



## EXCLUSION POLICY

Covering controversial sectors,  
including the fossil fuel sector

JUNE 2022

In the event of any differences in translations or interpretations between English and French versions, the French version shall prevail.

## - INTRODUCTION

### • PURPOSE AND SCOPE

As part of its responsible investment policy, in order to consider environmental, social and governance issues, and in line with its commitment to the energy transition and the fair transition, Eiffel Investment Group has implemented an Exclusion Policy that applies to all funds managed by the Group.

This Exclusion Policy defines: i) excluded sectors and ii) sectors under scrutiny, for which the ESG Committee must be consulted.

Eiffel's ESG Committee may be consulted on any issue relating to the eligibility of an investment or the implementation of appropriate due diligence for sectors under scrutiny.

This policy applies to all funds managed by Eiffel Investment Group, including dedicated funds and mandates, unless otherwise instructed by the customer. It should be noted, however, that the application of the exclusion policy is systematically offered to customers of dedicated funds or to principals, particularly if they do not have an exclusion policy covering all the themes covered here.

This policy is reviewed annually by the ESG Committee.

### • DEFINITIONS

Exclusion: Eiffel does not invest in this activity. Exclusion thresholds, based on turnover for example, may be set.

Due diligence: Eiffel implements additional due diligence or conditions. The ESG Committee is consulted.

### • IMPLEMENTATION

This policy applies to all new investments as of its publication, as well as to companies already in the portfolio.

For existing portfolio investments that do not comply with this policy, the application of this policy:

- takes place with a view to safeguarding the interests of the holders.
- entails divestment no later than one year after the policy is applied (i.e. before the end of May 2023). Exceptionally, for private equity instruments, positions may be retained, except for investments in fossil fuels for which divestment must take place no later than 2025.
- exceptionally, and subject to the approval of the ESG Committee, the holding may remain in the portfolio if it submits, within 6 months of becoming aware of the overrun, an exit strategy from the activities covered by this policy. It should be noted that fossil fuels, the exit strategy must necessarily involve the closure of activities related to these fuels and not a disposal.

Sector	Business	Politics	Threshold of exclusion or vigilance
International conventions	Failure to comply with one or more of the 10 principles defined by the United Nations	Exclusion	
Fossil Energies - Coal	% of sales generated in thermal coal related activities (electricity extraction/production) Or Companies whose production of electricity from thermal coal exceeds a certain% of the energy mix Or Company initiating new coal related project	Exclusion with thresholds and stages between 2021 and 2025	2021: 20% of sales 2023: 10% of sales 2025: 0% of sales
Fossil fuels - Oil & Gas	Unconventional oil (exploration, drilling, extraction, production, transport and storage)	Exclusion	
	Conventional oil (exploration, drilling, extraction, production, transport and storage)	Exclusion	
	Non conventional gas	Exclusion	
	Conventional gas	Vigilance with necessary conditions	
Weapons	Controversial weapons	Exclusion	
	Conventional weapons	Vigilance with threshold	10% of sales
Tobacco	Production and or sale of products containing tobacco or nicotine Or Manufacture or sale of products essential for tobacco production	Exclusion with threshold	5% of sales
Alcohol	Production of distilled and fermented aluminium drinks Or Sale of alcoholic beverages	Vigilance with threshold	20% of sales
Gambling	Casinos	Exclusion	
	Hoteliers groups with income related to casinos	Exclusion with threshold	10% of sales
	Gambling/online and offline	Vigilance with threshold	5% of sales
Pornography/Prostitution		Exclusion	
Recreational cannabis	Production and marketing of cannabis (THC) for recreational use	Exclusion	
Palm Oil	Production of raw palm oil	Exclusion with threshold, below the threshold, necessary condition applies	25% of sales
	Palm oil refining and trading	Exclusion with threshold	25% of sales
Pulp	Paper Pate Production and Distribution	Vigilance with necessary conditions	
Pesticides	Production of chemical pesticides Or Sale of chemical pesticides	Exclusion with threshold, below threshold, necessary conditions apply	10% of sales
	Agricultural enterprises using agrochemicals	Vigilance with necessary conditions	
	GMOs	Production or distribution of GMOs (excluding components) Agricultural enterprises (seed producers or operators)	Exclusion Vigilance with necessary conditions
Fishing	Bottom fisheries (including bottom trawl, demersal skips, perch and panel trawls, and dredge fishing)	Exclusion	
	Fishing with destructive methods (explosives, poisoning or mine bar)	Exclusion	
	Products or accessories for bottom trawling, longline, blasting, poisoning	Exclusion with threshold	10% of sales
Fur and exotic skin	Breeding of fur and/or exotic skin animals for the purpose of making clothes and or leather goods Or Manufacture and distribution of clothing or leather goods incorporating animal fur and/or exotic skin	Vigilance	
Animal tests		Vigilance with necessary conditions	

Legend:

Total exclusion	Exclusion with threshold and possibly with necessary conditions	Vigilance, or vigilance with necessary threshold and/or conditions
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- ABOUT EIFFEL

Eiffel Investment Group is an asset manager with over €5 billion in assets under management\*. Its customers are major institutional investors (insurers, mutual insurance companies, pension



funds, banks, large family offices, public investors, etc.), as well as retail investors through distribution networks.

Backed by the Impala Group, owned by entrepreneur Jacques Veyrat, Eiffel Investment Group has strong industrial expertise, particularly in the field of energy transition, but also in health, agri-food, digital, etc.

The Group finances companies and their assets through four main strategies: private debt, private equity, energy transition infrastructure, and listed equities and loans.

Eiffel Investment Group's mission is to invest for a sustainable world. Its investment strategies aim to generate strong financial performance and positive impacts on the environment and society.

Eiffel Investment Group's team consists of around 90 talented people, mainly in France (Paris), but also in BeNeLux (Amsterdam) and the United States (New York).

\* end of 2022, including uncalled commitments.

## Table of contents

-	<b>INTRODUCTION</b> .....	2
•	PURPOSE AND SCOPE	2
•	DEFINITIONS	2
•	IMPLEMENTATION	2
•	ABOUT EIFFEL	3
-	<b>EXCLUDED SECTORS AND SECTORS UNDER SCRUTINY</b> .....	6
•	INTERNATIONAL CONVENTIONS	6
-	FOSSIL FUELS	7
-	WEAPONS	9
-	TOBACCO	10
-	ALCOHOL	11
-	GAMBLING	11
-	PORNOGRAPHY and PROSTITUTION	11
-	CANNABIS for recreational purposes	12
-	BIODIVERSITY	12
-	PALM OIL	12
-	PAPER PULP	13
-	PESTICIDES	13
-	GMOs (Genetically Modified Organisms)	14
-	DEEP SEA FISHING	15
-	FUR AND EXOTIC SKINS	15
-	ANIMAL TESTING	16



## - EXCLUDED SECTORS AND SECTORS UNDER SCRUTINY

- INTERNATIONAL CONVENTIONS

RATIONALE: The Global Compact is a United Nations initiative launched in 2000 to encourage companies around the world to act in a socially responsible manner by committing to uphold and promote principles in the areas of human rights, international labour standards, the environment and anti-corruption.

The 10 guiding principles of the UN Global Compact, whose four areas are human rights, labour standards, the environment and anti-corruption, are as follows:

Principle 1: Promote and respect the protection of international human rights law.

Principle 2: Ensure that they are not complicit in human rights abuses.

Principle 3: respect freedom of association and recognise the right to collective bargaining.

Principle 4: Contribute to the elimination of all forms of forced or compulsory labour.

Principle 5: Contribute to the effective abolition of child labour.

Principle 6: Contribute to the elimination of discrimination in respect of employment and occupation.

Principle 7: apply the precautionary approach to environmental issues.

Principle 8: Take initiatives to promote greater environmental responsibility.

Principle 9: Promote the development and diffusion of environmentally sound technologies.

technologies.

Principle 10: Act against corruption in all its forms, including extortion and bribery.

Companies that violate one or more of the ten principles of the UN Global Compact are strictly excluded by Eiffel's exclusion policy.

## - FOSSIL FUELS

**RATIONALE:** The Paris Agreement, adopted in 2015, aims to strengthen the global response to the threat of climate change by keeping the global temperature increase well below 2°C and to continue efforts to limit it to 1.5°C.

Fossil fuels are non-renewable and their combustion generates greenhouse gases whose accumulation in the atmosphere is responsible for global warming.

Three of them, coal, oil and gas, have gradually become the main sources of energy since the 19th century, reaching 83% of global energy consumption in 2020<sup>1</sup>. The energy sector as a whole is now responsible for three quarters of greenhouse gas emissions. According to the scenarios of the Intergovernmental Panel on Climate Change (IPCC), in order to limit the average temperature increase to 2°C compared to the pre-industrial era with a probability of more than 66%, the remaining carbon budget<sup>2</sup> is 1170 Gt CO<sub>2</sub> from 2018 onwards and only 420 Gt CO<sub>2</sub> if the ambition is to limit this temperature increase to 1.5°C. To achieve this, most of the fossil energy resources would have to remain unused.

Eiffel Investment Group is committed to eliminating from its portfolios any company directly or indirectly linked to fossil fuels by 2025.

### COAL

Eiffel has decided to gradually exclude thermal coal from its portfolios by 2025. Accordingly, since 1 July 2021, Eiffel has been implementing an enhanced coal exclusion policy.

This policy applies to all activities linked to thermal coal (extraction/production of electricity) but also to all companies exposed to or having activities linked to coal (mining and production equipment, transport and storage infrastructures, etc.). It will be progressively extended to coking coal, where appropriate, when economically viable substitutes exist.

Eiffel Policy: exclusion threshold applicable from	2021	2023	2025
% of turnover generated by companies in thermal coal-related activities AND/OR Companies whose thermal coal-based electricity production, or alternatively installed capacity, exceeds this percentage of their energy mix	20%	10%	0%
Million tonnes/year of thermal coal produced	10 MT	5 MT	0 MT
Installed power (GW) of thermal coal-fired power plants	5 GW	2.5 GW	0 GW

Furthermore, Eiffel does not invest in companies that would engage in new coal-related projects (expansion of coal mines, expansion of installed capacity or infrastructure, opening of new coal-fired power plants, etc.).

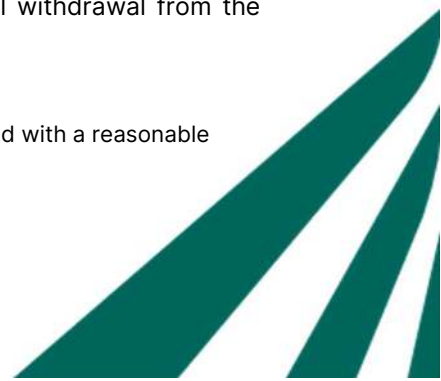
Eiffel relies on the list of companies identified by the German NGO Urgewald<sup>3</sup> in the Global Coal Exit List which identifies companies active throughout the thermal coal value chain.

Eiffel is convinced that supporting certain companies in their transition through a strong commitment is possible under certain conditions. Thus, exceptionally and under strict conditions, investments in companies exceeding the thresholds may remain in the portfolio or be increased. For this to happen, these companies must have made clear, verifiable and public commitments to a plan to close down their coal-related activities, respecting the total withdrawal from the

<sup>1</sup> BP, *Statistical Review of World Energy 2021*.

<sup>2</sup> A carbon budget corresponds to a maximum amount of CO<sub>2</sub> emissions associated with a reasonable probability of avoiding the average temperature rise above a certain level.

<sup>3</sup> <https://coalexit.org/>



sector in 2030<sup>4</sup> (no development of new projects, closure and non-disposal of assets related to coal activities, conversion to solutions compatible with the energy transition, etc.). In this context, Eiffel will monitor compliance with the commitments of the companies concerned at least once a year.

In general, for companies that belong to the coal value chain, Eiffel is committed to implementing a policy of engagement that will result in a voting strategy that takes into account Eiffel's exclusion policy, but also in a targeted engagement for companies for which full divestment is difficult, in order to lead them to adopt a complete exit strategy from coal by 2030.

## OIL AND GAS

Eiffel has decided to exclude companies involved in the exploration, drilling, extraction, production, transportation and storage of (conventional and unconventional) oil and unconventional gas.

Eiffel also undertakes to exclude any financing of new projects and/or exploitation of new oil or gas reserves. To this end, Eiffel relies on the list of companies identified by the German NGO Urgewald in the Global Oil and Gas Exit List<sup>5</sup>, which lists companies involved in the development of existing reserve production projects or the exploration of new reserves, particularly for unconventional hydrocarbons.

Eiffel defines the following hydrocarbons as "unconventional"<sup>6</sup>:

- (i) coal bed methane,
- (ii) tight oil and gas,
- (iii) oil shale/shale oil,
- (iv) shale gas,
- (v) oil sand,
- (vi) extra heavy oil,
- (vii) gas hydrates,
- (viii) and, by extension, "ultra-deep offshore oil and gas" and fossil oil and gas resources in the Arctic (as defined by the Arctic Monitoring and Assessment Program: (AMAP)).

In line with the draft Complementary Delegated Act on the climate objectives of the taxonomy approved by the European Commission in February 2022, the exclusion policy does not consider conventional gas<sup>7</sup> to be a fossil fuel as its use can contribute to achieving the overall objectives of the Paris Agreement as a transitional energy source. Therefore, Eiffel will be able to finance companies in the conventional gas value chain if they (i) meet the requirements of the Taxonomy<sup>8</sup> and (ii) commit to switching to renewable or low-carbon gas by 2035. However, they will be excluded if this involves exploration in the Arctic (AMAP). In addition, the company will need to continue to diversify its activities towards renewable energy sources.

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<sup>4</sup> Exit horizon in OECD countries.

<sup>5</sup> <https://gogel.org/>

<sup>6</sup> Recommendations of the Scientific and Expert Committee on unconventional hydrocarbons and alignment strategies, 22 September 2021, p. 10.

<sup>7</sup> Gas confined in a deposit and whose distribution results from the structure of the deposit and the action of gravity.

<sup>8</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI\\_COM%3AC%282022%29631&qid=1647359214328](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM%3AC%282022%29631&qid=1647359214328)



Fossil fuels	Thresholds (% of turnover)	Eiffel Policy
Unconventional oil and gas (as defined above)	0%	Exclusion
Conventional oil	0%	Exclusion
Conventional gas	-	Under scrutiny provided that the activity respects the thresholds defined by the European Taxonomy (see above)

Eiffel is convinced that supporting certain companies in their transition to a low-carbon economy through a strong commitment is possible under certain conditions. Thus, Eiffel may continue to invest directly in a company in the sector:

- via a subsidiary dedicated exclusively to the development of renewable energies.
- via a green bond that ensures that the funds raised are directed towards the development of renewable energies.

In addition, exceptionally and under strict conditions, investments in companies exceeding the thresholds may remain in the portfolio or be increased. For this to happen, these companies must have made clear, verifiable and public commitments to gradually withdraw from activities linked to fossil fuels, respecting the total exit from the sector in 2025 (no development of new projects, closure and non-disposal of assets related to coal activities, conversion to solutions compatible with the energy transition, etc.). In this context, Eiffel will monitor compliance with the commitments of the companies concerned at least once a year.

In order to report on the application of this fossil fuel exclusion policy, Eiffel undertakes to communicate annually the residual share of fossil fuels in its investments in its impact report (brown share).

- WEAPONS

RATIONALE: Eiffel does not invest in companies involved in controversial weapons, i.e. weapons whose impact on civilians is arbitrary and indiscriminate, and whose effects on populations and territories are disproportionate and may last for years after a conflict has ended. To this end, Eiffel relies on the international conventions on controversial weapons and excludes the following controversial weapons:

- Anti-personnel mines
- Cluster munitions
- Chemical weapons
- Biological weapons
- Incendiary weapons (white phosphorus)
- Blinding laser weapons
- Depleted uranium weapons
- Nuclear weapons

A company is considered to be involved if:

- a) it is directly involved in the development, production, use, distribution, import or export, stockpiling or transportation of such weapons; or
- b) it has a majority shareholding in a company which is itself involved in the development, production, use, distribution, import or export, stockpiling or transportation of such weapons.

So-called "conventional" weapons are considered a sector under scrutiny if the company is involved in the production, distribution or marketing of weapons and if this represents more than 10% of its turnover.

Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Controversial weapons: Anti-personnel mines Cluster munitions Chemical weapons Biological weapons Incendiary weapons (white phosphorus) Blinding laser weapons Depleted uranium weapons Nuclear weapons	0%	Exclusion
Conventional weapons	> 10%	Due diligence

#### - TOBACCO

**RATIONALE:** The nicotine in tobacco is highly addictive and tobacco use is a major risk factor for cardiovascular and respiratory diseases, more than 20 different types or subtypes of cancer and many other debilitating conditions. Every year, more than 8 million people die from tobacco use (source: World Health Organization). The WHO has designated it as the leading cause of preventable death worldwide. An estimated 1.3 billion people worldwide use tobacco products, 80% of whom live in low and middle income countries. Tobacco use contributes to poverty by diverting household spending from basic needs, such as food and housing. In addition to the adverse health effects of tobacco, the total economic cost of tobacco use (resulting from both health spending and lost productivity) is estimated to be around \$1.4 trillion per year, equivalent to 1.8% of annual global gross domestic product (GDP). Almost 40% of this cost is incurred in developing countries.

The consequences of tobacco use on public health and its cultivation on the environment, poverty and the non-respect of human rights lead Eiffel Investment Group to consider tobacco-related activities among the sectors to be excluded according to the thresholds defined below:

Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Production and/or sale of products containing tobacco or nicotine (manufacturers and subsidiaries of manufacturers): cigarettes, electronic cigarettes, loose tobacco, rolling tobacco, chewing tobacco, cigars, pipes, shisha and hookah	> 5%	Exclusion
Manufacture and/or sale of products essential to tobacco production: Necessary components: Tobacco seeds / tobacco plantation cultivation	> 5%	Exclusion
<p>Note for the teams: not covered by this policy:</p> <ul style="list-style-type: none"> <li>• Manufacture and/or sale of products essential to tobacco production: Chemical compounds dedicated to tobacco production (nicotine), flavouring agents: flavourings, additives</li> <li>• Tobacco sales: wholesale and retail (tobacconists and newsagents, supermarkets, etc.), Duty-free</li> </ul>		

- ALCOHOL

RATIONALE: Alcohol abuse accounts for over 5% of the global burden of disease (source: WHO). Mortality from alcohol consumption is higher than from diseases such as tuberculosis, HIV/AIDS and diabetes. The risks are greater for young people and in countries with weak regulation. However, according to the WHO, the inherent health risks of alcohol vary greatly from one consumer to another.

In this context, Eiffel has decided to support companies whose activities are partly exposed to the alcohol sector (beverage production, hotels and restaurants, distribution), by ensuring that companies implement responsible practices in the area of alcohol promotion, particularly among at-risk populations (sales, marketing, training, participation in initiatives set up by the public authorities, etc.).

The following activities must therefore be subject to particular scrutiny by Eiffel's teams:

Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Production of distilled and fermented alcoholic beverages	> 20%	Due diligence
Sale of alcoholic beverages	> 20%	Due diligence

- GAMBLING

RATIONALE: Studies of the impact of gambling on society and on collective well-being have led to an estimate of a high social cost, due to the consequences of addiction (mental health problems, depression, de-socialisation, impoverishment, over-indebtedness of pathological gamblers).

In addition, the "*Observatoire des inégalités*" (Inequality Observatory) has observed that gamblers from the poorest households spend two and a half times more of their budget on gambling than other households. These gamblers have a greater risk of developing an addiction. Almost 60% of at-risk or pathological gamblers have a net monthly income of less than €1,100. There is therefore a serious social problem to consider.

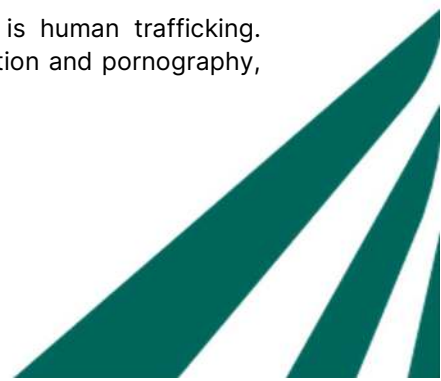
The gambling sector is also sensitive in terms of money laundering, even if it is difficult to put a figure on the phenomenon.

Eiffel therefore excludes the casino sector (with an exception for hotel groups that have casinos) and considers any company that derives more than 5% of its turnover from gambling to be under scrutiny.

Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Casinos	> 0%	Exclusion
Hotel groups with Casinos	> 10% of turnover from casinos	Exclusion
Gambling (online and offline)	> 5%	Due diligence

- PORNOGRAPHY and PROSTITUTION

RATIONALE: The main direct impact of prostitution and pornography is human trafficking. Therefore, Eiffel Investment Group excludes activities related to prostitution and pornography, even if they are legal.



Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Production of pornographic content and distribution channels specialising in pornography	0%	Exclusion
Pornography-related activities	0%	Exclusion
Prostitution	0%	Exclusion

- CANNABIS for recreational purposes

RATIONALE: If the use of cannabidiol or CBD does not represent a risk to public health according to WHO experts (non-psychoactive), this is not the case for tetrahydrocannabinol (THC), another cannabinoid also present in cannabis (psychoactive effects). Even - and especially - in the few countries where the consumption and marketing of cannabis is allowed (legalisation as in Canada or decriminalisation as in Portugal), health organisations warn about the negative effects of regular cannabis use on short-term and long-term health, particularly for young people (brain damage, risk of psychosis and schizophrenia).

In a context where in most European countries the consumption of recreational cannabis is prohibited, Eiffel excludes activities related to the production and consumption of recreational cannabis.

Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Production / Marketing of Cannabis (THC) for recreational use	0%	Exclusion

- BIODIVERSITY

As defined by the Convention on Biological Diversity, biodiversity refers to the variability of living organisms. It includes diversity within species, between species and ecosystem diversity. The conservation of biodiversity, the maintenance of ecosystem services and the sustainable management of living natural resources are key aspects of sustainable development.

Aware of the increasingly rapid loss of biodiversity worldwide, Eiffel is committed to respecting and preserving biodiversity, in particular by excluding and restricting high-impact sectors.

- PALM OIL

RATIONALE: The main direct impact of oil palm development on biodiversity is the loss of habitat caused by deforestation and fires prior to planting. Palm oil has been recognised as a "high risk" raw material by the European Commission.

However, given the growing demand for vegetable oils and the fact that oil palms produce much more oil than other oil crops for the same cultivated area, abandoning palm oil would not represent the best solution to have a net positive effect on biodiversity. It is clear that other crops also have a significant impact on biodiversity. We have therefore decided to exclude major palm oil producers and traders, and to support producers who have sustainable forest management policies.

In order to combat imported deforestation, Eiffel is committed to excluding companies operating in the palm oil value chain from its investments, under the following conditions:



Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Crude palm oil production (plantations and mills)	>25%	Exclusion
	< 25%	Due diligence <ul style="list-style-type: none"> <li>- Implementation of a responsible policy for forest, wildlife and environmental management and restoration.</li> <li>- Holding (or in the process of holding) certification.</li> </ul>
Refining and/or trading of crude palm oil	> 25%	Exclusion

Companies operating further down the value chain (producers and traders of palm oil products, manufacturers and retailers of ingredients and products containing palm oil, etc.) are not covered by the scope of this policy.

- PAPER PULP

RATIONALE: As the WWF points out, the paper production process is the source of many negative impacts on biodiversity, notably through i) the industrial plantation of wood which contributes to the phenomenon of deforestation and ii) the production process itself which releases polluting dioxins into the water during bleaching.

Eiffel has therefore chosen to place the sector under scrutiny.

Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Production of paper pulp (for their own use) and sellers of paper pulp	N/A	Due diligence <ul style="list-style-type: none"> <li>- Implementation of a responsible wood procurement policy (see below)</li> <li>- Use of ECF or TCF processes in the bleaching process (to limit dioxin and furan concentrations in effluents)</li> <li>- Activity (or pulps) labelled by an eco-label (e.g. Blue Angel, European Ecolabel or Nordic Swan) that guarantees the use of recycled fibres or fibres from sustainably managed forests</li> </ul>

- PESTICIDES

RATIONALE: Pesticides<sup>9</sup> have a major impact on biodiversity loss as they precipitate the mortality of pollinators (primarily bees), insects on which 80% of the world's crops depend, birds and rodents (which ingest the coated grains).

They are also responsible for the impoverishment of natural environments (water, air, soil) and have a negative impact on the health of farmers and end consumers (in particular, presumption of negative effects of endocrine disruptors).

<sup>9</sup> Pesticides include phytopharmaceutical products (for the protection of plants), biocides (for the elimination of harmful organisms such as insects or rodents or for wood production).



The ban on neonicotinoids in France by the Biodiversity Act since 2018 has allowed a major step forward in the consideration of pesticides in agriculture. However, other pesticides such as wormers and bromadiolone continue to impact biodiversity.

In order to participate in the emergence of sustainable agriculture that respects natural capital and people, Eiffel is committed to restricting its investments in the pesticide sector, as well as to precisely control investments in agricultural enterprises in order to support only those companies that take into account the major international guidelines on hazardous pesticides and to substitute them.

Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Production of chemical pesticides	> 10%	Exclusion
	< 10%	Due diligence Production not involving any of the excluded substances
Sale or trading of chemical pesticides	> 10%	Exclusion
	< 10%	Due diligence Sale not involving any of the excluded substances

#### List of substances totally excluded from investment

Refer to the list drawn up by PAN International (Pesticide Action Network - based on the assessment of governmental and international agencies), available [here](#), which includes:

- 1) Substances prohibited by the Stockholm Convention on Persistent Organic Pollutants (source)
- 2) Substances listed in Annex III of the Rotterdam Convention (source)
- 3) Substances classified 1A or 1B by the WHO (extremely hazardous pesticides)

#### - **GMOs (Genetically Modified Organisms)**

RATIONALE: The use of i) transgenic crops (resistant to insects or Bt - which continuously produce an insecticide protein) and ii) herbicide tolerant crops (TH) is highly controversial among environmental protection associations who warn of their potential toxicity to non-target organisms (butterflies for example) or beneficial insects as well as the pollution of soils and watercourses that they cause.

However, the penetration of GMOs in agribusiness is such that it is now impossible to exclude any investment in a company that is part of the GMO value chain.

In order to participate in the emergence of sustainable agriculture that respects natural capital, Eiffel is committed to limiting its investments in players located upstream of the GMO value chain.

Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Production or sale of GMOs (excluding components), seed companies	0%	Exclusion
Agricultural enterprises (farms / agricultural cooperatives)	N/A	Due diligence - Due diligence on the use of products using genetic modifications



## - DEEP SEA FISHING

*This section covers trawling as well as illegal, unreported and unregulated fisheries.*

RATIONALE: Trawling, which uses a long conical net towed by a vessel, is regularly called into question for its non-selectivity as to the species caught and the damage caused to the seabed (especially corals and sponges). It damages natural habitats, tears up organisms on the seabed and is said to emit as much CO<sup>2</sup> per year as air transport.<sup>10</sup>

In 2016, deep-sea trawling (more than 800 metres or 400 metres in vulnerable areas) was banned in European waters, but remains legal in international waters, which account for 60% of the world's seas and oceans. Every year, 4.9 million km<sup>2</sup> are scraped by trawls, i.e. 1.3% of the ocean surface (see [France Nature Environnement](#)).

According to the FAO (Food and Agriculture Organization of the United Nations) definition, deep waters are those with depths greater than 200 m.

Moreover, a [socio-economic analysis commissioned by the European NGO Seas At Risk and carried out by the New Economics Foundation](#) reveals that a ban on fishing techniques that are destructive to the seabed in marine protected areas would result in net benefits from the fourth year of its entry into force.

In order to protect the oceans and the richness of marine biodiversity, Eiffel is committed to excluding the following activities from its investments:

Activity(ies) concerned	Threshold (% of turnover)	Eiffel Policy
Fishing that impacts the seabed (including bottom trawling, demersal seines, beam and otter trawling and dredging)	0%	Exclusion
Fishing with destructive methods (explosives, poisoning or crowbar)	0%	Exclusion
Products or accessories used for bottom trawling, long-lining, blasting, poisoning	>10%	Exclusion

## - FUR AND EXOTIC SKINS

RATIONALE: The production of animal fur and exotic skins is detrimental to animal welfare. For example, more than 80% of the world's fur production takes place in cage farms where animals are kept in confined spaces. In addition, the substances used to process fur are also dangerous for the environment (toxic metal pollution, see World Bank Report, 2015). The manufacture of a fur jacket requires 83 litres of oil (compared to 1.3 litres for a faux fur coat).

Respectful of the individual freedoms of animals as defined by the World Organisation for Animal Health, Eiffel places under scrutiny any investment linked to a company involved in the following activities:

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<sup>10</sup> Source: Novethic



Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Breeding of animals with fur and/or exotic skins for the purpose of manufacturing clothing	0%	Due diligence
Manufacture and distribution of clothing incorporating animal fur and/or exotic skins	>5%	Due diligence

- ANIMAL TESTING

RATIONALE: Eiffel aligns itself with European regulations and in particular with Regulation 1223/2009, which prohibits animal testing in the cosmetics industry (ingredients and finished products), as well as with Directive 2010/63/EU on the protection of animals used for scientific purposes, which promotes the 3Rs rule (Replace animal testing as soon as possible, and failing that, Reduce the number of animals used and Refine procedures, i.e. optimise the methodologies used to reduce animal pain while ensuring a high level of scientific results).

To be eligible for investment by Eiffel, companies that use animal testing must comply with the European standards mentioned above.

Activity(ies)	Threshold (% of turnover)	Eiffel Policy
Animal testing	N/A	Due diligence Due diligence to ensure companies comply with European standards