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Exclusion Policy

As a financial investor, ISAI prioritizes and mobilizes its resources to shape a low carbon, sustainable future. ISAI recognises that:

- The world faces a certain number of challenges posing serious threats to the planet and its inhabitants.
- Some economic activities contribute to increasing these challenges.
- It has the capacity to shift its funding away from these activities, and by doing so, reducing sustainability risks and thus reinforcing its financial performance.

This Policy sets out ISAI's exclusions regarding sectors or activities with direct or indirect potential adverse impacts on the environment, human health or society, and as such, are incompatible with ISAI's responsible investor approach.

ISAI's exclusion policy aims at being ambitious with a 'zero tolerance' on all investments involved in activities listed in this policy.

Activities with potential negative impacts on the environment, climate or biodiversity

- Production, trade, storage or transportation of or any services directly associated with **unconventional oil and gas** (e.g., shale gas, shale oil and tar sands) and **conventional oil** (other than carbon capture and storage or transition technology);
- Production of **coal and coal-fired power generation**; projects & services associated with coal-fire power generation (other than projects or services related to carbon capture and storage or transition technology); production of coking coal or steel; or the use of coal in energy mix;
- Production, trade or procurement of **palm oil** (including plantations and/or mills);
- **Fishing** practices involving bottom trawling, longlining, dynamiting or poisoning;
- Production or trade of **chemical pesticides** (other than biocontrol products);
- Production, trade or procurement of **animal fur** apparel;
- Production, trade or procurement of medical supplies and other product categories where **animal testing** is a necessity.

Activities with potential negative impacts on human health or society

- Activities involved in **modern slavery** of any kind (slavery, servitude, forced or compulsory labour, human trafficking);
- Production (including production of any components), sale, or distribution of **antipersonnel landmines, cluster munitions, nuclear weapons, biological weapons, conventional weapons** that are excessively injurious or have indiscriminate effects, goods which have no practical use other than for the purpose of capital punishment, torture or other cruel, inhuman or degrading treatment or punishment (small arms and light weapons);
- Production (including production of any components), trade, procurement, storage or transportation of **military equipment** or services, software or equipment that are specifically designed and produced for governmental or **military use in the surveillance of citizens' private communications through internet or other means of telecommunication**;
- Production or trade of **tobacco, cigarettes, e-cigarettes or tobacco leaves**;
- Production, trade, procurement, storage or transportation of **illicit narcotic drugs and cannabis** (other than activities related to hemp that are legal in the appropriate jurisdiction, or the use of cannabis for regulated medical purposes);
- Production, trade or procurement of **alcoholic beverages** (other than Soft Alcoholic Beverages), or from farming where the products will be specifically used as the main ingredients in the production of alcoholic beverages;
- Production or trade of **genetically modified organisms** or **human cloning**;
- Any business model primarily based on **human addiction** such as operation of e-gambling or casinos;
- Production or sale of **pornography** or media primarily focused on pornography.

Inappropriate practices

- Failure to comply with the [Ten Principles of the UN Global Compact](#), which are derived from the Universal Declaration for Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

In addition, activities located in countries with a high risk of inappropriate practices are subject to specific risk due diligence and controls before investment and during the holding period. Such countries include:

- [Countries with high risk of corruption and money laundering](#). At the date of this investment policy, such countries include: Afghanistan, Algeria, Angola, Azerbaijan, Bangladesh, Belarus, Belize, Benin, Bolivia, Bosnia and Herzegovina, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Congo, Congo, Dem. Rep., Cote d'Ivoire, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Guinea, Guinea-Bissau, Haiti, Iran, Iraq, Kenya, Kyrgyz Republic, Lao PDR, Lebanon, Liberia, Libya, Madagascar, Mali, Mauritania, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Nigeria, North Korea, Pakistan, Papua New Guinea, Paraguay, Sao Tome and Principe, Sierra Leone, Somalia, South Sudan, Sudan, Suriname, Swaziland, Syria, Tajikistan, Tanzania, Timor-Leste, Togo, Tonga, Turkmenistan, Uganda, Uzbekistan, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe;
- [Countries with high risk of failure to comply with human rights](#). At the date of this investment policy such countries include: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Rep, Chad, Comoros, Congo, Dem. Rep., Congo, Rep., Cote d'Ivoire, Djibouti, Egypt, Arab Rep., Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, The, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iran, Islamic Rep., Iraq, Kenya, Lao PDR, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Myanmar, Nepal, Niger, Nigeria, Pakistan, Papua New Guinea, Rwanda, Senegal, Sierra Leone, Sudan, Swaziland, Tajikistan, Tanzania, Timor-Leste, Togo, Uganda, Vietnam, Zambia, Zimbabwe.

This Exclusion Policy applies to all funds managed by ISAI Gestion.

All non-compliant investment opportunities are rejected at first step of the investment process.

In case of controversies for very indirect exposure to excluded activities, further due diligence will be conducted to assess the eligibility of such potential investment; formalized in the investment memo; and discussed during the investment committee before any investment decision.

During the holding period, compliance of each investment with ISAI's Exclusion Policy is included in ISAI's three-steps sustainability control plan.