



CONNECT GROWTH AND RESILIENCE

# HOMA CAPITAL EXCLUSION POLICY

January 13, 2023

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# HOMA CAPITAL – A fully-committed asset manager

Economic, societal and climatic changes are forcing all stakeholders (investors, issuers, regulators, public authorities, NGOs, etc.) to take responsibility and raise their collective awareness of sustainable investment policies.



Following research conducted in 2017, HOMA CAPITAL embarked on a responsible investor approach by launching the first green bond fund (Green & Impact Bond) dedicated to French projects. Since then, the company's research activity has identified other impact solutions aimed at satisfying financial, social and environmental performance.

Our approach to ESG integration and analysis includes an **exclusion list** based on normative and industry/segment-specific criteria. The purpose of this document is to explain our **regulatory, normative, and industry-specific exclusion approach** and **methodology**.

# HOMA CAPITAL – A fully-committed asset manager

HOMA CAPITAL's objective is to be a **vector of positive change** in society by promoting shared and sustainable prosperity: an approach that is both responsible and pragmatic.

HOMA CAPITAL's ambition is to give **purpose to investment**, and the company is therefore pursuing two key commitments



## Fostering an inclusive economy

Encouraging an economy of solidarity is essential in order to produce positive changes in society. HOMA CAPITAL prohibits investments related to activities that violate human rights, labor rights, professional ethics and more generally those that do not respect the main international standards.



## Achieve carbon neutrality by 2050

Climate change is, without question, one of the most complex and major challenges we face today, given its proven effects on the global economy, the physical environment, habitats and populations, but also its ethical, social and political impacts. The sectors of exclusion linked to this are energy (coal and oil).

*"An approach that is both responsible and pragmatic"*

# HOMA CAPITAL – A fully-committed asset manager

## Synopsis of exclusions



### REGULATORY

#### OBJECTIVES :

Respecting all relevant legal norms

#### EXCLUSIONS :

- Controversial weapons (e.g. anti-personnel mines, cluster munitions, and biological and chemical weapons)
- Money laundering
- Terrorist financing
- Tax havens



### NORMATIVES

#### OBJECTIVES :

Exclusion of issuers suspected of serious and/or repeated violations of the principles of the Global Compact

#### EXCLUSIONS :

##### Companies with problematic compliance practices :

- Human rights
- Labour Law
- Environment
- Professional ethics and corruption issues



### SECTOR

#### OBJECTIVES :

- Fight against global warming (by achieving carbon neutrality before 2050)
- Fight against addictions

#### EXCLUSIONS :

##### Energy:

- Coal\*
- Oil
- Nuclear energy

##### Health and Addiction :

- Tobacco
- Gambling
- Adult content

# Scope of application

## HOMA CAPITAL is committed to

- ▶ **Apply this policy** to all open funds for which it takes investment decisions. We will not knowingly hold securities of companies which have been identified as breaching the principles set out in this policy.

*We will not knowingly hold securities of companies in which we have identified breaches of the principles set forth in this policy.*

- ▶ **Encourage** our clients to implement this policy within their dedicated funds and/or mandates managed by HOMA Capital.

**Our funds that have received or are in the process of receiving the Greenfin and Socially Responsible Investment (SRI) labels** have made stronger commitments by extending their list of exclusions and negative screening.

- ▶ Specific information on this subject can be found in the **Transparency Code** and the documentation relating to these funds, published on our website.
- ▶ **Occasionally**, additional securities may be added to HOMA CAPITAL's exclusion list at the request of a client for specific management mandates.
- ▶ The management company's **exclusion list** will be provided **upon request**.

**Due to their specificities, the following investment solutions are excluded from the application scope:** Fund of funds (FOF) and Index-based investment solutions



CONNECT GROWTH AND RESILIENCE

# REGULATORY EXCLUSIONS

January 13, 2023



# Compliance with French and European legal frameworks



HOMA CAPITAL's responsible investment policy is in line with the legal texts applicable to it, particularly in terms of the fight against money laundering and the financing of terrorism and against corruption, and the international conventions signed by France. In this respect, in accordance with the Ottawa and Oslo conventions, it excludes from its portfolios all companies that manufacture, stockpile or market anti-personnel mines and cluster bombs.

In accordance with its legal obligations, HOMA CAPITAL has established a framework of procedures relating to the prevention of money laundering, the financing of terrorism, the violation of embargoes and the fight against corruption.

HOMA CAPITAL is also committed to preventing reputational risks related to investments in tax havens. It pays particular attention to the choice of its partners and undertakes to invest only in countries that respect the international treaties signed by France. It therefore refrains from investing in countries that are subject to sanctions for serious human rights violations.



# Controversial weapons



## Context and challenges

**Controversial weapons:** The production and use of certain types of weapons have been deemed unacceptable by international conventions and even illegal in some jurisdictions because they can inflict serious injury on civilian populations during and after conflicts and can have significant and long-term impacts on the health and safety of those populations. While weaponry may be necessary for peacekeeping, its ultimate purpose, to threaten or destroy human life, makes it an immoral and unethical activity.

There is no universally accepted definition of "controversial weapon" at this time. For HOMA CAPITAL, the definition of "controversial weapons" includes the following categories of weapons :

- **Biological and chemical weapons :** weapons prohibited by the 1972 Biological and Toxin Weapons Convention and the 1993 Chemical Weapons Convention
- **Anti-personnel mines (APMs):** Prohibition of the use, stockpiling, production and transfer of anti-personnel mines and their destruction by the Ottawa Convention in 1997 (ratified in 1998)
- **Cluster bombs (cluster munitions):** as defined by the Convention on Cluster Munitions (Oslo Convention) adopted in 2008, which prohibits the use, production, stockpiling and transfer of cluster munitions

## Exclusions

**In France,** "any direct or indirect financial assistance, with knowledge, of a cluster munitions manufacturing or trading activity would constitute assistance, encouragement or inducement falling under the criminal law".

In accordance with the international conventions and treaties signed by France, HOMA CAPITAL unconditionally excludes from its portfolios **all companies that manufacture, stockpile or market so-called controversial weapons.** This exclusion concerns so-called controversial weapons.

## Application

In the absence of an official list, HOMA CAPITAL relies on the exclusion bases provided by the rating agency Moody's (formerly Vigeo Eiris), as well as on public lists regularly updated by leading institutional investors in France and around the world (the Fonds de Réserve des Retraites, the Norwegian Sovereign Wealth Fund Norges, the New Zealand pension fund NZ Superannuation, and the Dutch civil servants pension fund ABP).

This proprietary debarment list targets companies that produce/sell prohibited weapons, as well as suppliers of essential components required for their production.

In addition, the CSESG makes a decision on the companies identified.

*Exception made if the company is not part of the arms sector and is not a supplier of key components*

# Money laundering or terrorist financing

## Blacklisted states & Tax havens



### Regulatory environment

The fight against money laundering has been implemented through international bodies, and more specifically through the Financial Action Task Force on Money Laundering (FATF). Forty recommendations, constituting the foundation of anti-money laundering efforts and designed for universal application, were put in place in 1990 and revised in 1996 and 2003.

Based largely on the FATF recommendations, several European directives were put in place in 1991 to combat money laundering, including terrorist financing.

**In France**, the decree of May 9, 1990 created Tracfin, the French financial intelligence unit, attached to the Ministry of Economy and Finance. Tracfin is both a central intelligence unit and an anti-money laundering expertise service. Its two main missions are :

- to collect, process and disseminate information relating to clandestine financial circuits and money laundering
- to receive and enrich the declarations of suspicion from financial organizations such as banks, financial institutions...

**Tax havens:** promote fraud and tax evasion, thus reducing the positive social impact of companies.



### Key points

**In order to protect the interests of clients and HOMA CAPITAL**, it has set up a system to combat money laundering and the financing of terrorism. The latter complies with legal obligations (including article 320-20 of the AMF's general regulations) and with professional recommendations in this area.

### Exclusions

HOMA CAPITAL will not deal with issuers whose registered office or sole place of business is located in its list of "prohibited" countries and with companies registered, incorporated or whose registered office is located in a tax haven.

### Application

**The list of "prohibited" countries** is based on the countries under embargo decreed by the EU or by OFAC, mentioned in the FATF Public Statement as having strategic deficiencies in their anti-money laundering and combating the financing of terrorism worldwide, non-cooperative countries decreed by France, and those decreed by the EU

**Tax haven list:** Black list of tax havens as defined and adopted by the European Commission

# ○ NORMATIVE EXCLUSIONS





The objective of normative exclusion is to successfully influence the practices of excluded companies so that they can once again be included in SRI portfolios.

HOMA CAPITAL considers that **social protection and protection of the planet are inseparable.**

Beyond the involvement of companies in controversial activities, serious violations of the principles of the United Nations Global Compact by companies also lead them to be excluded from our investments on the grounds of problematic practices in terms of respect for human rights, labor law, the environment, business ethics and corruption-related issues.

The latter is built around 10 principles dealing with human rights, labor rights, the environment, and the fight against corruption, derived from major international benchmarks (Universal Declaration of Human Rights, International Labor Organization Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development, and the United Nations Convention against Corruption) that can contribute to a more viable and open economy.

# UN GLOBAL COMPACT

## Ten principles

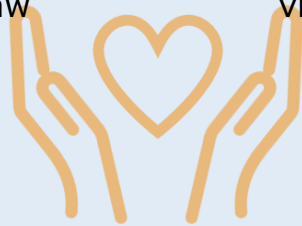


**1.**

To promote and respect the protection of international human rights law

**2.**

Ensure that they are not complicit in human rights violations



Human Rights

**7.**

Apply the precautionary approach to environmental issues

**8.**

Take initiatives to promote greater environmental responsibility



Environment

**9.**

Promote the development and diffusion of environmentally friendly technologies

**10**  
**PRINCIPLES**

**3.**

Respect freedom of association and recognize the right to collective bargaining

**4.**

To contribute to the elimination of all discrimination in employment



**5.**

Contribute to the effective abolition of child labor

**6.**

To contribute to the elimination of all forms of forced or slave labor

International Labour Standards

**10.**

Act against corruption in all its forms, including extortion and bribery



Fight against corruption

# UN GLOBAL COMPACT

Serious and/or repeated violation of the Global Compact principles



## Socially responsible

- **The Global Compact**, launched in 2000 by the United Nations, aims to make compatible professional practices that care for the well-being of workers and the profitability imperatives of companies. It aims to encourage companies around the world to adopt a socially responsible attitude.
- The Global Compact is also the starting point for HOMA CAPITAL to support the 17 Sustainable Development Goals (SDGs), adopted in September 2015 by the UN. These goals offer a universal agenda to be achieved by 2030 to build a more sustainable and inclusive world.
- A responsible corporate citizen takes into account the social, human, economic and environmental dimensions of its activity in its relations with its partners and employees. It acts with a permanent concern for progress and sustainability of its activity.
- HOMA CAPITAL places particular importance on companies that act as responsible employers, making employee engagement a crucial element of their business strategies. This means creating a work environment that fosters diversity and equal opportunity, promotes employee involvement, encourages professional development and fosters employee well-being..



## Key points

- **Human rights and well-being at work:** For HOMA CAPITAL, physical, mental and social well-being in the workplace and business performance are inseparable.
- **Environmental damage**
- **Corruption** with particularly negative social, societal and environmental impacts.

## Exclusions

- **Exclusion of issuers suspected of serious and/or repeated violations of the Global Compact principles**

## Application

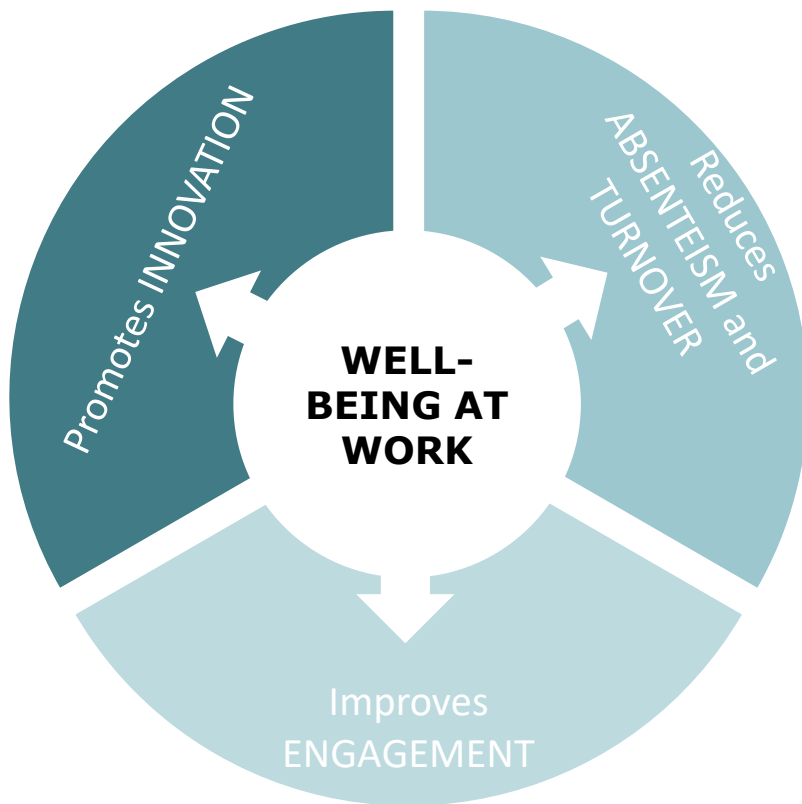
- HOMA CAPITAL continuously monitors the ESG controversies of the companies in which it invests (Source: Moody's (ex-Vigeo Eiris); RepRisk): The ESG Strategic Committee examines the most significant events regarding the issuer and its sector.
- The screening covered by HOMA CAPITAL is stricter than the subjects considered by the ten principles of the Global Compact. Therefore, HOMA CAPITAL may have to make additional exclusions.

# UN GLOBAL COMPACT



Promoting well-being at work pays off!

As part of a **predictive approach** to CSR, HOMA CAPITAL uses its R&D work to identify the most relevant ESG fields and indicators (particularly in the social field) to improve risk-adjusted performance for investors. In particular, HOMA CAPITAL integrates into its predictive models "high frequency" ESG indicators such as employee opinions or the occurrence of ESG incidents in the press and the web.



## Homa Impact Social France Fund

Direct impact: Through its French small-cap equity fund covering the theme of "Well-being at work", HOMA CAPITAL promotes inclusive management. With a view to producing direct impact, HOMA CAPITAL conducts activist investment strategies focused on the social field:

- Entry into the capital of small/mid caps companies as long-term minority shareholders;
- Investment contract with management aiming to achieve human capital development objectives (employee shareholding, well-being and safety at work, employment protection, professional training, etc.);
- Providing expertise on social governance.

## Other funds under management

**Aligning values:** HOMA CAPITAL sees human capital as an intangible asset that is essential to long-term value creation and places employee well-being as a priority objective for sustainable development. As such, in a perspective of value alignment, HOMA CAPITAL favors companies whose ambition is to work towards the development of human capital.

# SECTOR EXCLUSIONS







### State of the art

- **Islands, countries and coastal cities... under water:** According to a 2014 CNRS study, 10,000 to 20,000 islands could disappear completely over the course of the century, such as the Maldives and some Asian countries (Philippines, Indonesia, Bangladesh) if warming continues at current levels.
- Another consequence is that large cities built below sea level could be flooded before 2085. This is notably the case of Miami, New York, Tokyo, Singapore, Amsterdam and Rotterdam.
- Increased meteorological phenomena: many coastal megacities could also be hit by floods.
- **More intense hurricanes and cyclones:** According to specialists, hurricanes and cyclones of greater intensity would be one of the direct consequences of global warming. Thus, scientists warn the population because their intensity could be increased tenfold with the increase of the terrestrial heat.
- **Heat records:** The forecasters predict, if no measures are taken, record temperatures in the future and the multiplication of heat waves.



### Key Points

- **Islands, countries and coastal cities sunken.**
- **Increasingly frequent and intense natural disasters.**
- **Expected scorching temperatures.**

### Agreement on climate

- At COP21 in Paris on December 12, 2015, Parties reached a historic agreement to combat **climate change and to accelerate and scale up the actions** and investments needed for a sustainable low-carbon future. The Paris Agreement, so far ratified by 144 countries, unites around a common cause to undertake ambitious efforts to combat climate change and adapt to its consequences, with increased support to help developing countries do so.
- The central objective of the Paris Agreement is to strengthen the global response to the threat of climate change by keeping the global temperature increase well below 2 degrees Celsius above pre-industrial levels and to continue efforts to further limit the temperature increase to 1.5 degrees Celsius.



### Consequences for the environment

- According to the International Energy Agency (IEA), coal is **the fuel that has contributed the most to global warming**: cumulative CO2 emissions from its combustion are responsible, as of the end of 2018, for a 0.3°C equivalent share of the total 1°C increase in average annual global surface temperatures compared to pre-industrial levels. Although coal has been supplanted by oil as the primary source of energy since the 1960s, it remains the leading cause of greenhouse gas (GHG) emissions worldwide through its value chain.
- Upstream, coal mining is responsible for 10% of methane emissions in 2018. Downstream, coal combustion - **then referred to as thermal** - **accounts for 39% of global CO2 emissions in 2018, at a stable level since 1990.**
- **Compared to other fuels, coal accounts for 44% of CO2 emissions in 2018**, ahead of oil (34%) and natural gas (21%), while it is only the second primary energy (26%) after oil (31%) and ahead of natural gas (23%).



### Fight against global warming

- **Fight against global warming**
- **Stop investing in companies that develop new coal projects**
- **Encourage companies to reduce their dependence on thermal coal**
- In this spirit, we are attentive to the carbon trajectory of companies, and do not wish to exclude carbon-intensive thermal coal producers and electricity producers that make credible and measurable commitments to reduce their coal exposure in order to comply with the Paris Agreement.

### Exclusions\*

HOMA CAPITAL excludes mining companies or power producers that derive a significant portion of their revenues from thermal coal mining or coal-fired power generation, unless a clear diversification strategy is in place and consistent with a 2°C / below 2°C scenario and ideally validated by the Science Based Target (SBT) Initiatives.

### Application

HOMA CAPITAL systematically excludes companies that generate more than 10% of their revenues from metallurgical and thermal coal mining activities and whose share of coal in the energy mix exceeds 10% (in proportion and revenues used for electricity production).

On a case-by-case basis, the company is not excluded from the portfolios when the percentage of revenue generated by metallurgical coal mining activity is between 10% and 33% but the company's energy transition score\*\* is considered advanced or robust.



### Consequences for the environment

- **Needed for the current functioning of the economy, oil is also a major factor of greenhouse gas emissions (GHG).** It currently represents 32% of the world's energy mix (according to the French General Commission for Sustainable Development). To meet the environmental commitments of the Paris Agreement and reduce GHG emissions by 45% by 2030, the use of oil should be gradually reduced in favor of renewable energies.
- In France, the 2015 Energy Transition Act aims to prepare for the post-oil era and to implement a sustainable, environmentally friendly energy model. To this end, it sets the objective of diversifying the energy mix. Fossil fuels should be reduced by 30% by 2030.
- Not all oils are created equal, and a distinction must be made between conventional oil, which is exploited by simple drilling, and unconventional oils and gases such as shale oil, oil sands and heavy oils, whose extraction techniques by hydraulic fracturing are much more complex and emit more of a gas, methane, which is one of the most powerful greenhouse gases, responsible for nearly a quarter of global warming according to the experts.



### Fight against global warming

#### Between economic necessity and ecological emergency

HOMA CAPITAL aims to contribute to limiting global warming to well below 2°C and will not invest in companies whose primary activity is the production (including components), sale, storage/transportation of unconventional oil and gas and conventional oil.

### Exclusions

HOMA CAPITAL has decided to exclude unconventional gas (shale gas, shale oil and tar sands) and oil companies from its portfolios, starting with the most controversial techniques given their negative impact on the environment.

### Application

- Exposure of revenue and proportion of reserves from unconventional oil and gas extraction (oil sands and shale)  $\geq 10\%$
- Systematic exclusion of issuers involved in controversial oil and gas sources or technologies such as: Arctic and ultra-deep offshore drilling, coal seam gas, methane hydrate, hydraulic fracturing.
- Companies using liquefied natural gas, an activity considered by the EU as participating in the energy transition, are tolerated in the portfolios when the energy transition score\* of the targeted company is considered advanced or robust.
- Coalbed gas, except if the exploitation is done without fracturing



### Consequences for the environment

- Nuclear power has a similar carbon footprint to renewable energy because fission reactions do not emit greenhouse gases. As such, HOMA CAPITAL recognizes that nuclear power and its low GHG emissions can support the global goals of the Paris Agreement as a transitional energy source.
- However, this type of activity is accompanied by negative externalities, such as the management of nuclear waste and the risk of irradiation.
- **The risk of nuclear accidents:** Events such as those at Chernobyl, Fukushima or Three Mile Island demonstrate that nuclear accidents can occur.
- **Nuclear waste management:** Even after reprocessing, the by-products of fission produce radioactive waste that remains hazardous for hundreds of thousands of years.
- These risks mean that nuclear power is not suitable for all situations. **Indeed, political stability is essential, as is a high level of technical expertise and the presence of strong, independent nuclear regulators.**



### Key Points

- Nuclear power has a **low carbon footprint** and provides an adequate supply of baseload electricity. The IEA confirms that expanding the operations of existing nuclear plants will avoid more emissions per GW than any other low-carbon option.
- Nuclear power has always been a **controversial energy** because of several accidents, the risk of nuclear terrorism, the cost of waste management, but also because of the dependence on uranium producing countries.

### Exclusions

**Exclusion of nuclear power producers:** A minimum level of "safety" (maintaining the integrity of mechanisms, processes, tools or instruments containing radioactive material) and nuclear "security" (protection of people and the environment against malicious acts, such as theft, hijacking or sabotage) are required.

### Application

Investments limited to issuers present in a nuclear energy producing country having participated in 4 multilateral treaties (CAANUR, CC, CNRAN and CSN). **HOMA CAPITAL promotes the safe, secure and peaceful use of nuclear technologies.**



## Specific case of green bonds

For the specific case of green bonds issued by companies involved in energy and electricity production, we conduct a differentiated analysis. We do not consider an investment in a green bond as an investment in the issuer itself, but rather in the green projects for which the funds are intended. To be eligible for our investments, the green bond must demonstrate:

- A positive contribution of the financed projects to environmental objectives;
- A control of environmental and social risks related to the projects throughout their life cycle;
- Alignment with the company's overall approach to the transition to a low-carbon economy.



### Health Consequences

- **Adverse health effects:** Tobacco is the leading cause of preventable death. The World Health Organization (WHO) predicts that one billion people will die from tobacco use in the 21st century if nothing changes. It considers the tobacco epidemic to be one of the greatest threats to global public health in history. It kills more than 8 million people worldwide each year. More than 7 million of these are current or former users, and about 1.2 million are non-smokers involuntarily exposed to smoke.
- **Cost of tobacco for the global economy:** the substantial costs of treating tobacco-related illnesses and the human capital lost due to tobacco-related morbidity and mortality.
- **ESG Controversies:** The use of child labor in tobacco growing and manufacturing is dangerous and prohibited. Yet, it is estimated that millions of children work on plantations in all the major tobacco producing countries such as Malawi, Zimbabwe, Bangladesh, Indonesia...



### Fight against tobacco

- **Impact on health:** proven negative effects on both physical and mental health and on the risk of addiction
- **Its direct costs on the economy**
- **A highly controversial sector with particularly negative social, societal and environmental impacts.**

### Exclusions

- **Exclusion in the tobacco industry:** including manufacturers and wholesalers of cigarettes, tobacco, electronic cigarettes and related products
- **Exclusion in tobacco leaf producers,** unless the production is used for medical purposes.

### Application

- HOMA CAPITAL systematically excludes companies belonging to the ICB "Tobacco" sectors.
- Review by the ESG Strategic Committee of companies generating more than 10% of their annual revenues from the production and sale of tobacco (Source: Moody's)

# Health and Addiction

## Gambling and betting\*

*\*Gambling is a paying game in which chance predominates over skill and intelligence combinations to obtain a win*



### Health Consequences

- **Adverse health effects:** Gambling can cause severe psychosocial risks. When gambling becomes problematic, it affects all areas of the gambler's life. It destabilizes their financial balance, but also their physical and psychological health, their family and friends relationships and sometimes their professional activity. All of these difficulties in all areas of the gambler's life and the underlying depression can plunge him or her into great suffering that can lead to suicidal thoughts.

The health crisis has had a significant impact on the structure of the gambling population, particularly in terms of age, with a sharp increase in the activity of young gamblers, especially in the poker segment, which raises **the question of protecting young people from the risk of excessive gambling and addiction.** [1]

- **Cost of gambling to the economy:** this includes both the costs of monitoring problem gamblers (about 5% of gamblers) and the financial risks associated with over-indebtedness. It is estimated that 40% of gambling revenue is generated by the activity of problem gamblers, with 17% from problem gamblers and 23% from moderate risk gamblers. [2]
- **ESG Controversies:** Rooting of addiction phenomenon among vulnerable people, especially among young people



### Gambling Prevention

- **Impact on health:** Psychosocial risks that can lead to depression or even suicide.
- **Highly controversial sector** with particularly negative social impacts. Increased risk among youth since the COVID-19 health crisis.

### Exclusions

- **Exclusion of the gambling industry:** any company offering land-based or online gambling
- **Exclusion of companies involved in the gambling industry:** printers, distributors, service companies, etc. that generate more than 10% of their sales from key gambling players

### Application

- HOMA CAPITAL systematically excludes companies belonging to the ICB sectors of gambling and betting
- Review by the ESG Strategic Committee of companies generating more than 10% of their annual revenues in gambling and betting activities (Source Moody's)

# Health and Addiction

Adults content\*

*\* Producers and distributors  
generating more than 2% of their  
revenues from these products*



## Health Consequences

- **Adverse health effects:** Adult entertainment and pornography can cause vulnerable people, especially minors, to be harmed, as no legal or technical system has yet proven its reliability. Media violence has long been considered a social risk. Indeed, fiction can contribute in the short and long term to an increase in aggression and violence among young (and most malleable) viewers, by affecting their cognitive and emotional responses.
- **ESG Controversies:** The controversial nature of pornography is twofold: it results from the participation of human beings in degrading activities and from the fact that pornography is likely to offend modesty.



## Lutte contre le contenu pour adultes

- **Impact on health:** Psychological risks, increase in aggressive and violent behavior.
- **Highly controversial sector:** significant social risks, in particular risks related to human trafficking.

## Exclusions

- **Exclusion** of any company producing sexually explicit content. These companies are often too small to be covered by our analysis.
- **Exclusion** according to the precautionary principle of all intermediaries between the producer and the final viewer or reader. These intermediaries operate in different sectors: telecommunications and media, but also leisure (hotels with pay TV in the rooms, vacation resorts with cabarets, etc.), retail and software (facilitated financial transactions).

## Application

- HOMA CAPITAL excludes from its investments any company that derives more than 10% of its annual revenues from adult entertainment-related activities (Source: Moody's)



# ○ Enforcement

# Enforcement

A governance dedicated to ESG policy

The **ESG Strategy Committee** meets monthly and defines :

- **The ESG strategy:** HOMA CAPITAL's ESG policy and its key orientations for France and internationally. It validates the policy and the themes of commitment;
- **The ESG rating system:** It defines and validates the suppliers of extra-financial data, the ESG rating method adopted, pronounces on the exclusion policies (exclusion of issuers exposed to major controversies, and treatment of sensitive sectors such as coal, oil, tobacco) as well as on the investment strategies integrating the ESG ratings;
- **Social and environmental impact:** It covers investment strategies on social, solidarity and environmental themes;
- **Control:** It ensures that normative and sectoral exclusions are respected.

This committee can refer to external experts who can propose technical orientations on expert subjects. The proposals of these experts are consultative and they have no decision-making power in the investment process.

# Enforcement

## Integration into the investment process

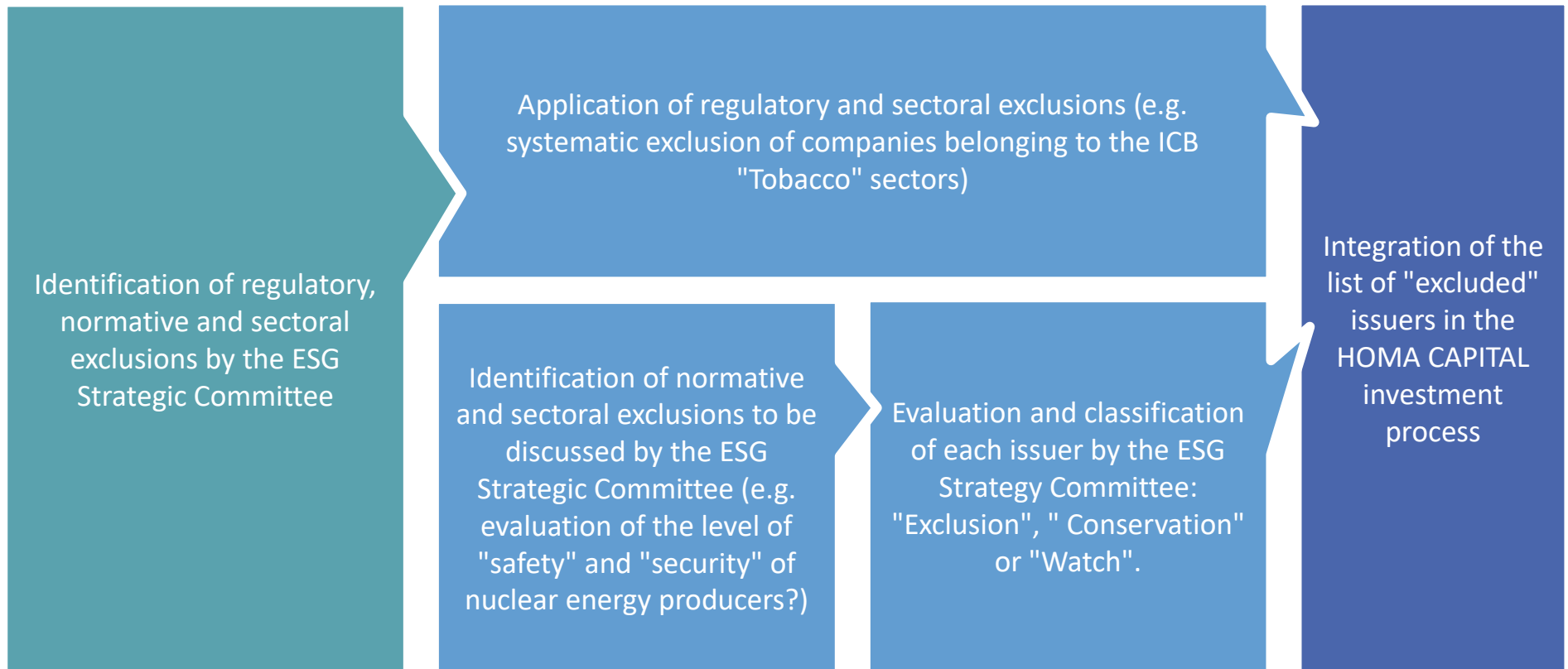
The foregoing applies to investments in direct issuers (of debt or equity securities). Funds managed by HOMA CAPITAL that invest in other funds may have indirect exposure to issuers that do not strictly comply with the criteria of this exclusion policy.

The ESG Strategy Committee examines and validates the list of exclusions and ensures a posteriori the strict application of the exclusion policy to all securities held by HOMA CAPITAL. It assigns to each issuer experiencing a material controversy an exclusion risk class:

- **Exclusion:** Prohibition of purchase (automatic blocking before placing an order) AND sale of securities held in the portfolio;
- **Conservation:** Prohibition of purchase (automatic blocking before placing an order) but securities can be kept in the portfolio for a period of 6 months;
- **Watch:** List of issuers in reinforced vigilance, no automatic pre-order blocking is ensured on these securities appearing on the list of exclusions, but the manager is alerted of the security being put under watch. The watch is maintained for 6 months.

# Enforcement

## Integration into the investment process



The Compliance Officer ensures compliance with the legislative and regulatory texts applicable to HOMA CAPITAL, particularly with regard to regulatory exclusions. Among other things, he validates the procedures and ensures that they are implemented. He will also be responsible for ensuring that the procedures and the list of exclusions are properly published on the company's website.

# Enforcement

## Integration into the investment process

The foregoing applies to investments in direct issuers (of debt or equity securities). Funds managed by HOMA CAPITAL that invest in other funds may have indirect exposure to issuers that do not strictly comply with the criteria of this exclusion policy.

The ESG Strategy Committee defines, examines and validates the exclusion list and ensures a posteriori the strict application of the exclusion policy on all securities held by HOMA Capital.

Controversies are monitored. As such, each material controversy is presented to the member of the Committee who assigns an exclusion risk class to each issuer encountering such a controversy:



**Exclusion:** Purchase prohibition (automatic pre-order blocking) AND sale of securities held in the portfolio;



**Conservation:** Prohibition of purchase (automatic blocking before order placement) but possible conservation of securities in portfolio for a period of 6 months;



**Watch:** List of issuers in reinforced vigilance, no automatic pre-order blocking is ensured on these securities appearing on the list of exclusions, but the manager is alerted of the security being put under surveillance. The watch is maintained for 6 months.

# Exclusion policy

## Enforcement and Control - Information Source and Maintenance

- HOMA CAPITAL uses the services of extra-financial research agencies such as Moody's, RepRisk and Gaïa Rating, which provide it with a list of excluded companies as well as a follow-up of controversies.
- HOMA CAPITAL strictly enforces its exclusion policy. The exhaustiveness of the exclusion list depends mainly on the investment universe covered by our external service providers and the information published by the companies.
- The list of excluded companies is communicated every six months to the Strategic Responsibility Committee, which reviews and validates it.
- If a company in which we invest finds itself on the list of involved companies when it is updated, we undertake to sell the stock as soon as possible, but without haste, in order to respect the interests of our clients.
- The list of excluded securities is thus updated at least once every six months.

## **JC: The Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management:**

This convention requires each contracting party to submit a report at the review meetings (every 3 years) describing how it is implementing the obligations of the convention (low level of radioactive waste production related to spent fuel management, effective protection of individuals, society and the environment...)

## **CNS: Convention on Nuclear Safety:**

The objective of this convention is to achieve a high level of nuclear safety, to maintain effective defenses against radiological hazards in nuclear facilities in order to protect individuals, society and the environment and to prevent nuclear accidents and mitigate their consequences. Each participating state must submit to the other parties a report on the measures it has taken to fulfill its obligations under the convention: the establishment of adequate national safety requirements and regulations; a system of licensing of nuclear facilities and prohibition of their unlicensed operation; and a system of inspection and evaluation. The reports are discussed during the regular meetings of the contracting parties.

## **Convention on Early Notification of a Nuclear Accident :**

This convention implies the obligation of the States Parties to notify without delay the accident, informing about the possible consequences and radiological risks for other States.

## **Convention on assistance in the case of a nuclear accident or radiological emergency:**

The Convention facilitates prompt assistance in the event of a nuclear accident or radiological emergency in order to minimize the consequences and protect life, property and the environment from the effects of radioactive releases.

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