

Harmful activities policy for Natural Resources strategies.

There are certain business activities which are particularly harmful to the environment or society, or where there is a well-founded risk that the activity may be particularly harmful to the environment or society without enough evidence or information to rule out this risk. The Responsible Investing Committee has considered this issue and decided that where more than five percent of a company's revenues comes from one or more of these activities, the company is not eligible for inclusion in the Natural Resources universe.

These activities may change from time, as decided by the Responsible Investing Committee.

The Portfolio Managers must include the percentage of revenues from these activities with their request for a company to be added to the universe.

It is understood that in some cases an exact breakdown of revenues may not be available, and in these cases Portfolio Managers should use the same estimation process as used in the annual RASS exercise. For the avoidance of doubt, where no data is available from the MSCI ESG Research screening service, the Committee will accept the methodology used in RASS. In the event of a disagreement or uncertainty about the percentage of revenue coming from the controversial activity, the Committee's decision will be final.

Where for any reason a company is held which has revenues in excess of the 5% threshold, or other threshold set out in this policy, the company must be sold from the portfolio within three months of this becoming known to the portfolio managers, with the exception that in the case of companies which are already in the portfolios at the date that this policy is first adopted, the stock must be sold from the portfolio within six months of the policy being adopted.

The RI Committee may grant a temporary exception, at the request of the CIO, where there is evidence that the threshold breach is likely to be rectified soon via, for example, the sale of a business unit or other corporate action, where the company has given a firm indication that a sale is under way or will be imminently.

For the avoidance of doubt, the supply of services or goods to companies which carry out the activities is not precluded.

The list of harmful business activities is below.

- Fracking for the purposes of extracting oil or gas
- Private prisons
- Companies which derive more than 5% of their revenues from the manufacture and retail of civilian firearms and ammunition; from weapons systems, components, and support systems and services; and from the production of nuclear weapons.

- Companies which derive more than 25% of their revenues from thermal coal-based power generation and/or the mining of thermal coal* and its sale to external parties.

*including lignite, bituminous, anthracite and steam coal

This version of the policy was amended and approved by the Responsible Investing Committee in May 2022.