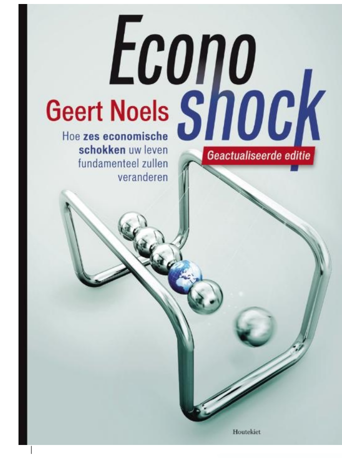
ECONOPOLIS

2020

Econopolis Sustainable Equities

Sustainable Investment Policy



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**. 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.

- ✓ 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 beyond investing

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

No fines received from the financial regulator or other authorities

No misconduct or malpractices on corporate activities since inception

Positions

We set clear expectations on corporate ESG management in our investments and ownership activities and communicate these expectations to companies we are invested in and other stakeholders. 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 within the following areas:

Human and Labour Rights
We expect companies to obey internationally recognised human rights principles and to prevent and manage its impact on human rights. Human rights related issues includes 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.

Weapons
Econopolis sees weapon production and their potential use as highly controversial, given their indiscriminate effect on human populations. Since inception, Econopolis does not and will never invest in companies active (>10%) in the production or trade in weapons/ munitions or tailor-made components thereof. We also will never invest in companies with weapons-related activities that cannot be financed in Belgium (cluster munitions, anti-personal mines, depleted uranium, nuclear/ chemical/biological weapons…).

Tobacco
Since our launch, Econopolis does not invest in companies that derive a significant part (>10%) of their revenues from tobacco, as we are concerned with the impact of these products on the health and wellbeing of the society.

Unconventional oil and gas
The extraction of unconventional oil and gas poses ESG risks that are not acceptable for Econopolis. Subsequently, we do not invest in companies deriving more than 10% of their revenues from these activities.

Conventional oil and gas
Conventional oil and gas products play an important role in our current economy. Furthermore, the sector is key in the transition to a low-carbon economy. To support this transition, Econopolis draws upon the knowledge of Sustainalytics and only invests in the best-in-class companies with regard to ESG risks in this sector. Furthermore, These must derive minimum 40% of their revenues from natural gas extraction or renewable energy sources.

Coal
Econopolis excludes companies with large and sustained exposure (>10%) to coal mining. Econopolis does support companies on a transition path that are diminishing their exposure and that are regarded as leading in the sector with regard to sustainability.

Electricity generation
Econopolis does not invest in electricity utilities with a carbo intensity that is not aligned with a below 2 degrees scenario (OECD Paris agreement). This means that in 2020, the maximum gCO_2/kWh is 408. In 2021 it is 393, in 2022 374, in 2023 354, in 2024 335 and in 2025 315. In case no carbon intensity data is available, the limits for electricity utilities are max. 10% coal, max. 30% oil & gas and max. 30% nuclear sources.

Nuclear energy
Nuclear energy is a controversial topic with respect to ESG factors. Econopolis takes into account the experience and industry-knowledge of Sustainalytics on this topic and incorporates their assessment of ESG risks in its investment decisions in this sector.

Climate Change
Climate change presents a challenge to our investments – in terms of its physical impact as well as against the prospect of the implementation of radical policy measures in order to reduce GHG-emissions globally. There are a number of sectors that are particularly exposed to climate change. Companies in these sectors need to demonstrate how they integrate climate change challenges into their business strategies, investment decisions and risk management.

Water
Scarce water resources are an issue for a number of companies in the investment universe. Certain industry sectors have in some geographical areas of operations a particularly high exposure to water risk. We expect companies in the high risk sectors to ensure that they address and manage water risk adequately.

Corruption
Against the ongoing changes of corruption landscape, we see increased risk to financial investments. As investors, we demand that companies take a proactive approach towards corruption, implement adequate anti-corruption measures and improve transparency.

Oppressive regimes
Econopolis does not invest in sovereign bonds issued by governments which are subject to broad sanctions and fail to respect human rights.

Taxation
The ability and willingness of companies to pay taxes is included in the assessment of each investment case.

Others
Areas that are not directly part of our investment selection process, but that are nevertheless considered when relevant, are biodiversity, agricultural commodities and a country's stance on the death penalty.

Sustainable investment policy

At Econopolis, we have a clearly defined sustainable investment policy, which combines several strategies. These include both negative and positive selection criteria and are briefly outlined below. On the next pages, more details are provided regarding the specific criteria.

Negative selection
Some activities or companies do not have a place in a sustainable investment portfolio. Therefore, we apply specific negative selection criteria to filter out these activities/companies. Specifically, we follow the **activity-based exclusion list** of the World Bank/ International Finance Corporation. Moreover, we also follow the **company-specific exclusion list** from the Norwegian Government Pension Fund for all investment funds.

SUSTAINALYTICS

ECONOPOLIS

CASE STUDY:
SUSTAINALYTICS & ECONOPOLIS

An investment firm that puts sustainability at the heart of the company

Geert Noels and Geert Wellens founded Econopolis in 2009. In the wake of the global financial crisis, they felt that the financial sector was ripe for change and in need for a new type of asset manager more in tune with what was happening in the world. Taking the lessons learned from what went wrong during the crisis, Noels identified a series of "megatrends" in his book, Econoshock. Econopolis translates the ideas from the book, which has subsequently also been turned into a TV series, into an investment philosophy that puts sustainability at the heart of the company.

"Unlike many other firms – for which sustainability is an add on – ESG has been part of Econopolis' DNA since its inception," explains Geert Wellens, Partner, Founder and CEO at Econopolis.

The megatrends underpinning Econopolis' investment philosophy include developments in the fields of climate change, demographics, emerging markets and the Financial, IT and Energy sectors. The way Econopolis incorporates these megatrends into its investment decisions results in portfolios that are sustainable and progressive, without limiting the firm's ability to recognize innovation in more traditional industries.

"Econopolis tries to identify companies that have winning business models in changing times," explains Maarten Geerdink, Partner and Chief Investment Officer at Econopolis. ...

... the same time, they are ideally positioned to benefit from the rapid growth in ecommerce."

Building Trust among Investors

Econopolis combines financial analysis with its qualitative evaluation of management and macro-economic themes to construct a portfolio that it believes will be competitive and sustainable in the long term. Their qualitative approach to ESG presented them with two challenges: How can they measure their ESG performance against that of other leading responsible investors? And, how can they reassure clients that their approach is credible?

"We were very curious to find out how our ESG performance measured up to other asset managers," Geerdink explains, "This is why we started to look at Sustainalytics' research. We were very pleased to find that we scored quite well against our peers; even better than some of the leaders in the field."

Econopolis believes that it performed quite well in terms of its overall ESG performance, because ESG forms such an integral part of the company's make up. Their challenge revolved around making their value proposition clear to investors, who were in favor of incorporating ESG factors into their investments, but wanted the reassurance that comes with taking a more quantitative approach to responsible investing.

Positive selection
For Econopolis, sustainable investing goes beyond negative screenings. As such, we apply as well positive selection on our investments in our sustainable investment portfolios. As a start, **sustainability is a key aspect of our internal investment analysis** of any potential or actual investment. Our analysts and portfolio managers fully incorporate ESG-criteria in their investment decision. In order to support our own analysis and also have an objective outside view, **we apply an independent sustainability filter throughout our investment process.**

Our independent data provider is Sustainalytics, a global leader in ESG and Corporate Governance research and ratings. Their mission is to provide the insights required for investors and companies to make more informed decisions that eventually lead to a more just and sustainable global economy.

Over the past 25 years, Sustainalytics has grown to be one of the global leaders in company-specific ESG research. Furthermore, they engaged in strategic partnerships with industry captains such as Morningstar, STOXX, Glass Lewis, FTSE Russel et cetera.

Econopolis has access to Sustainalytics' ESG research database of circa 4,000 companies worldwide. This research and consequent ESG Risk Ratings are designed to **help investors identify and understand financially material ESG risks** at both the security and portfolio level. Based on the ESG Risk Rating and Controversy Scores of Sustainalytics, we apply **specific investment criteria** in Econopolis Sustainable Equities.

Exclusions

Econopolis follows two exclusions lists for all its investment funds: (1) an **activity-based exclusion list** from the the International Finance Corporation, a subsidiary of the World Bank; and (2) a **company-specific exclusion list** from the Norwegian Government Pension Fund.

1. World Bank/IFC Exclusion list

The World Bank/IFC exclusion list defines the types of projects which they will not finance.

Exclusion applies only to companies that are materially involved in unacceptable activities. In cases where the activity concerned is ancillary to the companies' primary operations, exclusion will not apply. Econopolis does not invest in companies with such unacceptable activities. The full list of activities can be found on https://www.ifc.org/exclusionlist.

2. Norwegian Government Pension Fund

Set up in 1990, the Norwegian Government Pension Fund Global aims to ensure responsible and long-term management of the revenues from Norway's oil and gas resources in the North Sea so that this wealth benefits both current and future generations. It is managed by the Norges Bank Investment Management on behalf of the Ministry of Finance. It is one of the world's largest sovereign wealth funds, with assets over $1 trillion US dollar.

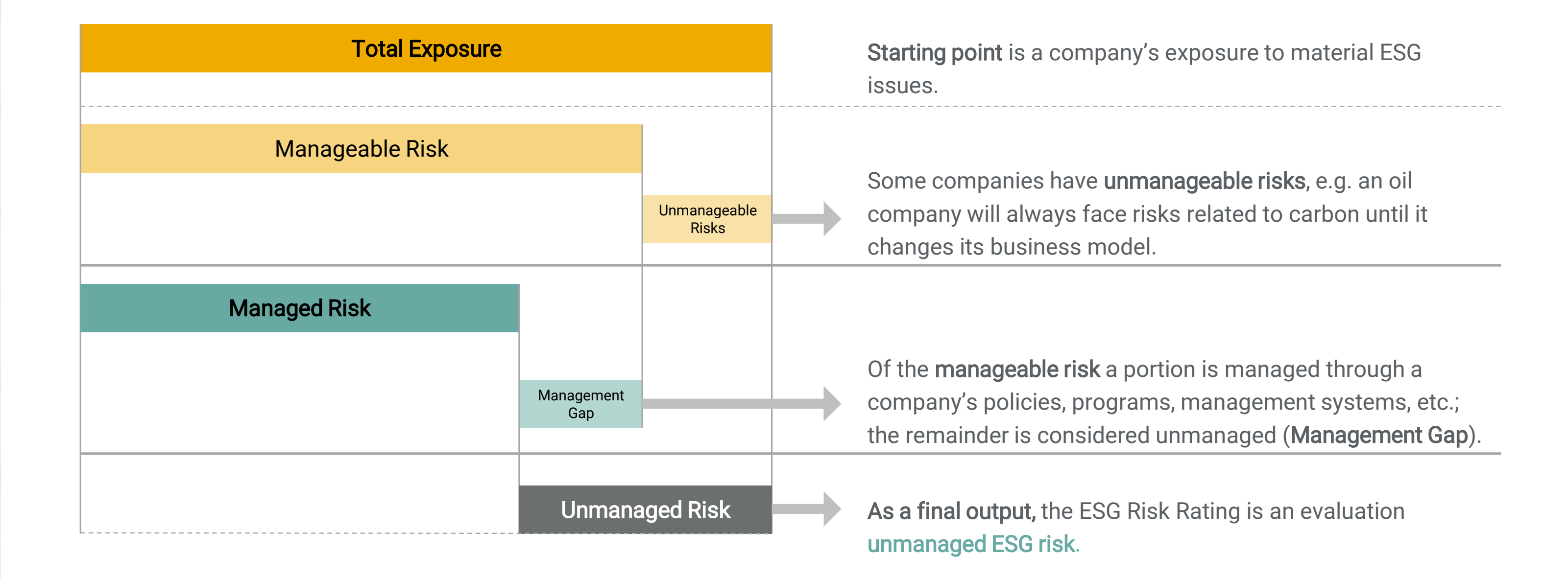
The fund publishes clear expectations of the companies in their portfolio regarding global challenges in both governance and sustainability. Furthermore, the Norwegian Ministry of Finance has issued specific Guidelines for Observation and Exclusion. These criteria relate to specific product types

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.

At Econopolis, we follow every exclusion decision taken by the Executive Board of Norges Bank in our portfolios. The full list of companies can be found on https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/.

SUSTAINALYTICS

- On average, a sustainable investment portfolio should have a Sustainalytics ESG Risk Rating below 30.
- A sustainable investment portfolio shall not invest in a company that has a Sustainalytics ESG Risk Rating above 40 if existing.
- A sustainable investment portfolio shall not invest in a company that has a Sustainalytics Controversy Score higher than 3 if existing.



Companies are ranked in **5 categories** based on their ESG Risk Rating.

- Negligible Risk: ESG Risk Rating ranging between 0 and 10
- Low Risk: ESG Risk Rating ranging between 10 and 20
- Medium Risk: ESG Risk Rating ranging between 20 and 30
- High Risk: ESG Risk Rating ranging between 30 and 40
- Severe Risk: ESG Risk Rating larger than 40

Insourcing first-class expertise

Sustainalytics' ESG Risk Rating **measures companies' exposure to and management of material ESG issues**. The rating measures and adds up both the unmanaged risks (management gap) and the unmanageable risks that are for example related to a company's sector. An ESG issue is considered material if the company is sufficiently exposed to it. Corporate governance is considered material for all companies.

Sustainalytics' **controversy research** identifies and rates companies' involvement in incidents that may negatively impact stakeholders, the environment or the company's operations. The Controversy Score varies from 0 (no controversies) to 5 (severe impact).

In order to allow **our own take on sustainable issues**, we allow maximum 10% of the portfolio to consist of companies with an inadequate Sustainalytics rating if accepted by te committee. The portfolio can also invest 10% of their assets in companies not rated by Sustainalytics.