

LOIM Group Companies

Exclusion Policy

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1. Definitions

Term	Definition
Boutique CIO	The relevant Chief Investment Officer of the LOIM Boutique to which an override request relates
Dedicated Funds	Funds established for an identified client or group of clients
In Scope Products	LOIM Managed Funds unless otherwise included in the list of Out of Scope Products
LOIM	Lombard Odier Investment Managers group
LOIM Entities	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	Lombard Odier branded funds for which LOIM Entities are appointed to provide portfolio management services. This does not include (i) Dedicated Funds; (ii) funds for which an LOIM entity acts as management company but for which no LOIM Entity provides portfolio management services; or (iii) funds with an external management company
LOISIS team	Lombard Odier Sustainable Investment Solutions team
Out of Scope Products	<p>Any of the following:</p> <ul style="list-style-type: none">• Funds following a fund of funds strategy or which feed into funds which are not managed by LOIM Entities• Funds which invest a substantial portion of their assets in indices, baskets of indices or other non-direct investments• Funds managed by portfolio management firms outside of the LOIM group• Dedicated Funds and segregated mandates (including those mandates which are in the form of investment funds), unless a client has specifically approved the application of this Policy to the fund or the segregated mandate <p>The LOIM Sustainability Committee may from time to time determine that any other class or category of fund or product may be included or excluded from the definition of Out of Scope Products</p>
Override Panel	A panel consisting of one of the LOIM CEOs, the Boutique CIO, the LOIM Head of Risk, the Head of Sustainable Investment and the Head of Sustainability Research

2. Scope

This Policy applies to all LOIM Entities.

3. Background

LOIM is committed to incorporating environmental, social and corporate governance (ESG) factors into the design, promotion and distribution of its financial products and services.

LOIM believes that certain companies and sectors are unsustainable in the long term and should be subject to the exclusion/restriction arrangements described in this policy.

4. Exclusion of Controversial Weapons

4.1 Exclusion Rule

LOIM Entities are prohibited from making investments in companies that produce, trade or store at any level of revenue any of the following controversial weapons for the account of any portfolio where an LOIM Entity is the ultimate investment decision maker:

- Anti-personnel mines
- Cluster weapons
- Biological and chemical weapons
- Depleted uranium
- White phosphorus

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 includes 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”).

In addition, LOIM Entities are prohibited from making investments in companies that produce, trade or store at any level of revenue nuclear weapons and which are incorporated in states that are not signatory to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT – 1968) for the account of any portfolio where an LOIM Entity is the ultimate investment decision maker:

A list of companies within the scope of above prohibitions shall be provided to LOIM Entities by the Lombard Odier ESG team on a quarterly basis.

4.2 No override

The controversial weapon prohibition is an absolute prohibition which may not be overridden.

5. Exclusion of Essential Food Commodities

5.1 Exclusion Rule

LOIM Entities are prohibited from making investments directly in any of the following essential food commodities or in instruments (futures, options, swaps, indices, exchange-traded funds) that invest in these essential food commodities for the account of any client:

- Wheat
- Rice
- Corn
- Soybeans

5.2 No override

The essential food commodity prohibition is an absolute prohibition which may not be overridden.

6. Exclusion of Tobacco, Coal and Unconventional Oil & Gas

6.1 Exclusion Rule

Subject to the limited exceptions and override procedure set out below, LOIM Entities are prohibited from making investments in any of the following for the account of an In Scope Product:

- Tobacco - companies deriving more than 10% (included) of their revenues from either production of tobacco products or retailing of tobacco products/services.
- Coal
 - Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

- Power Generation - companies deriving more than 10% of their revenues from coal power generation.
- Unconventional Oil & Gas - companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.
- Level 5 Controversies – companies with subsisting level 5 controversies according to the Sustainalytics Global Standards Screening rating scale (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).

6.2 Limited Exceptions

The above prohibitions relating to Tobacco, Coal and Unconventional Oil & Gas and level 5 Controversies do not apply to:

- investments made for the account of In-Scope Products prior to the date on which such In-Scope Products became subject to this Policy.
- short positions.
- Net short relative value positions for 1798 branded funds
- investments in excluded companies for the account of systematic funds, provided that excluded companies shall never be overweighted when compared to the fund benchmark.

6.3 Override Procedure

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

- (i) the data provided by relevant data agencies in respect of the relevant company in question is out of date and information available to the LOIM Entity indicates that the relevant exclusion would not in fact be breached; and
- (ii) there are objective reasons to believe that notwithstanding the breach of an exclusion, there are positive sustainability driven reasons to make an investment (for example there is strong evidence to support that the company will be below the relevant exclusion thresholds mentioned in section 6.1 within a short timeframe and the company can otherwise be classified as a 'sustainable investment' for the purposes of the European Sustainable Finance Disclosure Regulation).

A portfolio manager may address a request for an override in the above circumstances to the Head of Sustainable Investments. Any such request shall be made with supporting evidence and in the case of (ii) above shall include an opinion from the LOSIS team supporting the override on the basis of objective evidence.

The Head of Sustainable Investment shall be authorised to issue an override where he/she considers appropriate based upon the relevant supporting evidence and shall make a written record of his/her decision and the reasons therefor.

In the event that the Head of Sustainable Investment declines an override under case (ii) above, the portfolio manager may make an appeal to the Override Panel in respect of the request. 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. Decisions taken at meetings of the Override Panel shall be made by a simple majority of votes cast at the meeting. 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. A member of the Override Panel may nominate any person to act as its 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.

Any matter or request that may be addressed or submitted to the Head of Sustainable Investment, may in the absence or unavailability of the Head of Sustainable Investment, be instead addressed or submitted directly to the Override Panel whose decision shall be final and binding.

7. 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 Boutique CIO.

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

8. No change to Investment Guidelines

This Policy does not in any way purport 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 a client and or fund investment guidelines unless specifically provided for in such guidelines.

9. Effective Date

This Policy replaces and amends the policies on (a) Controversial Weapons, (b) Essential Food Commodities and (c) Tobacco, Coal and Unconventional Oil & Gas which came into force in 2013, 2017 and respectively 2019. This amended Policy shall apply with effect from Approval Date.