



# EXCLUSION POLICY ETHICAL & SECTORAL

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## Preamble

*This exclusion policy complements AXELEO CAPITAL's ESG charter. As a management company, AXELEO CAPITAL is committed to environmental, ethical and societal issues, to avoid directly (and possibly indirectly) financing specific sectors and/or geographical areas.*

*This policy is intended to apply to all funds managed by AXELEO CAPITAL. Each fund's regulations specify its investment policy in terms of segments, stages of maturity and geographies, and may be more restrictive and binding than this policy, which constitutes a base of minimum requirements to be met. Similarly, a fund may be labelled and therefore subject to additional sectoral or geographic constraints.*

*This policy is not intended to be exhaustive, and may be supplemented or refined as sector practices evolve and are analyzed.*

## Energy

### Fossil fuels

AXELEO CAPITAL refrains from investing in economic activities linked to the extraction, exploitation, refining or transformation of fossil fuels, in particular oil, coal, or natural gas, the three main sources of fossil energy in the world today. AXELEO CAPITAL is dedicated to finding alternative, sustainable solutions for energy and power generation.

However, AXELEO CAPITAL does not exclude the possibility of financing activities or companies that either (i) produce sustainable solutions for the oil and gas industry or contribute to their transition, or (ii) use fossil fuels as part of their business. In the latter case, AXELEO CAPITAL assesses the adverse impact of the activity financed for each investment.

### Nuclear energy

As a matter of principle, AXELEO CAPITAL does not refrain from financing activities directly or indirectly related to nuclear energy, if they comply with the rules governing nuclear safety and waste management, as described in the European Union's Taxonomy.

## Food and agriculture

### Palm oil

Because of its negative impact on biodiversity through deforestation, AXELEO CAPITAL excludes any form of financing activities directly linked to the production or processing of palm oil.

### Genetically modified organisms (GMOs)

A GMO, as defined in the European Directive on the deliberate release into the environment of genetically modified organisms and repealing Council Directive 90/220/EEC, is "an organism, with the exception of human beings, in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination". Living organisms released into the environment, in large or small quantities, for experimental purposes or as commercial products, can reproduce in the environment and cross-national borders, affecting other member states. Such dissemination may have irreversible effects on the environment. AXELEO CAPITAL totally excludes from its investment targets the production and use of GMOs as described in the European directive.

On the other hand, AXELEO CAPITAL does not rule out investment in new "breeding" technologies. These new genomic techniques (NGT for New genomic techniques, or NBT for New breeding techniques) are techniques for modifying the genetic material of an organism. These targeted genome modification techniques (targeted mutagenesis, intragenesis or cisgenesis) are the most innovative and are evolving rapidly. As these techniques emerged after the adoption of European regulations on GMOs, their legal status in relation to these regulations needed to be clarified.

## Health

### *Tobacco, alcohol*

According to the WHO, smoking is responsible for more than 8 million deaths worldwide each year, including around 1.2 million non-smokers involuntarily exposed to smoke. Harmful use of alcohol causes 3 million deaths worldwide each year, accounting for 5.3% of all deaths.

Because of their harmful impact on health, AXELEO CAPITAL totally excludes the financing of activities linked to the production, use, promotion or marketing of tobacco and alcohol.

### *Cannabis*

AXELEO CAPITAL does not finance activities related to the recreational use of cannabis. However, AXELEO CAPITAL does not exclude the financing of activities related to cannabis for therapeutic use, if this activity is carried out in compliance with the legislation applicable in the country in which it is carried out.

## Gambling

Like alcohol, tobacco or drugs, gambling addiction has been recognized as a disease in Europe since January 1, 2022, and is therefore classified as a mental, behavioral, and neurodevelopmental disorder. This includes gambling (games of chance, casino games, online gambling or equivalent) as well as video games.

AXELEO CAPITAL excludes gambling from its investment universe, but not video games or the use of gamification as a product approach or marketing technique to offer an online service.

## Military equipment and weaponry

AXELEO CAPITAL totally excludes from its investment the production of and trade in military equipment, munitions, and weaponry. All categories of weapons and ammunition are included in this perimeter, provided their primary purpose is to neutralize, injure or kill, whether for defensive or offensive purposes.

However, electronic surveillance and cyber-defense activities are not excluded.

## Experimentation and animal welfare

AXELEO CAPITAL will ensure that companies it invests in are committed to complying with current legislation on animal welfare, in the case of activities involving the rearing of animals to produce foodstuffs such as meat, milk or eggs, or materials such as wool or leather.

In the healthcare field, investment targets will be required to commit to minimizing animal experiments wherever possible, to avoiding animal suffering and to finding alternatives to animal experimentation (in vitro methods, advanced computer modeling techniques, etc.).

### **Pornography, prostitution**

Any activity promoting pornography or prostitution is totally excluded from AXELEO CAPITAL's investment universe.

### **Discrimination**

The production or distribution of racist or anti-democratic content, or content aimed at discriminating against population categories, is totally excluded from AXELEO CAPITAL's investment.

### **Good governance practices and compliance with international conventions**

Lastly, AXELEO CAPITAL undertakes to include ethical and environmental clauses in all its shareholder agreements, to ensure that its holdings comply with the main international conventions, in particular those relating to:

- The European Convention for the Protection of Human Rights and Fundamental Freedoms of November 4, 1950, and the provisions and recommendations of the International Labour Office, particularly with regard to child protection;
- When operating a site or messaging service on the Internet, by not delivering any message that offends common morality or the general principles and rules resulting from the European Convention for the Protection of Human Rights and Fundamental Freedoms;
- The principles of the United Nations Global Compact and/or OECD guidelines;
- Compliance with European regulations on the fight against money laundering, the financing of terrorism and tax evasion;
- No international trade in waste, unless in compliance with the Basel Convention and related regulations;
- The production, use or trade of ozone-depleting substances or products and other hazardous substances subject to international bans or phase-outs.