to the relevant investment portfolios.



Core principles

For Econopolis, **sustainability means taking responsibility for the impact we have on our surroundings**. It encompasses the ability to be a credible and reliable partner, which acts in the best interest of customers and ethically and responsibly towards society. Human rights, employee rights, environmental responsibility and anticorruption are included in our decision-making processes in order to contribute to sound financial markets. Sustainability is at the core of our day-to-day activities, and a way of creating value.

The below principles for sustainability are based on Econopolis' Code of Conduct and guide behaviour in our daily work and when making business decisions. We take these principles and other relevant environmental, social and governance principles into consideration when evaluating business risks and opportunities. Econopolis also expects business partners and suppliers to adhere to these principles.

Econopolis is a signatory of the **United Nations Principles for Responsible Investments (UN PRI)**, demonstrating that we are committed to the six UN PRI principles for incorporating ESG issues into investment practice.

- ✓ We are committed to good corporate citizenship
- ✓ We are committed to human rights, labour rights and freedom
- ✓ We are committed to equal opportunities and diversity
- ✓ We are committed to caring for the wellbeing of our employees
- ✓ We are committed to ethics, honesty and sincerity
- ✓ We are committed to caring for the environment
- ✓ We reject any form of bribery and corruption



Sustainability at Econopolis

As an asset manager, **we believe sustainability goes far beyond the investing sphere** and should be embedded in the whole organisation and in its day-to-day business. We are proud to be able to showcase excellent sustainable and ethical business results:

- ✓ *Each employee signed our Integrity Policy, which is our deontological, moral and ethical code.*
- ✓ *Employees are encouraged to contribute to mitigate Econopolis' environmental impact.*
- ✓ *Econopolis has subscribed to the principles of UNPRI.*



Sustainability as defined by the SFDR

The SFDR classification (Sustainable Finance Disclosure Regulation) is a European regulation that aims to provide transparency on how financial markets integrate sustainability into their investment decisions. There are three different classifications within SFDR:

- ✓ **Article 6:** Funds that integrate sustainability considerations into the process but do not have specific sustainability objectives.
- ✓ **Article 8:** Funds that promote, among other characteristics, environmental or social characteristics, or a combination of both, provided that the companies in which the investments are made follow good governance practices.
- ✓ **Article 9:** Funds that have a sustainable investment objective and therefore aim to invest in economic activities that contribute to an environmental or social objective.

The Demographic Dynamics fund is an Article 8 fund, and thus promotes environmental and social characteristics, and while it does not have a sustainable investment objective, it will have a minimum proportion of 75% sustainable investments. According to Article 2 of the SFDR, a sustainable investment is defined as:

“ An investment in an economic activity that contributes to an environmental objective (such as limiting climate change or protecting water and marine resources) or a social objective (such as promoting social cohesion, inclusion, and labor conditions). Moreover, such investments must not significantly harm other environmental or social objectives and must be conducted by companies that follow good governance practices. ”

How Econopolis follows this definition, can be found in our responsible investment policy.

Responsible investment policy

The responsible investing policy of the Econopolis Demographic Dynamics Sub-Fund is **based on four different sustainable strategies**, and covers both direct and indirect investments (e.g. via other investment funds). Together, these strategies offer investors the necessary confidence that their investments are made in line with our principles regarding sustainable investing. On top of these four strategies, Econopolis also takes **clearly defined positions regarding controversial activities**. The four strategies and our positions regarding these controversial activities are briefly outlined below and are discussed in more detail on the next few pages.

1 Negative selection

Some companies do not have a place in a sustainable investment portfolio. Therefore, we apply specific negative selection criteria to filter out these companies. In order to achieve this, we follow the exclusion list of the Norwegian Pension Fund.

2 Norms-based screening

Our norms-based sustainable investment strategy is based on the book “Econoshock” by our founder Geert Noels. **We assess companies based on whether they are involved in violations of the 10 Principles of the UN Global Compact.** Furthermore, we follow the activity-based exclusion list of the World Bank/IFC and the OECD Guidelines for Multinational Enterprises.

3 ESG Integration

We **integrate ESG-factors in our investment decisions**. To supplement our own analysis and have an objective viewpoint, we have **a partnership with Clarity AI, a sustainability platform that uses machine learning to deliver ESG insights to investors**. The research of Clarity AI and their ESG Risk scores are designed to measure ESG material factors that will drive long-term financial value in a particular business.

4 Best-in-universe selection

Based on the **ESG Risk scores** of Clarity AI, we apply a best-in-universe selection strategy. Only issuers of which the ESG Risk score is part of the best 75% of the whole universe are eligible for this strategy. Furthermore, we exclude companies with the highest Clarity AI Controversy Score in terms of severity, as measured by the **Controversy score** of Clarity AI.

5 Positions regarding controversial activities

As a responsible investor, we expect that **invested companies operate in line with our commitment to the UN PRI** and in observance of existing laws and regulations, international humanitarian law and international conventions, as well as standards for sound environmental, social and governance performance. We have clearly defined positions regarding a range of controversial activities.

1 Negative selection

The **Norwegian Government Pension Fund Global** is one of the world's largest sovereign wealth funds, with assets over \$1 trillion US dollar and is **widely regarded as a leader in sustainability**.

The fund publishes clear expectations of the companies in their portfolio regarding global challenges in both governance and sustainability. Furthermore, the Norwegian Ministry of Finance has issued specific **Guidelines for Observation and Exclusion**. These criteria relate to specific product types and entail that the fund must not invest in companies which themselves, or through entities they control, produce weapons that violate fundamental humanitarian principles through their normal use, produce tobacco, or sell weapons or military material to certain countries. Companies may also be excluded if there is an unacceptable risk of conduct that is considered grossly unethical.

All companies on the exclusion list of the Norwegian Pension Fund are as well excluded for the sub-fund. The full list of companies can be found on <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>.



2 Norms-based screening

Econopolis is founded based on the book “Econoshock” by our founder Geert Noels. Our norms regarding sustainable investing are thus also influenced by this book. To implement our norms-based strategy in practice, companies involved in violations (structural, repetitive and severe) of the **10 Principles of the UN Global Compact (UNGC)** are not eligible for investment. The same applies for the **OECD Guidelines for Multinational Enterprises**.

Companies involved in activities on the **activity-based exclusion list of the International Finance Corporation**, a subsidiary of the World Bank, are also not eligible for investment. These activities are not in alignment with our own norms regarding sustainable investing, which we wish to uphold at any time. The full list of activities can be found on <https://www.ifc.org/exclusionlist>.



3 ESG integration

To justify an investment, Econopolis integrates the different aspects of ESG. Our process contains the following elements:

- ✓ We use **Clarity AI to obtain comprehensive ESG data**. This helps us conduct a detailed ESG analysis of each investment before it is added to our investable universe. More information about Clarity AI, and how we use it in our investment process, can be found in section four “Best-in-universe selection”.
- ✓ **Our fund managers carefully check whether (potential) investments meet our ESG requirements**. This ensures that our portfolios do not contain ESG ‘blind spots’, meaning that all positions are screened from an ESG perspective. If a company or government lacks an ESG score or the ESG score is insufficient, additional rules are applied. In such cases, a fund manager can present a detailed case to our investment committee, which reviews it before the investment is added. In order to allow our own take on sustainable issues, we allow maximum 10% of the portfolio to consist of companies with an inadequate Clarity AI rating, if accepted by the committee. The portfolio can also invest 10% of its assets in companies not rated by Clarity AI.
- ✓ Econopolis expects the **companies in our portfolio to act in accordance with our commitment to the UN PRI** and to consider existing laws and regulations, international humanitarian law, and international treaties. We have clearly defined positions on controversial activities and monitor investments for potential involvement in these activities. More information about these positions can be found in section five, “Positions regarding controversial activities”.

4 Best-in-universe selection

Selection process for companies

Clarity AI is an independent data provider specializing in ESG and corporate governance research and ratings. Founded in 2017, the company uses **artificial intelligence to analyze large volumes of data** (such as news, media, and NGO sources) and convert them into actionable controversy indicators and ESG risk scores. A summary of their methodology can be found in the Appendix of this document. The goal of Clarity AI is to provide investors and companies with the insights needed to make better-informed decisions, ultimately leading to a greater societal impact on the markets.

At Econopolis, Clarity AI is used as an **independent sustainability filter** in the investment process. This means that Clarity AI applies ESG risk scores and controversy ratings to the companies and governments in which we invest. The ESG risk score of an issuer is a weighted average of its scores on the Environmental, Social, and Governance pillars and assesses how material ESG issues can affect the future financial performance of companies. Every company we invest in, has to follow these rules:

- ✓ Only companies with an ESG Risk Score in the top 75% of the Clarity AI universe are eligible.
- ✓ The average Clarity AI ESG Risk Score of the portfolio must be above 50.
- ✓ Companies with the highest Clarity AI Controversy Score in terms of severity are not suitable for the portfolio.



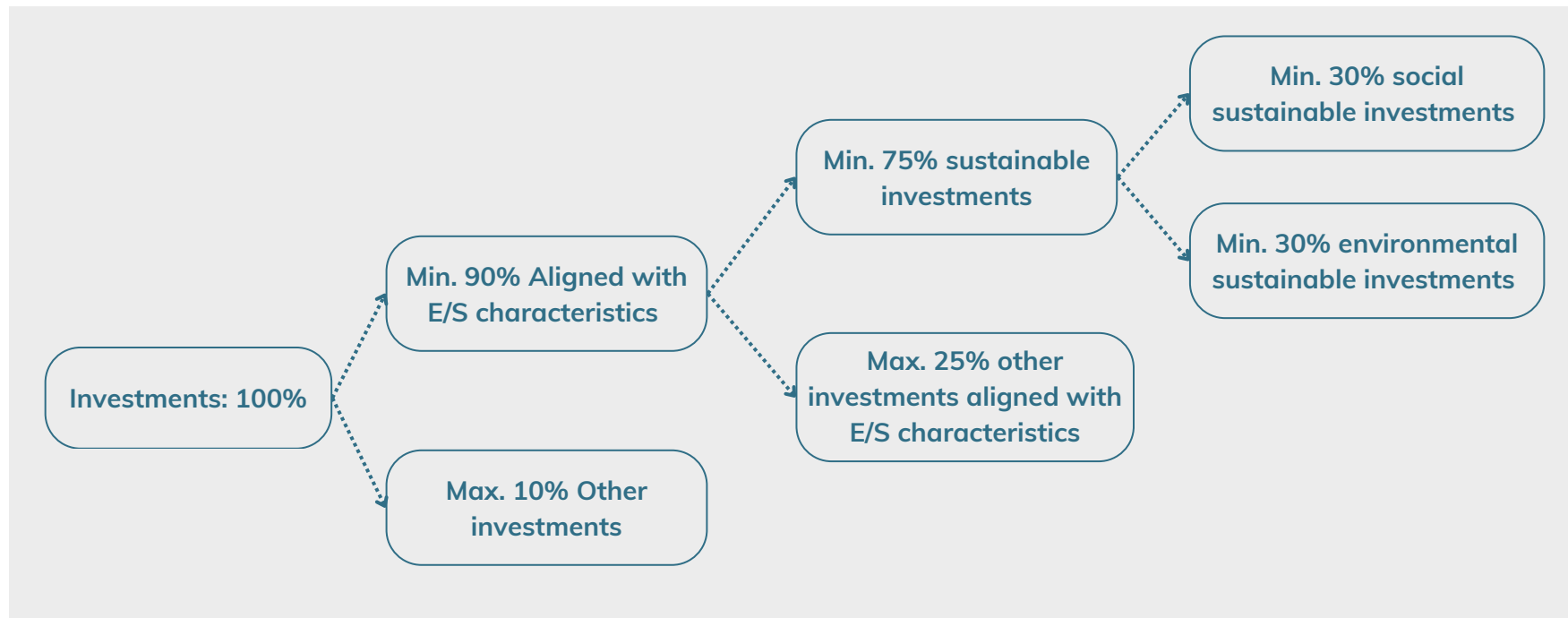
Selection process for sustainable investments under SFDR

The **objective of the sustainable investments** in the sub-fund is to contribute to the mitigation of climate change by limiting the maximum global temperature rise to well below 2°C, or to contribute to social diversity by promoting diversity at the highest level. Specifically, a sustainable investment contributes to the environmental goal by being among the **best-in-universe based on scope 1 and 2 emissions** or by being issued with a clear environmental goal in the form of a use-of-proceeds instrument (e.g., green bonds). Additionally, an investment is also considered sustainable if it contributes to a social goal. This can be achieved by being among the **best-in-universe based on the percentage of women on the board of directors** or by being issued with a clear social goal in the form of a use-of-proceeds instrument (e.g., social bonds). To achieve this best-in-universe selection, Econopolis uses the following criteria for a sustainable investment, which must contribute to an environmental or social goal:

- ✓ To measure whether an investment meets the environmental goal, the CO2 emissions (scope 1 and 2) are considered, and these must be best-in-universe (top 50%).
- ✓ To contribute to the social goal, the investment should have a higher percentage of women in the board of directors than the European average, with a minimum gender diversity of 33%.
- ✓ Companies must not cause significant harm to other environmental or social goals.

Figure 1 below shows the investment process and the asset allocation of the sub-fund. At least 90% of all investments of the sub-fund will be aligned with environmental and social (E/S) characteristics. Other than these investments, the sub-fund can invest maximum 10% in other instrument (cash, cash equivalents or instruments for hedging purposes). **Of all investments aligned with E/S characteristics, at least 75% should be sustainable investments.** Of these sustainable investments, at least 30% has to contribute to the social goal, and 30% has to contribute to the environmental goal. The remaining 15% floats between the two as either environmentally or socially sustainable as to allow for flexibility for proper portfolio management as fitting in the strategy of the sub-fund.

Figure 1: Asset allocation of Demographic Dynamics



5 Positions regarding controversial activities

We set clear expectations on corporate ESG management in our investments and communicate these expectations to companies we are invested in and other stakeholders. We expect that invested companies operate in line with our commitment to the UN PRI and in observance of existing laws and regulations, international humanitarian law and international conventions, as well as standards for sound environmental, social and governance performance. We have clearly defined positions within the following areas:

Human and Labour Rights

We expect companies to obey internationally recognised human rights principles and to prevent and manage their impact on human rights. Human rights related issues include complicity in human right abuses, modern slavery and child labour, occupational safety and health, the rights of indigenous people and displacement of local communities, freedom of association and collective bargaining and international humanitarian law.

Econopolis does not invest in companies not complying with the UNGC principles related to human and labour rights.

Weapons

In accordance to the law of June 8 2006, last modified on July 16 2009, Econopolis does not invest in companies with weapons-related activities that cannot be financed in Belgium (cluster munitions, anti-personal mines, depleted uranium munitions and armours, nuclear/chemical/ biological weapons, white phosphorus, etc.). On top of this, Econopolis does not invest in companies of which more than 5% of the revenues result from the production or trade in weapons/munition or tailor-made components thereof as we see these activities as highly controversial given their indiscriminate effect on human populations.

Tobacco

Econopolis does not invest in companies active (>5%) in the production or wholesale trading of tobacco products or e-cigarettes, as we are concerned with the impact of these products on the health and wellbeing of society.

Adult entertainment / Pornography

Econopolis does not invest in companies active in the production or distribution of adult entertainment / pornography. We view this sector as highly controversial given their suspected adverse impact on society. Furthermore, there is a significant probability that companies active in this sector fail to comply with human rights principles (e.g. labour principles of the UNGC).

Gambling

Econopolis does not invest in companies deriving a significant part of their revenues (>5%) from gambling products or services (incl. casinos). We view these activities as highly controversial, given the potential impact these can have on the players and their surroundings and society in general (e.g. addiction issues, risk of personal bankruptcy et cetera).

Alcohol

Econopolis does not invest in companies deriving a significant part of their revenues (>10%) from the production or trade in alcohol (excluding beer and wine), giving the potential impact on the health and well-being of individuals, their surroundings and society in general (addictions issues, chronic diseases, ...).

Fur

Econopolis does not invest in companies deriving a significant part of their revenues (>5%) from the production or trade in fur products. We view these activities as highly controversial given their impact on animal welfare.

Speciality leather

Econopolis does not invest in companies deriving a significant part of their revenues (>10%) from the production or trade in specialty leather. We view these activities as highly controversial given their impact on animal welfare.

Asbestos

Econopolis does not invest in companies active in the extraction or production of asbestos fibres. Today banned in more than 50 countries, Asbestos has been proven to be able to cause serious illness (a.o. cancer) and has thus a clear significant negative impact on society.

Unconventional oil & gas

Econopolis does not invest in companies active in the exploration or extraction of unconventional oil and gas (obtained through methods other than traditional production methods). This a.o. includes: the extraction of tar sands oil, coalbed methane, extra heavy fowl and Arctic oil & gas, as well as oil & gas from methods such as fracking or ultra deep drilling. These activities pose unacceptable risks to the environment (a.o. water use, pollution, energy intensive) and are thus excluded from investments.

Conventional oil & gas

Econopolis does not invest in companies active in the exploration, extraction, or refinement (except oil to chemicals) of conventional oil & gas energy sources or the transportation of oil. We view these activities as negatively contributing to climate change.

Coal

Econopolis does not invest in companies active in the exploration, mining, extraction, distribution, refinement or transportation of thermal coal. We view these activities as incompatible with a sustainable future and contributing to global warning because of the carbon intensity of generating electricity from coal.

Electricity generation

Econopolis does not invest in electricity utilities with a carbon intensity that is not aligned with a below 2 degrees scenario (OECD Paris agreement). This means that in 2021, the maximum gCO₂/kWh is 393. In 2022 it is 374, in 2023 354, in 2024 335 and in 2025 315.

Nuclear energy

Econopolis understands the temporary role of nuclear energy in the energy mix to shift to a low-carbon energy supply but is aware of the safety concerns and the environmental impact of nuclear waste. Therefore, companies active in the nuclear energy sector can only be included in Econopolis' universe when it meets the following criteria;

- ✓ The company's absolute production and/or capacity for contributing products/services shall be decreasing.

- ✓ The company shall meet at least one of the following criteria;
- Have an SBTi target set at well-below 2°C or 1.5°C, or have a SBTi Business Ambition for 1.5° commitment
 - Derive more than 50% of its revenues from contributing activities
 - Have more than 50% of its CapEx dedicated to contributing activities

Contributing activities are activities included in the EU taxonomy except for the following activities;

- 4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies
- 4.28 Electricity generation from nuclear energy in existing installations
- 4.29 Electricity generation from fossil gaseous fuels
- 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels
- 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system

Biofuels

Companies active in energy production based on biofuels are also expected to be in line with the below 2 degrees scenario as described above in the paragraph regarding electricity generation in order to be eligible for investments.

Palm oil's impact on deforestation and biodiversity

Econopolis does not invest in companies producing palm oil, regardless of the percentage of certification from the "Roundtable for Sustainable Palm Oil (RSPO)". We find that palm oil production is associated with a range of environmental, social and governance issues. These include a.o. deforestation, bio-diversity, local community rights, labour conditions and the rights of indigenous people

Gender & diversity

The management of key gender & diversity issues are an integral part of both Clarity AI's ESG Risk score and its Controversy Score.

Water use

Water use is currently not embedded in our investment process with specific criteria given the lack of consistent data. Nevertheless, it is taken into account in both the assessment of independent non-financial rating agency Clarity AI and our stance towards controversial activities. For example, the water-intensive extraction process of shale gas is a key reason why unconventional oil & gas companies are excluded from our investment universe.

Taxation

The ability and willingness of issuers to pay taxes, and whether this is transparent and complies with applicable tax regulations, is taken into account in the ESG analysis of issuers, both by our internal analysts and the independent non-financial rating agency Clarity AI (a.o. as a metric in the calculation of both the ESG score and the Controversy score).

Oppressive regimes

Econopolis does not invest in sovereign bonds issued by governments which are subject to broad sanctions and fail to respect human rights. Further details regarding our responsible investing policy towards sovereign bond investments are provided later in this document.

Agricultural commodities

Econopolis does not invest in derivative contracts on agricultural products. The impact of food speculation on volatility and prices poses an unacceptable risk for local farmers and poorer populations.

Death penalty

A country's stance on the death penalty is integrated in in both the ESG Risk score and Controversy score calculated by independent non-financial rating agency Clarity AI.

Pollution & waste

An issuer's policy's and behaviour towards pollution & waste (a.o. single use plastics) is integrated in both the ESG Risk score and Controversy score calculated by independent non-financial rating agency Clarity AI.

Appendix

1 Clarity AI ESG Score Methodology

Step 1: Data collection



Step 2: Metric scores



Step 3: Metric scores aggregation

Collecting data

Clarity AI collects data from a wide range of sources, including specialized data providers, general financial data providers, global news monitoring services, public sources such as company reports and websites, and a network of business partners providing their own data.

Cleaning data

This data is supplemented with estimates via machine learning models to fill in information not disclosed by organizations. These collected datasets are cleaned and checked for reliability through advanced quality controls and standardization techniques.

Determining the score

After collecting and curating the data, scores are calculated for different types of metrics: quantitative metrics, policy metrics, and controversies. Quantitative metrics are scored by comparing a company's performance on an ESG issue with that of other companies within the same sector. Policy metrics are scored based on the presence of specific policies, while controversy scores are derived from incidents companies have experienced over the past three years. These scores range from 1 (worst performing) to 100 (best performing).

Score aggregation

The calculated scores are then aggregated to obtain a total score for each company. This is done by weighting and combining the scores of different metrics at various levels (subcategories, categories, pillars, company, portfolio). The total ESG risk score of a company is the weighted average of the scores for the Environmental, Social, and Governance pillars, with deductions for any controversies. The aggregation follows specific rules and materiality matrices that reflect the relative contribution of each metric to the company's exposure to ESG risks.

Appendix

2 Clarity AI Controversy Score Methodology

Step 1: Incident detection



Step 2: Incident classification



Step 3: Attribution of scores

Data Search

Identification of controversial articles from a corpus of news sources. There is a universe of 33,000+ media sources available, covering more than 200 countries. Daily, more than 1.4 million articles are added to this universe.

Categorization

Articles are labeled according to one of the 39 categories. These categories are a further breakdown of E, S, and G aspects. For example, water use and animal welfare are assigned to the environmental (E) category, while work incidents belong to the social category, and workplace ethics belong to governance (G).

Severity Assessment

Incidents are assessed on the severity of the issue, the extent of the impact, and the company's management of the issue. The severity score is labeled as either no controversies, minor, moderate, significant, severe or very severe controversies.

Controversy Score determination

The severity levels of incidents are combined to generate a final controversy score. This reflects the impact on stakeholders, the environment, or society and takes into account the company, its subsidiaries and its supply chain.

Disclaimer

This document is a representation of the ESG policy of the sub-fund and not a prospectus. The content of this document may under no circumstances be considered as investment advice in relation to any financial instrument. The investment products mentioned by name in the document, if proposed to clients, should be assessed against the risk profile and existing portfolio of clients. The information contained in this document may not be distributed or copied or transferred directly or indirectly to any other person for any purpose whatsoever.

If you want a complete and correct picture of the characteristics, costs, risks and objectives of the product in question, we advise you to carefully consult the Prospectus and the Key Information Document (KID). The KID contains the most important information that you as a private investor need to make a well-considered decision in a standardized and transparent format. You can find these documents via the link below:

<https://www.econopolis.be/en/funds/equity-funds/econopolis-demographic-dynamics/>