

---

# Investment Exclusion Policy

---

**FINECO ASSET MANAGEMENT DAC**

---

Legal and Investment team

---

---

**Version 1.0**

---

**BOARD OF DIRECTORS**

---

14<sup>th</sup> October 2022

---

# Fineco Asset Management Investment Exclusion Policy

October 2022

## CONTENTS

Introduction.....	1
Scope of Exclusion policy.....	1
Delegate Strategies and Direct Exposure .....	1
Indirect Exposure via derivative instruments.....	2
Funds of Funds.....	2
Passively Managed .....	2
Summary of Scope.....	2
Exclusion Categories.....	2
United Nations Global Compact Principles.....	3
Controversial Weapons .....	3
Tobacco.....	4
Climate Change.....	4
Forced Labour.....	<b>Errore. Il segnalibro non è definito.</b>
Sources of Data for Exclusions.....	4
Derogations .....	4
Review .....	5

## INTRODUCTION

Fineco Asset Management dac (hereinafter “Fineco AM”) actively advocates a responsible approach to investing. Fineco AM believes that some products and business practices are detrimental to society and incompatible with a sustainable investment approach. Acting in our fiduciary role, Fineco AM wants to avoid making any investments which we or our clients might deem incompatible with responsible investing principles. In order to align our investments with this sustainable investment approach, certain exclusion criteria are applied.

This document outlines the various exclusions applied, the products to which the exclusions apply, and the extent to which they apply.

## SCOPE OF EXCLUSION POLICY

This Exclusion Policy applies to any Fineco AM Fund under management, irrespective of whether it is an Article 6, 8 or 9 SFDR classification, subject to the below terms.

## DELEGATE STRATEGIES AND DIRECT EXPOSURE

Fineco AM will apply this exclusion policy either directly, or via oversight of appointed delegate investment managers, to all sub-funds contained within FAM Series UCITS ICAV (“FAM Series”) and to all delegate managed only sub-funds contained within Core Series (the “Funds”). Further to the application of this basic set of exclusions, Fineco AM’s portfolio managers (“PMs”) may at all times apply, depending on the specific fund type, additional and/or stricter exclusion criteria on top of the below listed exclusions, if that is required or deemed appropriate in relation to the specific strategy and, when that is the case, the additional exclusion criteria will be specified by the PM in the relevant investment process.

In limited circumstances, there may be cases where securities are held within a portfolio that do not meet the basic exclusions set out herein; please see the section below entitled “Sources for Data Exclusions” for more details on the process to be followed in such limited circumstances.

### INDIRECT EXPOSURE VIA DERIVATIVE INSTRUMENTS

For the avoidance of doubt, the basic set out exclusions contained in this policy only apply to securities held directly by the Funds. Exposure obtained indirectly to securities held by the Funds via financial derivative instruments or through investments in underlying funds will not automatically take account of the exclusions set out in this policy.

### FUNDS OF FUNDS

In relation to Fineco AM’s fund of funds products, Fineco AM will assess the basic exclusions (if any) applied by underlying fund investment managers via investment due diligence, as a means to incorporate Sustainability Risks into its investment decision making process.

### PASSIVELY MANAGED

The Exclusion policy applies to passively managed index-tracking funds in the following manner:

1. Physical Replication - the exclusion policy does not apply
2. Synthetic Replication - the exclusion policy does apply

### SUMMARY OF SCOPE

Strategy Type	Exclusion Policy applies?
Delegate Strategies	Yes
Direct exposure	Yes
Indirect Exposure via derivative instruments	No
Funds of Funds	No
Passively managed strategies with physical replication	No
Passively managed strategies with synthetic replication	Yes

### EXCLUSION CATEGORIES

Fineco AM applies exclusions for severe United Nations Global Compact violators; controversial weapons or entities that derive more than a certain percentage of their revenues from such weapons; entities involved in the production of tobacco, and entities involved in the distribution of tobacco in excess of a certain percentage of their revenues; entities that derive more than a certain percentage of their revenue from thermal coal extraction and utility companies that generate more than a certain percentage of their revenues from coal, entities involved in any act of servitude and forced or compulsory labour, as defined under the UN Global Compact labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards.

The below summarises the exclusion categories considered by Fineco AM:

- United Nations Global Compact Principles
- Controversial Weapons
- Tobacco
- Climate Change
- Forced Labour

Further detail on each of these exclusion categories is outlined below.

## UNITED NATIONS GLOBAL COMPACT PRINCIPLES

Fineco AM refrains from investing in securities issued by entities with severe controversies contravening the principles of the United Nations Global Compact which are listed below:

### **Human Rights**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

### **Labour**

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### **Anti-Corruption**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

## CONTROVERSIAL WEAPONS

Fineco AM refrains from investing in securities issued by entities involved in the production or product life cycle of controversial weapons. Fineco AM considers the following categories to be controversial weapons:

- Biological & Chemical Weapons
- Cluster Munitions
- Depleted Uranium
- Landmines
- Nuclear Weapons\*

## TOBACCO

Tobacco is widely considered to be an unhealthy and socially disadvantageous product. Fineco AM deems investing in tobacco companies an unsustainable investment. The following tobacco exclusions apply:

- Securities issued by entities deriving 5% or more revenue from the production of tobacco related products.
- Securities issued by entities deriving 15% or more aggregate revenue from the production, distribution, retail, supply and licensing of tobacco-related products.

## CLIMATE CHANGE

Fineco AM restricts investments in thermal coal as it is one of the highest carbon-emitting source of energy in the global fuel mix. Separately, Arctic drilling poses higher risks of spills compared to conventional oil and gas exploration and has potential irreversible impacts on the sensitive Arctic ecosystem.

Fineco AM refrains from investing in:

- Securities issued by entities that derive more than 10% of their revenue from thermal coal extraction.
- Securities issued by entities that derive more than 10% of their revenue from arctic drilling.

## FORCED LABOUR

Fineco AM restricts investments in entities that contravene the UN Global Compact labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards which cover areas such as; Forced Labor, Child Labor, Discrimination, Collective Bargaining, Working hours and Health and Safety. These offenses are connected with slavery, servitude and forced or compulsory labour.

Global Norms Screening does not address the absence of positive initiatives, focusing only on involvement in controversies that may represent a violation of the ILO conventions.

## SOURCES OF DATA FOR EXCLUSIONS

Fineco AM uses MSCI ESG Manager as the principle source of such data in order to identify and monitor the above exclusions. Such data, however, may be complemented by data from other sources such as Morningstar, Bloomberg or other providers at the discretion of the PM.

## DEROGATIONS

A certain level of discretion may be applied by the relevant PM when considering the output of the data of MSCI ESG Manager, as explained below.

---

\* All entities that manufacture nuclear warheads and/or whole nuclear missiles, as well as those that manufacture or assemble delivery platforms that were developed or significantly modified for the exclusive delivery of nuclear weapons.

Subject to each PM relying on MSCI ESG Manager’s output as the principal source of data, as a rule, if a PM wished to exceptionally purchase a security from an entity that is deemed by MSCI ESG Manager to have contravened any of the basic exclusions listed above (the “Derogation”), such PM will have to seek approval from the Sustainable Finance Committee and a comprehensive report detailing the rationale for such Derogation will have to be presented to such committee. The Sustainable Finance Committee will have to unanimously agree to the Derogation before it may be implemented by the relevant PM.

## REVIEW

This document will be reviewed at least once a year and updated accordingly, if required.



**FINECO**

ASSET  
MANAGEMENT

Fineco Asset Management D.A.C. is part of the FinecoBank Group. Fineco Asset Management D.A.C. is regulated by the Central Bank of Ireland.