

## SUSTAINABILITY POLICY

### OIL & GAS AND ELECTRICITY UTILITIES

To bring about a transition to both a sustainable economy and society, it is necessary to have a set of ESG factors that can achieve a meaningful impact and accelerate the process. In order to support and promote products that are responsible in terms of ESG, we are committed to non-finance companies that are no longer continuing with or are phasing out practices that are widely regarded as unsustainable. These practices are reflected on a portfolio-level requirement basis (e.g. exclusions and exposure limits) to support and encourage companies in their transition to more sustainable business practices. The overall target is to analyse activities that are considered harmful to the environment and to society on a company-by-company basis. Although we do not exclude either the complete oil & gas sector or utilities, we are selective in our investment choices.

#### 1.0 Oil & Gas

- We differentiate the sector into conventional and unconventional oil & gas extraction.

#### 1.1 Unconventional Oil & Gas

- The unconventional oil & gas sector refers to oil and gas resources that cannot be explored, developed or produced by conventional processes, such as natural pressure of oil wells and pumping or compression operations. These exploration and production techniques require more complex methods like hydraulic fracturing (fracking) or horizontal drilling (e.g. tight oil or oil sands). These methods not only pose environmental, climate and societal risks, they also curb investments into renewable energy sources.
- Therefore, we will not finance companies that derive more than 10% of their revenue from unconventional oil & gas extraction.

#### 1.2 Conventional Oil & Gas

- The conventional oil & gas sector is a crucial part of our current economic environment and must meet the energy demand in the transition phase towards a sustainable society. We have set specific exposure limits to ensure positive evolution and take environmental risks, such as carbon emissions, into account.
- Furthermore, the Fund Management Team aims to accelerate the transition of energy companies to a low carbon business model through active shareholder engagement and to support R&D efforts in sustainable energy technologies.

#### 2.0 Electricity Utilities

- Electricity utilities are facing a transition that would allow them to meet the goals of the Paris Agreement. In order to ensure a socially responsible financial product, we have defined specific exposure limits to accelerate this process.
- We will not finance electricity utilities that derive more than 10% of their power production from coal.
- We will not finance electricity utilities that derive more than 25% of their power production from oil & gas.
- We will not finance electricity utilities that derive more than 25% of their power production from nuclear sources.
- Furthermore, the Fund Management Team aims to accelerate the transition of electricity companies to a low carbon business model through active shareholder engagement and to support both R&D efforts in sustainable energy technologies and the alignment with the Paris Agreement.

### 3.0 Phased-Out for Unaligned Conventional Oil & Gas and Electricity Utilities

- Companies that are currently not aligned with the requirements, but are among the best in terms of how much effort they are putting into transitioning their business models, can be financed to a limited extent.
- The exposure limit for unaligned companies with a clear transition path is no more than (actively) 5% of the funds daily NAV.
- Furthermore, companies will be subject to a best-in-class selection that retains only those companies with a performance in the top 50% quantile within their peer group in terms of sustainable energy transition.
- In addition, the Fund Management Team aims to accelerate the transition of energy companies to a low carbon business model through active shareholder engagement and to support R&D efforts in sustainable energy technologies.

#### Table Overview

Energy Sector Companies	Currently Effective
<b>Unconventional Oil &amp; Gas Supply</b>	
Max. % revenue from unconventional oil & gas extraction	10%
<b>Electricity Generation</b>	
Max. % power production from coal	10%
Max. % power production from oil & gas	25%
Max. % power production from nuclear sources	25%
<b>Max. % portfolio allowed in top 50% best companies exceeding conventional oil &amp; gas extraction or electricity generation thresholds</b>	5%

This Sustainability Policy is subject to a continuous improvement process. Therefore, we will readjust the exposure limits over time to ensure and reflect ongoing sustainability efforts. We confirm that at no point in time we will dilute any of the exposure limits.

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1.0	01.02.2021	Entry into force