

LOIM Group Companies

Sustainability Investments Exclusions and Restrictions Policy

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1. SCOPE OF THE POLICY

This Policy applies to all LOIM Entities.

1.1 In-Scope Products

This Policy covers:

- The investments (including derivative instruments) of all LOIM Managed Funds and Mandates unless otherwise included in the list of Out of Scope Products.
- All the proprietary investments (if any) held directly by LOIM Entities

The in-scope products include direct/single asset investments.

1.2 Out-of-Scope Products:

This Policy does not cover:

- Investments made for the account of In-Scope Products prior to the date on which such In-Scope Products became subject to this Policy.
- Outright Short Positions.
- Net short relative value positions in the securities of a single issuer for 1798 branded funds.
- Positions of less than 5% of the common stock or debt issued by a company held by the 1798 Credit Convexity family of funds
- LP interests or other types of securities in third-party private assets funds, provided that no investment can be made in a third party private asset fund established for the explicit purpose of investing its assets (whether in whole or in part) in investments that would breach this policy or it would be reasonable to expect that such fund would make such investments.
- Derivative instruments on Indices, baskets of indices and other aggregated indirect investments in relation to which the LOIM Portfolio Management Team have no control over the composition of the underlying reference assets (other than indices, baskets of indices or other aggregated indirect investments where (at the time of investment) a substantial portion of their underlying reference assets (by composition weighting) are companies excluded or restricted under this Policy.
- Dedicated funds and segregated mandates (including those mandates which are in the form of investment funds), where the client has specifically requested not to apply this Policy to the fund or the segregated mandate or has requested that a different policy shall apply which conflicts with the terms of this Policy. By default, this Policy applies to the dedicated funds and segregated mandates managed by LOIM Portfolio Management Teams.
- LOIM systematic funds, provided that restricted companies shall never be overweighted when compared to the fund benchmark, provided further than LOIM systematic funds may not invest in companies which are excluded under clause 4.1.1 or clause 4.1.2 of this Policy.

2. RISK FACTORS

Lombard Odier Group is committed to incorporating sustainability into the design, selection, promotion, and distribution of its financial products and services by using a sustainability assessment. If this assessment is not properly implemented, the Group could suffer significant reputational risk and subsequent outflows of assets under management client. The implementation of sustainability related investment exclusions and restrictions is considered as an important contributor to this commitment.

3. ROLES AND RESPONSIBILITIES

Responsible	Tasks related to managing sustainability investments exclusions and restrictions
Finance, Risk & Diligence Committee,	<ul style="list-style-type: none"> • Monitors the level of investment that are subject to overrides within the funds managed by LOIM and in the CP client portfolios actively managed by the banking entities of the Group • Oversees the overrides to the investments granted by the Group Override Panel

hereinafter GRC (Group Risk Committee)	<ul style="list-style-type: none"> Maintains a consistent approach for companies subject to overrides at Group level
Sustainability Research Team	<ul style="list-style-type: none"> Conceives, develops and distributes various sustainability assessment tools such as business practices scorings, product involvement, controversy indicators and impact metrics Proposes and reviews any evolution regarding the metrics, the criteria and their thresholds used to implement the investment exclusions and restrictions Provides at Group level the quarterly exclusion list of issuers from controversial weapons activity
Chief Investment Officer (CIO)	<ul style="list-style-type: none"> Ensures that the exclusions and restrictions are properly implemented within the business line
LOIM Analysts / Portfolio Managers	<ul style="list-style-type: none"> Portfolio managers and investment analysts are the first line of defence regarding sustainability. They are responsible for analysing any new investment and existing investments and for ensuring compliance with this Policy. If an investment would breach this Policy, they may seek an override in the limited circumstances set out in this Policy but must not execute any transaction which would breach this Policy until such override is granted in accordance with this Policy. Portfolio managers must actively monitor their portfolio to ensure compliance with this Policy at all times and not just in respect of pre-investment decisions. Recommend preventive and corrective actions for reducing exposures to instruments which may be in breach of this Policy

4. DEFINITIONS

Term	Definition
LOIM Entities	<ul style="list-style-type: none"> Lombard Odier Asset Management (Switzerland) SA, Lombard Odier Asset Management (Europe) Limited, Lombard Odier Asset Management (USA) Corp and Lombard Odier Funds (Europe) S.A. and its Branches
LOIM Managed Funds and Mandates	<ul style="list-style-type: none"> Investment funds or mandates managed by an LOIM Portfolio Management Team. For the avoidance of doubt, this Policy does not apply to funds for which Lombard Odier Funds (Europe) SA acts as management company or AIFM but for which portfolio management is delegated to entities outside of LOIM (other than where the fund or mandate is managed by an LOIM Portfolio Management Team employed by an entity of the Lombard Odier group which is not LOIM Entity)
LOIM Portfolio Management Team	<ul style="list-style-type: none"> Portfolio management teams within LOIM, including teams located in Singapore and Hong Kong
Override Panel	<p>A panel consisting of:</p> <ul style="list-style-type: none"> The relevant LOIM CIO The Head of Group Financial Risk and the Chief Risk Officer for LOIM The Head of Sustainability Research Team <p>Each panel member can appoint a delegate to attend the panel on his/her behalf, either generally or specifically for any particular case</p>
Outright Short Position	<p>An outright short position is defined as a position that, on a stand alone basis, profits from the fall in value of another security.</p>

5. LOMBARD ODIER POLICY

For more than 200 years Lombard Odier has been committed to preserving clients' long-term interests. This mission goes hand-in-hand with a responsibility towards the communities we interact with, our clients and our employees.

The Lombard Odier group strongly believes that no business can grow successfully in the long run without preserving the natural resources on which it depends and respecting the communities on which it relies. As forward-looking investors for seven generations, we consider it as our duty to our clients to integrate responsibility and sustainability into our decision-making process.

5.1 Sustainability investments exclusions

5.1.1 Exclusions for activity involvement in controversial weapons

These controversial weapons cause undue harm, kill, or seriously injure civilians in an indiscriminate way, and often continue to do so long after conflicts have ended. Lombard Odier does not invest in companies which produce, trade or store any of the following controversial weapons:

- Anti-personnel mines.
- Cluster weapons.
- Biological and chemical weapons.
- Depleted uranium.
- White phosphorus when used as a munition in incendiary weapons. Companies solely involved in the use of white phosphorus in weapons devices which may have incidental incendiary effects or which are not specifically designed to cause burn injury to persons are not concerned by this exclusion.

The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972) and the Chemical Weapons Convention (CWC – 1993). In addition, the scope of this exclusion comprises companies which are mentioned on the exclusion list under the categories anti-personnel mines, cluster munitions and nuclear weapons (outside of NPT) maintained by the Swiss Association for Responsible Investments (“SVVK – ASIR Exclusion List”).

Also, Lombard Odier does not invest in companies that produce, trade or store at any level of revenue nuclear weapons and which are incorporated in states that are not a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT – 1968).

The controversial weapon exclusion is an absolute prohibition which cannot be overridden.

5.1.2 Exclusions for direct investments in essential food

Stable food prices are a crucial component of food security for many populations at risk. Concerned about the potential impact of commodities investments on the volatility of essential food prices, Lombard Odier has decided to permanently exclude all instruments (futures, options, swaps, indices, exchange-traded funds) that invest in essential food commodities. The policy set below applies to the following food commodities:

- Wheat
- Rice
- Corn
- Soybeans

This Policy applies only to the 4 essential cereals listed above. Investments in other agricultural commodities are not concerned by this Policy.

Similarly, this Policy applies only to investments in the commodities themselves. Companies involved in the acquisition, processing and transport of these products are unaffected by the Policy.

The essential food commodity exclusion is an absolute prohibition which cannot be overridden.

5.2 Sustainability investments restrictions

Unless otherwise validated pursuant to the override validation process described in the dedicated paragraph below, LOIM Entities must not select, invest in or issue advice or recommendations to invest in any of the following:

- **Tobacco:** Companies deriving more than 10% (included) of their revenue from either production of tobacco products or from retailing of tobacco products and/or services.

- **Coal:**
 - **Mining:** Companies deriving more than 10% of their revenue from thermal coal extraction.
 - **Power Generation:** Companies deriving more than 10% of their revenue from coal power generation.
- **Unconventional Oil and Gas:** Companies deriving more than 10% in aggregate of their revenue from any of tar sands, shale gas and oil, and arctic oil or gas exploration.
- **Level 5 Controversies:** companies with subsisting level 5 controversies according to the Sustainalytics controversies research (ranked from 1 to 5, 5 being the most serious from the identification of very severe breaches of international norms & standards as defined by the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs) and their underlying conventions).

5.3 Potential data updates for exclusions and restrictions

Where the Sustainability Research Team become aware (either generally or a result of an override request under this Policy) that official data provided by an issuer or a data service provider in respect of an issuer is out of date and the revised data would otherwise cause an exclusion or restriction to be breached under this Policy (or vice versa), the Sustainability Research Team shall, after taking appropriate steps to verify the accuracy of the revised data, use only the revised data for the purposes of determining compliance by the relevant issuer with this Policy.

5.4 Sustainability investments exclusions and restrictions tolerance statement

The Group has no tolerance for breaches of this Policy. The Group assesses its compliance with this Policy through the continuous monitoring of the assets under management subject to exclusions and restrictions.

5.5 Override validation process

The restrictions relating to Tobacco, Coal and Unconventional Oil & Gas and Level 5 Controversies may be overridden in respect of any company in the following circumstances.

Override request grounds

1.	<ul style="list-style-type: none"> • There are objective reasons to believe that notwithstanding the breach of an exclusion / restriction, there is strong evidence that the company has implemented a transition plan and that it will pass the exclusion thresholds within a detailed timeframe
2.	<ul style="list-style-type: none"> • The Group engages actively on sustainability issues with the concerned company and the outcome of this engagement is or will be satisfactory according to the engagement policy within a reasonable timeframe.

When asking for an override request, a Portfolio Manager or Analyst must address a request for an override in the above circumstances to the Override Panel. Such request must be made with supporting evidence, that should be based on:

- Strong transition plans externally validated,
- Robust proof of engagement with potential positive outcomes.

The Override Panel may grant or decline an override and its decision shall be final and binding.

- Decisions of the Override Panel may be made at a meeting of the Override Panel or by consent resolution.
- The quorum required for meetings of the Override Panel shall be four members attending by such means as shall enable them to instantaneously communicate views, opinions or other information concerning the request to each other.
- The Override Panel decision to grant an override on a company is based on:
 - The ability of the company to respect one of the two override request grounds mentioned above.

- The absence of major negative impacts of the company on environmental, social or governance criteria.
- The track record of the company to achieve its objectives.
- Decisions taken at meetings of the Override Panel shall be made by a simple majority of votes cast at the meeting. The decisions must be circulated to the members of the Override Panel. A decision made by resolution which has the written consent of all members of the Override Panel, which for the avoidance of doubt may be given by email or other electronic means (a “consent resolution”), shall be as valid and binding as any decision taken at a meeting of the Override Panel. In case the Override Panel does not decide on a simple majority of votes, the decision is escalated to the GRC.
- A member of the Override Panel may nominate any person to act as their alternate in its stead subject to the approval of not less than three other members of the Override Panel. An alternate shall have the same rights as his/her principal to attend, speak and vote at any meeting or to approve any consent resolution of the Override Panel instead of his/her principal.

The list of outstanding overrides is reviewed by the GRC on a quarterly basis. The GRC revisits all overrides previously granted to confirm that the companies concerned are on an acceptable transition path, or if not, the GRC may decide to cancel the override, to ask the business lines to reduce the exposures or to ask the Override Panel to review the override.

An override can also be granted occasionally on a temporary basis to allow an engagement with the concerned company so that a more detailed assessment can be performed.

Overrides based on the above-described grounds are not available for securities held in Towards Sustainability labelled funds where LOIM is the investment manager.

6. COMPLIANCE WITH THIS POLICY

The LOIM Risk Management team shall monitor compliance with this Policy. In the event that an investment is made in breach of this Policy, the LOIM Head of Risk shall determine what action (if any) shall be taken in respect of such investment in consultation with the relevant CIO.

Processes and controls related to the implementation of this Policy are detailed separately in a control framework.

7. NO CHANGE TO INVESTMENT GUIDELINES

This Policy does not in any way aim to limit or amend the investment guidelines of any fund or investment mandate. Nor does a breach of this policy in any way purport to be a breach of any client and/or fund investment guidelines unless specifically provided for in the said guidelines.

8. EFFECTIVE DATE

This Policy shall replace the previous policy in its entirety with effect from 6 December 2023.