
Investment Exclusion Policy Fineco Asset Management DAC

Product & Sustainability and
Investment team

Version 5
SUSTAINABLE FINANCE COMMITTEE
BOARD OF DIRECTORS

Fineco Asset Management Investment Exclusion Policy

February 2025

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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

Subject to certain fund strategies being out of scope, as clarified below in the following sections, this Exclusion Policy applies to any Fineco AM Fund under management, irrespective of whether it is -Article 6, 8 or 9 SFDR classification, according to the below terms.

LEVELS OF EXCLUSIONS

This Exclusion Policy refers to two levels of exclusions: Basic Exclusions and Enhanced Exclusions.

Basic Exclusions refer to the minimum exclusion criteria listed out in this Exclusion Policy in the section “Exclusion Categories”.

Enhanced Exclusions refer to additional or stricter exclusion criteria applied on top of the Basic Exclusions. Certain Enhanced Exclusions may be required by specific regulations or guidelines¹ or may be applied on a discretionary basis (as specified directly below).

DELEGATE STRATEGIES AND DIRECT EXPOSURE

Fineco AM will apply the Basic Exclusions either directly, or via oversight of appointed delegate investment managers, (“Delegate IMs”) to sub-funds - identified to be in scope of its exclusion approach under this document - contained within FAM Series UCITS ICAV, FAM Evolution ICAV and Core Series (the “Funds”).

Further to the application of the Basic Exclusions, Fineco AM’s portfolio managers (“PMs and/or Delegate IMs”) may at all times apply, depending on the specific fund type, Enhanced Exclusions on top of the Basic Exclusions, if that is required or deemed appropriate in relation to the specific strategy and, when that is the case, the Enhanced Exclusions will be specified by the PM and/or by the Delegate IM in the relevant investment process or otherwise documented in a manner that is deemed to be appropriate by the Fineco AM Sustainable Finance Committee.

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 “Derogations” for more details on the process to be followed in such limited circumstances.

INDIRECT EXPOSURE VIA DERIVATIVE INSTRUMENTS AND UNDERLYING FUNDS

Fineco AM applies the following different exclusionary approaches in respect of directly held securities VS investments held via derivatives VS investment made via funds of funds:

- The Basic Exclusions contained in this policy fully apply only to **securities held directly** by the Funds.
- Exposure obtained indirectly to securities held by the Funds **via financial derivative instruments** will not automatically take account of the exclusions set out in this policy, **unless otherwise specified under this policy and/or in the relevant Fund supplement/Annex II.**
- Exposure obtained indirectly to securities **through investments in underlying funds** will not automatically take account of the exclusions set out in this policy **unless otherwise specified under this policy and/or in the relevant Fund supplement/Annex II.**

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

¹ such as the European Securities and Markets Authority Guidelines on funds’ names using ESG or sustainability-related terms (which requires certain exclusions, for example Paris-aligned Benchmark (PAB) exclusions in line with Commission Delegated Regulation (EU) 2020/1818 for certain financial products).

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 unless otherwise specified under this policy and/or in the relevant Fund supplement/Annex II
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 and underlying funds	No, unless otherwise stated in the relevant Fund's supplement and/or Annex II
Funds of Funds	No, with the below caveat: <ul style="list-style-type: none"> • Exclusions related to anti-personnel mines, cluster munitions and submunitions (as a sub-set category of "controversial weapons") apply. • Certain Funds of Funds families may apply certain levels of exclusions of this Policy. When that is the case, the relevant Fund's supplement and/or Annex II shall indicate the applicable exclusions screening.
Passively managed strategies with physical Replication	No, unless otherwise stated in the relevant Fund's supplement and/or Annex II
Passively or actively managed strategies with synthetic replication	Yes

EXCLUSION CATEGORIES

Fineco AM applies exclusions for:

- **United Nations Global Compact Principles**
severe United Nations Global Compact violators;
- **Controversial Weapons**
 - controversial weapons or entities that are involved in the production of whole weapon systems, delivery platforms or components of either of the categories of weapons identified below in this policy or are involved indirectly through ownership ties to companies involved in such products.
- **Tobacco**
entities involved in the production of tobacco, and entities involved in the distribution of tobacco in excess of a certain percentage of their revenues;
- **Climate Change**
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,
- **Forced Labour**
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.

Further details on each of these exclusion categories are 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 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 and submunitions
- Depleted Uranium
- Landmines including anti-personnel mines
- Nuclear Weapons²

Controversial Weapons may be subject to Enhanced Exclusions. Where this is the case, such Enhanced Exclusions shall be specified in the relevant Fund supplement/Annex II.

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.

Tobacco may be subject to Enhanced Exclusions. Where this is the case, such Enhanced Exclusions shall be specified in the relevant Fund supplement/Annex II.

CLIMATE CHANGE

Fineco AM restricts investments in thermal coal as it is one of the highest carbon-emitting sources 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.

The coal, gas, oil and electricity industries may be subject to Enhanced Exclusions. Where this is the case, such Enhanced Exclusions shall be specified in the relevant Fund supplement/Annex II.

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

² * 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.

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 principal source of 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 Fineco AM.

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.

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, in accordance with Fineco AM Exclusion Procedure. 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.