

Nanuk Asset Management
ESG Policy
Updated March 2024

Purpose

This document sets out Nanuk's approach to the inclusion of Environmental, Social and Governance (ESG) factors in its investment decision making and active ownership.

Background

Nanuk's investment philosophy and approach are centred around the investment implications of sustainability, as outlined in our Sustainability Policy.

Our approach to sustainability is reflected in the following broad principles

- We seek to invest in companies that we believe are contributing to improving global sustainability
- We seek to avoid investing in companies whose activities are unsustainable
- We seek to avoid investing in companies whose relationships with stakeholders are unsustainable
- We consider the governance and sustainability of businesses in our investment analysis and decisions
- Where practical and aligned with our clients' interests we seek to influence companies to improve both global and intrinsic sustainability
- We seek to operate our own business in a sustainable manner

These principles influence all aspects of our investment activities, from product design through to active ownership.

ESG factors are the means through which these sustainability related principles are implemented.

Importantly, ESG integration is inherent in Nanuk's sustainability related investment philosophy and approach, rather than an adjunct to it.

Nanuk utilises internationally recognized frameworks in its assessment of responsible business practices and sustainability outcomes. Relevant frameworks include the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the UN Sustainable Development Goals.

Approach

Positive Screening

The firm invests exclusively in companies whose activities are contributing to improving global sustainability. This is implemented via a universe constructed through positive screening for exposure to selected industries, technologies, products and services based on their assessed contribution to improving global sustainability.

Further details of the positive screening applied to the construction of the firm's investment universe are outlined in Appendix A.

Positive screening is undertaken based on internal analysis of each proposed company but is facilitated by the use of external data sources providing relevant categorizations of company activities.

Negative Screening

We seek to avoid investing in companies with a material level of involvement in activities that are not consistent with the firm's focus on sustainability. This is implemented via negative ESG based screening in the construction of the firm's investment universe. The applicable materiality thresholds vary from 0% to 30% depending on the nature and severity of the relevant activities, as set out in the ESG negative screening framework.

We also seek to avoid investing in companies operating in severe or potentially severe contravention of established norms for responsible business practices, companies identified as designated entities in selected national and multi-national sanctions lists and companies that are involved in selected areas of significant environmental or ethical concern or otherwise misaligned with the sustainability focus of the firm.

The firm's sustainability and ESG based negative screening framework is included in Appendix B.

Negative screening is undertaken systematically in the construction of the firm's investment universe using external analysis and data sources. Compliance with the negative screening framework is reviewed by the investment team during company analysis and any areas of potential non-compliance investigated directly. Ongoing compliance with the negative screening framework is monitored by operations staff.

ESG Integration

Nanuk's investment approach is directed at identifying companies which offer attractive risk adjusted return potential based on valuation-based price targets. We believe that the capability of companies' management, the alignment of their interests with our clients', the sustainability of companies' activities and the sustainability of their relationships with key stakeholders (creditors, customers, employees, suppliers, communities, governments and society) can materially impact their longer term profitability and economic value. We favour investment in companies generating strong returns on capital and with sustainable practices and stakeholder relationships that are well managed in the interests of minority shareholders as they are likely to present lower investment risk and greater potential for shareholder value creation.

Relevant ESG characteristics are integrated, where appropriate, into both valuations and the assessment of risks and 'risk-adjusted' return potential.

We focus on the following ESG considerations which we believe can be material to the sustainability and future performance of companies and the extent to which that will benefit shareholders:

- Quality and capability of the board and management
- The alignment of interest between management and shareholders

- The sustainability of a company's activities (products and services)
- The sustainability of relationships with stakeholders

These factors are integrated into our standard research framework that guides analysis and assessment of companies. These, and any other identified material ESG risks, are considered alongside other factors potentially influencing longer term economic outcomes in the assessment of risk and return. As is the case for non-ESG factors, the relative importance of individual ESG factors (or the ESG factors as a whole) will depend on the circumstances and nature of the individual company.

We seek to identify any significant uncertainties about the sustainability of a company's profitability or doubt about the prioritization of shareholder's interests in management decision making. Such uncertainties may result in adjustments to valuations (for example, through incorporation of risk factors into discount rates or adjustments to financial forecast), and/or a lower conviction based on higher risks (and therefore lower position size), and/or a risk-based decision not to invest. Companies for which there are significant concerns regarding any of the four key ESG considerations above are likely to be precluded from investment.

Consideration of the key ESG related factors outlined above is undertaken internally but is aided by comprehensive ESG research and data from a variety of sources.

Portfolio Construction

Portfolio construction is impacted through the selection and sizing of positions based on valuation and risk considerations. Nanuk's 'whole of process' approach incorporating ESG considerations in both the selection of the eligible investment universe and the subsequent company analysis and stock selection dictates that the ESG and sustainability characteristics of the resultant portfolio should align with the firm's principles, above.

Our primary objective is to deliver attractive investment returns from within the defined investment universe and consequently portfolio construction is not 'optimised' to enhance ESG characteristics at the expense of expected investment return.

Proxy Voting

We seek to exercise voting rights at all opportunities. Voting decisions are made by relevant portfolio managers and are guided by the firm's beliefs and sustainability focus.

We use a proxy voting research provider (ISS) for recommendations made under a sustainability and ESG aligned voting policy. Independent voting recommendations are reviewed by the relevant portfolio manager(s) who recommend how voting rights should be exercised. These recommendations typically follow the independent recommendations but may differ in relation to items that we consider material to economic outcomes and alignment of company decision making with our interest as a minority shareholder. In this regard we pay particular attention to issues such as compensation and incentive arrangements, capital raisings and acquisitions and divestments.

Engagement

Where practical and aligned with our clients' interests, we may seek to influence companies to improve their impact on global sustainability outcomes and the sustainability of their governance and business practices.

Our engagement with investee companies involves

- 'Top down' engagement, through which we seek to communicate with the directors of our investee companies, setting out our core beliefs and expectations in relation to the governance and sustainability practices and, where relevant, areas in which we see opportunities for improvement that are aligned with better outcomes for our clients' and broader sustainability outcomes.
- Selective 'bottom-up' engagement targeting company specific issues, undertaken with selected portfolio companies for which opportunities for improvement in governance and sustainability are identified through our investment research.
- Joint engagement activities with selected investee companies in conjunction with other investors facilitated by an external engagement services provider (ISS).

Further details of our approach to proxy voting and engagement activities is set out in Nanuk's Stewardship Policy.

Promotion of ESG Principles

Nanuk is actively engaged in promoting sustainable investment and ESG principles. In particular,

- We actively seek opportunities to participate in investor education relating to sustainable investment and the role of ESG integration
- We participate in industry groups promoting responsible and ESG investment

Transparency and Reporting

We believe in providing high levels of transparency to our clients in relation to our investment activities and outcomes, including ESG related activities and outcomes.

We currently provide the following ESG related reporting (available on Nanuk's website)

- An annual ESG and Impact Report, providing a detailed analysis of the outcomes of Nanuk's sustainability focused investment approach, including reporting on
 - o Portfolio and holdings level ESG and sustainability data
 - o Carbon emissions, emission intensity and climate change risk
 - o Engagement activities and outcomes
 - o Proxy voting activity
- Annual reporting of proxy voting elections
- Annual carbon intensity reporting (in accordance with TCFD standards)

Additional reporting may be available to clients on request.

Responsibility

Overall responsibility for implementation of this policy rests with the CIO.

We do not consider ESG integration as an independent or discrete component of our investment approach and consequently all members of the investment team carry responsibility for its implementation.

Related Policies

- Sustainability Policy
- Stewardship Policy
- Climate Change Policy
- Sanctions Policy

Monitoring

The implementation of this policy is monitored by the Investment Risk and Oversight Group.

Review and Amendments

This policy will be reviewed annually by Nanuk's Managing Director and CIO for subsequent Board ratification.

History

Last reviewed: March 2024

Ratified by the Board in March 2024

Next review: March 2025

Explanatory Notes – ESG Integration Within Investment Decision Making

The following notes provide additional detail on the incorporation of ESG factors into investment decision making.

At Nanuk we invest within a self-selected investment universe that is constructed through a combination of both positive and negative ESG related screening. The universe comprises only companies whose activities are assessed to be contributing to improving global environmental sustainability and resource efficiency. Additionally, we seek to avoid investment in any companies with a material level of involvement in activities that are not consistent with the firm's focus on sustainability, are operating in severe or potentially severe contravention of established norms for responsible business practices or that are involved in areas of significant environmental or ethical concern.

Our investment approach within this investment universe is focused on delivering strong risk adjusted investment returns from stock selection within well-diversified portfolios with high active share.

Our approach is primarily fundamental and valuation-based, and is based on a belief that over time, equity market prices typically reflect the future prospects and perceived economic value of the underlying businesses and assets, best estimated as the discounted value of their expected future cash flows. For many reasons, shares often trade at prices that don't reflect the likely future prospects and at significant discounts or premiums to their intrinsic economic value and shares priced at discounts to their intrinsic value are likely to provide excess returns as their future prospects are understood and priced by the market, particularly if companies are able to generate increasing economic value over time. Conversely declining economic value presents a significant investment risk.

Consequently we favour investment in 'good quality', sustainable businesses – by which we mean businesses capable of generating increasing economic profits and whose practices, activities and stakeholder relationships are sustainable - that are well managed in the interests of minority shareholders as they are likely to present lower investment risk and greater potential for shareholder value creation. We seek to avoid exposure to companies where there is excessive uncertainty about the sustainability of returns or doubt about the prioritization of shareholder's interests in management decision making.

Our assessment of companies naturally focuses on factors material to their future profitability and economic value, which are then reflected in financial forecasts and discount rates within our valuations and in the level of certainty and confidence we have in those valuations and the risks attached to them that inform our stock selection and position sizing decisions.

These factors include ESG related considerations alongside non-ESG considerations such as industry structure, competition and competitive advantages. In particular, we believe that the capability of companies' management, the alignment of their interests with our clients', the sustainability of companies' activities and the sustainability of their relationships with key stakeholders (creditors, customers, employees, suppliers, communities, governments and society) are material to their longer term profitability and economic value.

These factors are integrated into our standard research framework that guides assessment of all companies.

Quality - Franchise	<i>Is it a good business?</i> <ul style="list-style-type: none"> - <i>Is it a leader in its market(s)?</i> - <i>Does the business have pricing power?</i> <i>Does the company have sustainable competitive advantages?</i> <i>Is its position improving or deteriorating?</i>		
Quality - Governance	Capability and track record of directors and management	<i>What are the track records of key management?</i> <i>Has the board / management displayed good commercial acumen?</i>	(0-4)
	Suitability of ownership and governance structure	<i>Are there controlling shareholders with competing interests?</i> <i>Is the composition of the board appropriate to the interests of minority shareholders (independence, Board committee structures, diversity, tenure, etc)?</i>	(0-4)
	Alignments of incentives	<i>Are incentive structures aligned with generating value for minority shareholders?</i> <i>Is compensation at an appropriate level?</i>	(0-4)
	Transparency in reporting	<i>Does the company provide clear and open disclosures?</i> <i>Does the company provide transparent financial reporting?</i> <i>Does the company provide good disclosures on ESG issues?</i> <i>Quality of auditor / Audit qualifications?</i>	(0-4)
	Potential exposure to corruption or reputational risk.	<i>Level of exposure to corrupt economies</i> <i>Previous involvement in corrupt activities / with corrupt partners</i> <i>Involvement in controversial activities / projects</i> <i>Does the company have appropriate controls, systems and policies in place to manage these risks?</i>	(0-4)
Quality - Sustainability	Alignment of product and services with more sustainable outcomes	<i>Are products and services consistent with Net Zero / sustainable economy?</i> <i>Are customers/end markets aligned with Net Zero / sustainable economy?</i> <i>Are environmental regulations supportive for the company?</i>	(0-4)
	Sustainability of operational practices (environmental impact)	<i>Are the company's operations sustainable in their current form (carbon emissions, water usage, pollution, waste etc)? Is decarbonisation regulation negative for the company?</i>	(0-4)

		<i>Are the company's assets exposed to physical risks (climate change, flooding, water stress, fires etc)?</i>	
	Sustainability of relationships with employees and suppliers	<i>Supply chain issues – labour standards, environmental damage</i> <i>Employment issues – modern slavery, child labour, restriction of employee rights, underpayment of employees</i> <i>How is the company performing on staff turnover?</i> <i>What is the company's track record on workplace safety?</i> <i>Are there any key supply chain vulnerabilities?</i>	(0-4)
	Sustainability of relationships with government	<i>Violations of laws and regulations</i> <i>Avoidance or underpayment of tax</i>	(0-4)
	Sustainability of relationship with customers, communities and society	<i>Issues with local communities, society more generally</i> <i>Issues with customers – safety, privacy, anti-competitive behaviour</i>	(0-4)
Quality - Financial	<i>Is the company able to generate increasing economic value?</i> - <i>Are returns on incremental capital investment attractive?</i> - <i>Is the financial profile improving? Why?</i> <i>Is profitability stable and predictable?</i> <i>Is the financial position sound?</i>		

ESG factors are considered alongside other factors considered material to longer term growth and profitability. As is the case for non-ESG factors, the relative importance of individual ESG factors (or the ESG factors as a whole) will depend on the circumstances and nature of the individual company.

Significant uncertainty about the sustainability of a company's returns or doubt about the prioritization of shareholder's interests in management decision making is considered in investment decisions. This may result in adjustments to valuations (typically through incorporation of risk factors into discount rates or adjustments to financial forecast), and/or a lower conviction based on higher risks (and therefore lower position size), and/or a risk-based decision not to invest. Companies for which there are significant concerns regarding any of the four key ESG considerations above (highlighted in bold) are likely to be precluded from investment.

Appendix A – Nanuk (New World Fund) Investment Universe Positive Screening

Nanuk's investment universe (currently applicable to the New World Fund strategy) is comprised of companies that have a material* part of their value related to activities that are contributing to improving global environmental sustainability and resource efficiency.

Companies also having a material (as defined on page 2) level of involvement in activities that are not consistent with the firm's focus on sustainability and companies operating in severe or potentially severe contravention of established norms for responsible business practices or that are involved in areas of significant environmental or ethical concern otherwise misaligned with the sustainability focus of the firm are excluded from the investment universe through the ESG based negative screens detailed in Appendix B.

The scope of the universe is defined by a set of technology trends and the related industries, technologies, products and services (listed below) that we believe are contributing to improving global environmental sustainability and resource efficiency.

Companies are eligible for inclusion within the investment universe where more than 25% of their value relates to activities within the value chain of these relevant industries, technologies, products and services. The particular industry must be material to the economics of the particular activity.

An illustration

Natural graphite mining is an activity within the electric vehicle (EV) value chain. To be eligible for inclusion in the investment universe the EV market must be material to the economics of graphite mining AND a mining company must have more than 25% of its value attributable to graphite mining. There is no specific materiality threshold on the first of these tests, but if EVs accounted for <5% of long term graphite demand then it would hard to argue that is was material. Similarly, the IIoT might account for less than 25% of memory semiconductor demand, but IIoT related demand is material to the economics of the memory semiconductor industry and companies with >25% of their value related to memory semiconductor fabrication are eligible for inclusion.

** the investment universe of the Nanuk New World Strategy is limited to companies assessed by Nanuk to have more than 25% of their enterprise value derived from industries and technologies that we believe are contributing to or benefiting from improving global environmental sustainability with such assessment being necessarily subjective but typically based on forecast operating profits.*

Major Trend (Key elements of the trend)

- Relevant solutions (industries, technologies, products and services)
 - a. Specific industries, technologies, products and services

Sustainable Energy (Decarbonisation / renewable and environmentally sustainable supply)

- Renewable and sustainable energy generation
 - a. Solar
 - b. Wind
 - c. Hydro
 - d. Hydrogen
 - e. Geothermal
 - f. Fuel Cells
- Grid modernization (decentralization, intelligent control)
 - a. Transmission and Distribution
 - b. Smart grid
 - c. Smart metering
 - d. Demand response / VPP
 - e. Microgrids
- Energy storage
 - a. Battery storage
- Sustainable fuels
 - a. Bio-energy
 - b. Waste-to-energy

Sustainable Food & Agriculture (Improved productivity / significantly reduced or sustainable environmental impact / healthier foods / reduced wastage)

- Higher yielding / lower impact production
 - a. Agricultural equipment
 - b. Seeds / GMOs
 - c. Chemicals and fertilisers
 - d. Irrigation
 - e. Animal healthcare
- Precision agriculture
- Sustainable production
 - a. Aquaculture
- Controlled environment agriculture
- Healthier / Sustainably produced foods
 - a. Organic foods
 - b. Plant based foods
- More efficient processing
 - a. Food processing equipment

- b. Food testing
- Sustainable packaging
 - a. Recyclable packaging
- More efficient supply chains and logistics
- Reduced wastage
 - a. Storage/Distribution/Handling
 - b. Refrigeration

Sustainable Cities and Infrastructure (lower energy and resource utilization / lower environmental impact / efficient infrastructure)

- Building energy efficiency
 - a. Insulation
 - b. HVAC
 - c. Lighting
 - d. Electrical
 - e. Building Management Systems
- Sustainable / lower environmental impact design
- Sustainable construction / materials
 - a. Engineered timber
 - b. Mobility solutions (lifts etc)
- Smart home / smart energy management

Sustainable Transport (Reduced environmental impact / more efficient resource utilisation / safer / reduced demand)

- Electrification
 - a. EVs
- Low/zero emission fuels
 - a. Hydrogen
 - b. Ammonia
 - c. Biofuels
- Energy / fuel efficiency
 - a. Fuel efficiency solutions
 - b. Lightweight materials
- Modal shifts
 - a. Rail
 - b. Bicycles
- MaaS / TaaS solutions
- Autonomous Driving / ADAS
- Safety
- Efficient logistics solutions
 - a. Automated logistics
 - b. Drones

Sustainable Industry (Decarbonisation of industry / more efficient use of natural / financial / human resources, sustainable use of natural resources)

- IIoT
 - a. Sensors
 - b. Wireless networking / 5G
 - c. Edge computing
 - d. Cloud computing
 - e. AI / ML / Big Data
 - f. Cybersecurity
- Robotics and Automation
 - a. Robotics
 - b. Collaborative Robots
 - c. Logistics automation
- Advanced Manufacturing
 - a. 3D printing
 - b. Industrial lasers
- Process efficiency solutions
 - a. ERP/Software
 - b. CAD/CAM/Design Software
 - c. Technology consulting
 - d. Testing/Metrology
- Sustainable processes and feedstocks
 - a. Non-fossil fuel inputs / industrial hydrogen
 - b. Recycled and reprocessed materials
- Energy efficiency
 - a. Electrical energy efficiency
- Advanced materials
 - a. Rare earths
 - b. Graphene
- Safety

Sustainable Healthcare (Cheaper, more efficient, more effective healthcare services and solutions)

- Diagnostic technologies
- Mobile / wearable diagnostic technologies (mHealth)
- Data management
- Digital solutions for healthcare delivery (eHealth)
- Digital solutions for process efficiency
- Surgical robotics and automation
- Therapeutic devices
- Genomic diagnostics and treatments

Sustainable Consumption (Reduced consumption, sustainably produced products, recycling)

- Recycling
- Sustainable materials
 - a. Sustainable Forestry / Forest products
 - b. Biomaterials
- Recyclable materials
- Recyclable and re-useable products
- Energy efficient products

Efficient Businesses and Economies (improved efficiency in the development, production and delivery of products and services / more efficient, technologies delivering lower cost financial services)

- Cloud Computing
- AI / Machine Learning
- Information Services
- Financial technology
 - a. Digital payment processing
- Process efficiency
 - a. Business process outsourcing
- Online retail and services
 - a. Service providers (not consumer products)

Sustainable Environment (Reduced environmental impact, minimization or reversal of environmental degradation)

- Waste Management
 - a. Waste collection and processing
 - b. Waste treatment
 - c. Waste storage
- Pollution control
 - a. Pollution/emission reduction technologies
- Sustainable water usage
 - a. Water infrastructure
 - b. Water treatment
 - c. Desalination
- Environmental management
- Environmental remediation
- Carbon sequestration
 - a. CCS
 - b. Reforestation

Appendix B – Nanuk ESG Based Negative Screening

Nanuk's ESG based exclusions framework is detailed below. Companies violating the thresholds set out in the framework are ineligible for investment and are excluded from Nanuk's eligible investment universe. Investments held in companies that are assessed to violate the framework will be divested in a timely manner.

Environmental Factors

Factor	Involvement	Definition	Threshold (% of revenue)
Coal	Exploration and Extraction	Extraction and sale of thermal and metallurgical coal	0%
Coal	Processing	Involvement in coal processing, including coal-to-gas	0%
Coal	Generation	Generation of electrical power from coal	10% provided 2050 net zero emission target and strategy to exit or close by 2030, otherwise 0%
Coal	Distribution	Services related to distribution of coal, including transport, operation of infrastructure, trading	30%*
Coal	Service	Non-specific services and equipment related to the production of coal	30%*
Oil	Exploration and Production	Exploration, drilling and extraction of oil	0%
Oil	Refining	Involvement in oil refining	0%
Oil	Generation	Generation of electrical power from oil	5% provided 2050 net zero emission target and strategy to exit or close by 2030, otherwise 0%
Oil	Distribution	Services related to distribution of oil, including storage, transport, operation of infrastructure, trading	30%*
Oil	Service	Non-specific services and equipment related to the production of coal	30%*
Natural Gas	Exploration and Production	Exploration, drilling and extraction of natural gas	0%
Natural Gas	Processing	Involvement in natural gas processing and gas to liquids operations	0%
Natural Gas	Distribution	Involvement in natural gas infrastructure	10%
Natural Gas	Generation	Electricity generation from natural gas	10% provided net zero emission target and strategy to exit or close, otherwise 0%
Natural Gas	Services	Services and equipment related to the extraction of natural gas	30%*
Fossil Fuels	Financing	Provision of financing (equity or debt) to companies engaged in oil, gas or coal exploration, production or mining	0%
Fossil Fuels	Unconventional Extraction	Direct involvement in exploration and extraction of fossil fuels from hydraulic fracturing, arctic drilling, oil sands	0%
Other Mining	Mining	Specified mining activities	No restriction
Deforestation	Forestry and Logging	Deforestation of primary forest, illegal logging activity or unsustainable harvesting. Forestry activities or	0%

		sourcing of timber not in line with internally recognized standards for sustainable forestry	
Palm Oil	Production	Production and processing of palm oil not certified by RSPO	0%

Weapons & Armaments

Factor	Involvement	Definition	Threshold (% of Revenue)
Military Combat Equipment	Production	Production of combat equipment or key components specific to combat equipment; includes weapons, weapons systems and ammunition. Does not include military specification versions of commercially available technology and equipment not specific to military usage.	0%
Military Combat Equipment	Services	Services related to combat equipment	10%
Military Combat Equipment	Distribution	Reselling of combat equipment	0%
Military Non-Combat Equipment	Production	Production of non-combat equipment: non-combat military vehicles; electronic equipment, software, and simulators; equipment for the manufacture of military equipment; and training equipment. In all cases this equipment must be designed or modified on the basis of military specifications.	10%
Military Non-Combat Equipment	Services	Services related to non-combat equipment	10%
Military Non-Combat Equipment	Distribution	Reselling of non-combat equipment	10%
Civilian Firearms	Production, sales or provision of services	Civilian firearms, including assault weapons, automatic firearms, semi-automatic firearms, repeating firearms, single-shot firearms, ammunition or high capacity magazines	0%
Controversial Weapons	Production or trading or supply of key components	Controversial weapons. Including anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, incendiary weapons	0%

Ethical Factors

Factor	Involvement	Definition	Threshold (% of Revenue)
Abortifacients	Production	Development or manufacturing of abortifacients for abortion	No restriction
Abortifacients	Distribution	Wholesale or retail distribution of abortifacients for abortion	No restriction
Abortifacients	Marketing or promotion	Marketing and promotion of abortifacients for abortion	No restriction
Abortion	Provision	Elective or non-elective/emergency abortions	No restriction
Alcohol	Production	Production of beer/wine/spirits	0%
Alcohol	Sales / Marketing	Wholesale or retail sales of all types of alcoholic beverages. Licensing, marketing or promotion of all types of alcoholic beverages	No restriction

Alcohol	Services	Provision of equipment or services to producers or sellers of alcoholic beverages	No restriction
Animal Welfare – Factory Farming	Production	Intensive agricultural operations with the purpose of producing food, including meat, eggs and dairy	Subject to norms around animal welfare and environmental standards
Animal Welfare – Aquaculture	Production	Commercial aquaculture	No restriction
Animal Welfare – Commercial Fishing	Production		0%
Animal Welfare – Fur	Production	Breeding / hunting / trapping animals. Processing of furs.	0%
Animal Welfare – Fur	Sales	Retail or wholesale of clothing, footwear and accessories made from furs	No restriction
Animal Welfare – Animal Testing	Testing	Animal testing not related to medical, pharmaceutical or food, or not in accordance with accepted international standards and regulations. (Note: this restriction is intended to exclude companies utilizing animal testing for products without significant benefit to humans or animals (such as cosmetics), or excessive or unnecessary testing or testing not undertaken in a manner intended to limit the extent and impact on animal subjects)	0%
Cannabis	Production, Distribution	Cultivation, processing and production of cannabis products for non-medical usage	0%
Contraceptives	Production	Development and manufacturing of all types of contraceptives, including drugs and devices	No restriction
Contraceptives	Sales and Marketing	All types of contraceptives, including drugs and devices	No restriction
Correctional Facilities	Operation	Operation of correctional and/or detention facilities, including immigration detention centres	0%
Euthanasia	Production	Production of drugs designed or approved for human euthanasia	No restriction
Euthanasia	Provision	Involvement in active euthanasia or assisted suicide	No restriction
Gambling	Operation	Operation or management of activities involving the wagering of money	0%
Gambling	Distribution	Retailing of low risk gambling items such as lottery tickets	No restriction
Gambling	Service	Provision of equipment and services specific to activities involving wagering money	No restriction
GMOs	Production	Production of GM plants and/or animals	No restriction
GMOs	Distribution and Sales	Supply or trading of GM plants and animals or GM products	No restriction
GMOs	Usage	Processing and/or usage of GMO products	No restriction
Hazardous Pesticide	Production and Sales	Pesticides with technical grade active ingredients classified by WHO as highly or extremely hazardous	0%
Hazardous Substances	Production or Import	ChemSec Sin List	No restriction
Hazardous Substances	Production or Import	Candidates for inclusion in the Authorisation List of the EU chemical regulation REACH	No restriction
Hazardous Substances	Production or Import	Chemicals included in Annex XIV of the EU Chemical regulation REACH	No restriction
Nuclear Power	Mining	Uranium mining and processing	0%

Nuclear Power	Generation	Electricity generation from nuclear reactors	10% and > Renewables
Nuclear Power	Services	Provision of key services to nuclear power plants, including technical support, maintenance and management of waste	No restriction
Pornography	Production	Production of explicit content	0%
Pornography	Distribution	Distribution of explicit content	0%
Predatory Financing	Involvement	High interest credit cards, rent-to-own financing and other predatory financial services	0%
Stem Cell Research	Embryonic stem cells	Conducting research using human embryonic stem cells	No restriction
Stem Cell Research	Fetal tissue	Conducting research using human fetal tissue	No restriction
Stem Cell Research	Cloning	Conducting human cloning research	No restriction
Stem Cell Research	Adult and Umbilical cord blood	Conducting research using adult and umbilical cord blood	No restriction
Stem Cell Research	Services	Contracted research or related technologies	No restriction
Tobacco	Production	Manufacturing of tobacco products. Includes growing and processing tobacco leaves	0%
Tobacco	Distribution and Marketing	Involvement in wholesale or retail distribution of tobacco products	No restriction
Tobacco	Other Services	Production or supply of key products necessary and intended for the production of tobacco products (excludes packaging)	0%
Violent Video Games	Production	Production of video games that glorify violence	No restriction

Norms Based Factors

Factor	Involvement	Details	Threshold
Human Rights	Support and respect human rights Ensure non-complicity in human rights abuses	Deceptive, misleading and fraudulent practices Differentiated treatment of consumers on the grounds of disability Differentiated treatment of consumers on the grounds of race Differentiated treatment of consumers on the grounds of gender Differentiated treatment of consumers on the grounds of sexual orientation Differentiated treatment of consumers on the grounds of religious affiliation Differentiated treatment of consumers on the grounds of age Discriminatory treatment of consumers Industrial accident Failure to conduct human rights due diligence Failure to manage cybersecurity Failure to prevent social discrimination Failure to prevent social discrimination on the grounds of gender Failure to prevent social discrimination on the grounds of race Failure to prevent social discrimination on the grounds of sexual orientation Failure to prevent social discrimination on the grounds of disability	Verified failure to respect established norms, with severe consequences and no remediation measures announced or undertaken

		Failure to prevent social discrimination on the grounds of religious affiliation Failure to prevent social discrimination on the grounds of age Failure to respect children's rights Failure to respect the right to self-determination Failure to respect the right to water Failure to remediate forced displacement Failure to respect freedom of expression Failure to respect consumers' rights Failure to respect consumer health and safety Failure to respect the right not to be subjected to torture /inhumane treatment Failure to respect indigenous rights Failure to respect consumers' right to privacy Failure to respect the right to an adequate standard of living Failure to respect the right to health Failure to respect traditional knowledge Failure to respect the right to life Failure to mitigate risk of military/security supplies being used in violation of human rights Failure to pay fair share of taxes Opposition to tobacco control Poor stakeholder consultation	
Labour Standards	Uphold freedom of association and right to collective bargaining Eliminate forced labour and compulsory labour Abolish child labour Prevent discrimination in respect of employment and occupation	Failure to mitigate the impacts of the production / use of hazardous substances on workers Failure to prevent child labour Failure to prevent forced labour Failure to prevent workplace discrimination Failure to prevent workplace discrimination on the grounds of gender Failure to prevent workplace discrimination on the grounds of race Failure to prevent workplace discrimination on the grounds of sexual orientation Failure to prevent workplace discrimination on the grounds of age Failure to prevent workplace discrimination on the grounds of religious affiliation Failure to prevent workplace discrimination on the grounds of disability Failure to provide equal pay for work of equal value Failure to respect the right to an adequate living wage Failure to respect the right to just and favourable conditions of work Failure to respect the right to safe and healthy working conditions Failure to respect union rights Sexual harassment in the workplace Union avoidance Worst forms of child labour Supply chain – use of controversial suppliers or subcontractors Lawsuit	Verified failure to respect established norms, with severe consequences and no remediation measures announced or undertaken
Environmental	Support precautionary approach to	Failure to assess environmental impacts Failure to mitigate climate change impacts	Verified failure to respect established norms, with severe

	environmental challenges Promote environmental responsibility Encourage development and diffusion of environmentally friendly technologies	Failure to mitigate the production / distribution of hazardous substances Failure to prevent deforestation / illegal logging Failure to prevent depletion of biodiversity Failure to prevent air pollution Failure to prevent oil spill Failure to prevent pollution Failure to prevent soil pollution Failure to prevent water pollution Opposition to climate change mitigation Poor nuclear safety, Poor waste management	consequences and no remediation measures announced or undertaken
Business Malpractice	Businesses should work against corruption in all its forms, including extortion and bribery	Accounting fraud Anti-competitive behaviour Failure to prevent bribery Failure to prevent money laundering	Verified failure to respect established norms, with severe consequences and no remediation measures announced or undertaken
Economic and Trade Sanctions	Businesses should comply with international trade restrictions and sanctions	Violation of international sanctions Identified as subject to sanctions imposed by national and multi-national sanctioning authorities, including the following <ul style="list-style-type: none"> - Australia's Department of Foreign Affairs and Trade - Canada's Department of Foreign Affairs, Trade and Development - European Union - Japan's Ministry of Finance - Switzerland's State Secretariat for Economic Affairs - United Kingdom's Her Majesty's Treasury - United Nations - United States's Department of the Treasury Office of Foreign Assets Control (OFAC). 	Verified failure to comply with international sanctions and no remediation measures announced or undertaken Identification as a designated entity under nominated sanctions regimes

Notes:

Thresholds, where applicable, apply to net sales revenue. Exceptions may be made where the relevant businesses are marked for sale or closure, or the nature of the involvement is trivial and unrelated to the primary operations of a company. Exclusions related to fossil fuel based generation do not apply to cogeneration or backup power supply for business whose primary activities do not include electricity generation. The threshold for involvement in distribution and services related to the fossil fuel industry() is an aggregate threshold covering involvement in all forms of fossil fuels and all types of related services. The exclusion relating to weapons and military products relates to products specific to these applications and does not cover military specification versions of products sold for other commercial applications.*

Norms based factors are assessed with reference to internationally recognized frameworks including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles for Business and Human Rights.