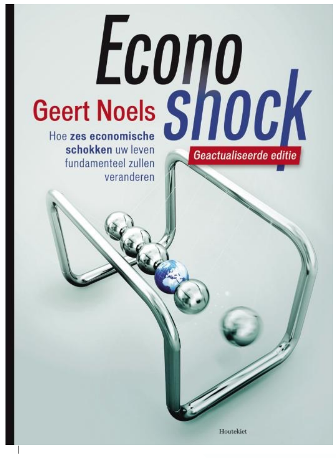
ECONOPOLIS

April 2022

# Econopolis Patrimonial Emerging

## ESG policy

Econopolis Patrimonial Emerging 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**. 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

# Responsible investing policy

The responsible investing policy of Econopolis Patrimonial Emerging Sub-Fund is **based on four different sustainable strategies**. 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.

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.

**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.

**Norms-based screening**
Our norms-based sustainable investment strategy is based on the book "Econoshock" by our founder Geert Noels. In practice, this implicates that we assess companies based on whether they uphold the 10 Principles of the UN Global Compact. Furthermore, we follow the activity-based exclusion list of the World Bank/IFC.

**ESG Integration**
We integrate ESG-factors in our investment decisions. We take into account our commitment to the UN PRI and incorporate ESG-factors in our analysis and decision making. To supplement our own analysis and have an objective viewpoint, we have a long-standing partnership with Sustainalytics, a global leader in independent ESG research. The research of Sustainalytics and consequent ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks.

**Best-in-universe selection**
Based on the ESG Risk Rating methodology of Sustainalytics, we apply a best-in-universe selection strategy. Only issuers of which the ESG Risk Rating is part of the best 75% of the whole universe are eligible for this strategy. Furthermore, we exclude companies implicated in severe controversial incidents as measured by the Controversy Score of Sustainalytics.


**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.

# Exclusions

**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 Econopolis Patrimonial Emerging**. The full list of companies can be found on https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/.

# 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 not complying with the **10 Principles of the UN Global Compact (UNGC)** are not eligible for investment. These relate to four major categories: Human Rights, Labour, Environment and Anti-Corruption.

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.

# Positions

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 in the production of tobacco products, as we are concerned with the impact of these products on the health and wellbeing of the society. We also do not invest in companies deriving more than 5% of their revenues from the wholesale trading of tobacco products.

**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, traffic accidents et cetera).

**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/oil sands, shale oil, shale gas and arctic drilling) or providing dedicated equipment or services therefor. 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, refinement or transportation of conventional oil & gas energy sources. 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 does not invest in companies significantly involved (>10% of installed capacity) in in the generation of nuclear-based energy. Furthermore, the absolute production shall not be structurally increased. Although we understand the temporary role of nuclear energy in the energy mix to shift to a low carbon energy supply, we find it a controversial activity due to safety concerns and the environmental impact of nuclear waste.

**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, biodiversity, local community rights, labour conditions and the rights of indigenous people

**Gender & diversity**
Gender & diversity aspects are currently not embedded with specific criteria in our investment process. Through its membership in federations focusing on diversity matters, such as Women in Finance, Econopolis has chosen to participate in and to contribute to a learning process with the goal to include these matters in the investment process in the future.


**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 Sustainalytics 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 Sustainalytics (a.o. via its Controversy Score on which we have specific criteria as detailed further in this document).

**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.

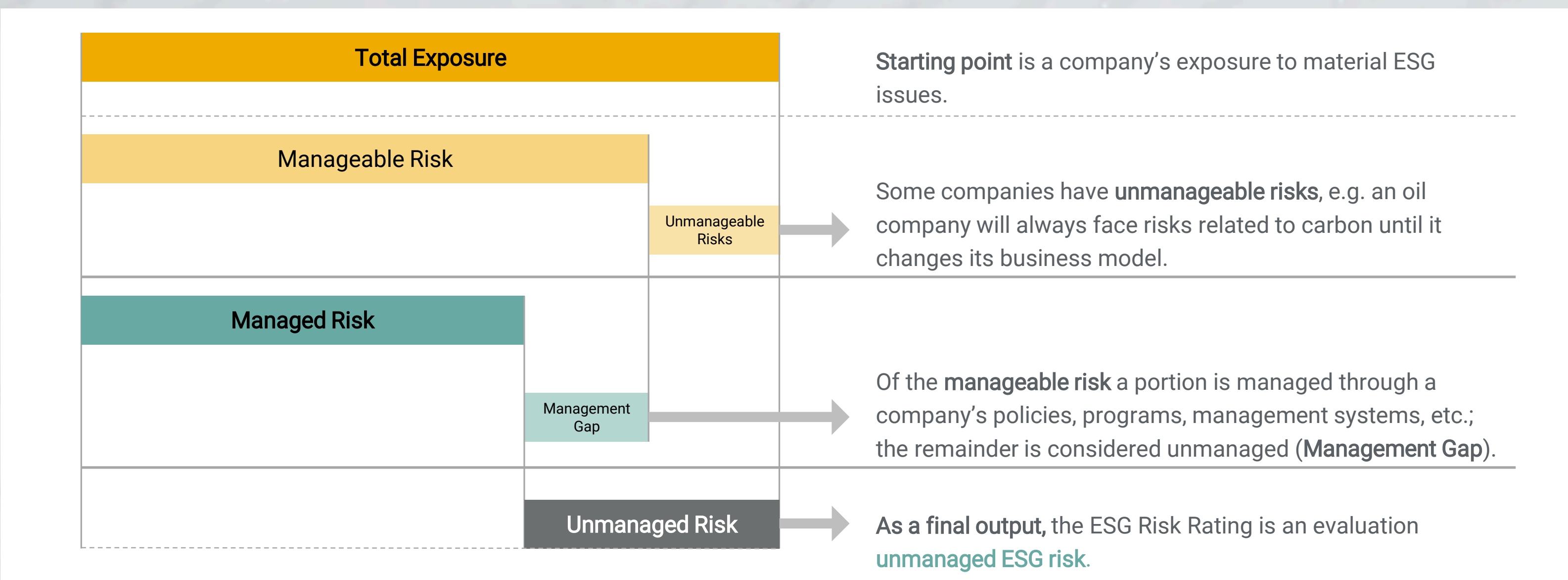
**Agricultural commodities**
Econopolis does not invest in derivative contracts on agricultural products. The impact of food speculation on volatility and prices poses an unacceptable risk for local farmers and poorer populations.

**Death penalty**
A country's stance on the death penalty is integrated in the ESG analysis and Country Risk Ratings calculated by the independent non-financial rating agency Sustainalytics. As detailed later in this document, we apply an ESG filter based on these Country Risk Ratings for sovereign bond investments.

**Pollution & waste**
An issuer's policy's and behaviour towards pollution & waste is integrated in both the ESG Risk Rating and Controversy Score calculated by independent non-financial rating agency Sustainalytics.

SUSTAINALYTICS

- Only corporate issuers with an ESG Risk Rating part of the best 75% of the whole Sustainalytics universe are eligible for the portfolio*.
- The average Sustainalytics ESG Risk Rating of the portfolio needs to be below 30.
- Corporate issuers with a Sustainalytics Controversy Score higher than 4 are not eligible for the portfolio*.




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 stake-holders, the environment or the company's operations. The Controversy Score varies from 0 (no controversies) to 5 (severe impact).

More information regarding the methodology of the ESG Risk Rating and the Controversy Score can be found on the website of Sustainalytics (www.sustainalytics.com).

*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 the committee. The portfolio can also invest 10% of its assets in companies not rated by Sustainalytics.

SUSTAINALYTICS

# Country Risk Rating

The Country Risk Rating of Sustainalytics measures **the risk to a country's long-term prosperity and economic development** by assessing how sustainably it is managing its natural, human and institutional assets.

Similar to their Risk Rating for companies, countries are ranked in **five categories** (Severe, High, Medium, Low and Negligible) based on their risk assessment.

Econopolis leverages Sustainalytics' capacities by **implementing specific criteria for all government bonds** in the portfolio.

- Countries with a Severe or High Country Risk Rating are excluded from government bond investments
- To allow our own take on sustainable issues, a limited number of countries (maximum 5) can have a Country Risk Rating of High Risk if accepted by the committee.

Both criteria combined **exclude more than 50 countries** from government bond investments (i.e. 30% of the global universe).

## How it Works

**A** Sustainalytics utilizes wealth data provided by the World Bank (see link) and groups a country's assets (or National Wealth) into three categories:

- **Natural & Produced Capital** (e.g. infrastructure, energy independence and natural resources)
- **Human Capital** (e.g. access to water and sanitation, mean years of schooling and life expectancy)
- **Institutional Capital** (e.g. rule of law, corruption and political liberties)

**B** A country's ability to utilize and manage its wealth in an effective and sustainable manner is determined by:

- **ESG Performance**
- **ESG Trends**
- **ESG Events** (e.g. civil conflicts, natural disasters)

COUNTRY RISK RATING: 30+ INDICATORS

**By incorporating more than 30 indicators, the Country Risk Ratings compile the above two components to provide one comprehensive rating for each country.** A lower rating indicates a low risk to country's long term prosperity and economic development. Countries are also categorized into 5 risk categories (Negligible, Low, Medium, High and Severe).

5 RISK CATEGORIES:

NEGLIGIBLE | LOW | MEDIUM | HIGH | SEVERE

## Objectives

The sub-fund's objective is to offer its shareholders long-term capital gains. This objective will be pursued by investing the sub-fund's assets in equities and fixed income instruments, as well as cash or similar instruments, without geographical limitation, but with a focus on emerging economies, and without sector or currency restrictions. The sub-fund will primarily focus on companies that are based in emerging economies. However, international companies that have a significant or growing share of their activities in said emerging economies may also qualify for investment by the sub-fund.

## Risk score

To enable you, as a potential investor, to correctly assess the risk of this investment, you can consult the risk score. However, the risk category has been determined based on simulated data and may not be a reliable indication of the future risk profile.

Lower risk — Higher risk

Potentially lower rewards — Potentially higher rewards

| 1 | 2 | 3 | **4** | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

## Technical information

| | |
|---|---|
| **Name** | Econopolis Patrimonial Emerging Class A |
| **ISIN** | Capitalisation: LU0889925557<br>Distribution: LU0889925714 |
| **Currency** | Euro |
| **Investment horizon** | Undetermined, at least 5 years |
| **Minimum investment** | None |
| **Entrance fee** | Max. 3,0% |
| **Exit fee** | Max. 3,0% |
| **SFDR-classification** | Article 8 fund whereby ESG-characteristics are promoted |
| **Transaction tax on exit** | Capitalisation: 1,32% met een maximum van €4.000 / Distribution.: 0% |
| **Transaction tax on conversion** | From Cap. to Dis.: 1,32%, with max. of €4.000 / From Dis. to Cap.: 0% |
| **Withholding tax** | Cap.: 0% / Dis.: 30% on dividends |
| **Ongoing charges*** | Charges taken from the Sub-Fund over a year: max. 2,00% (of which 0.7% management fee)* |
| **Yearly custody fee** | 0% |
| **Frequency of net asset value** | Net asset value is calculated weekly |

* The running costs indicated are an estimate based on the total estimated running costs. That figure may vary from year to year.

## Investing is not without risk

### Possible risks

- **Foreign exchange risk**: An unforeseen drop in the exchange rate of financial instruments is always possible when investing. Foreign exchange risk is managed through diversification in the portfolio of the underlying sub-fund.
- **Liquidity risk:** Liquidity risk occurs when certain investments are difficult to trade. Illiquidity is caused by supply and demand when there is (almost) only supply (sellers) for a financial instrument at a certain price.
- **Market risk**: Variations in the prices of securities and other instruments are essentially determined by variations in the financial markets as well as variations in the economic situations of issuers that are themselves impacted by the general world economy as well as by the economic and political conditions prevailing in their own country.
- **Management risk**: Despite the expertise of the managers, there is always a risk that the investments will not produce the hoped-for results.
- **Growth markets**: Suspensions and cessations of payment by developing countries are due to a variety of factors such as political instability, poor financial management, a lack of currency reserves, flight of capital, internal conflicts or the absence of the political will to continue servicing previously contracted debt.
- **Risk of Concentration**: Some Sub-funds may concentrate their investments in one or more countries, geographical regions, economic sectors, asset classes, types of financial instruments or currencies in such a way that these Sub-funds may thus be more impacted in the event of economic, social, political or fiscal events affecting the countries, geographical regions, economic sectors, asset classes, types of financial instruments or currencies concerned.

There may also be other risk factors that an investor should take into account with respect to his own situation and specific current and future circumstances. Before your investment manager can allow you to invest in this product, it will assess, by means of a questionnaire, whether the proposed transaction is suitable for you, taking into account your knowledge and experience with this product, your savings or investment objectives, needs and desires, and your financial situation.

## Important information

The current prospectus (EN), the key investor information (EN), and the latest audited annual report of the SICAV (as well as the latest semi-annual report) can be obtained free of charge from the management company Conventum TPS, Boulevard Royal 16, L-2449 Luxembourg, or at www.conventumtps.lu

**These documents must be read before enrolling**

**The value of this product will be consultable on BEAMA's website: http://www.beama.be/en**

<u>Contact</u>

**Responsible distributor:** Econopolis Wealth Management NV, Sneeuwbeslaan 20, bus 12, 2610 Wilrijk - BE 0812 127 055

**Complaints:**

- Econopolis Wealth Management NV, Sneeuwbeslaan 20, bus 12, 2610 Wilrijk, regarding the Compliance Officer.
- Ombudsman in financial differences, Ombudsfin VZW - North Gate II - Koning Albert II-laan 8 bus 2 - 1000 Brussel, e-mail: ombudsman@ombudsfin.be.