EXCLUSION POLICY

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Isatis Capital is an independent French asset management company specialising in the development of innovative, growing small and medium-sized enterprises (SME). Isatis Capital invests in businesses operating mainly in the digital, health, services and high-tech sectors, with a B2B approach in particular.

Isatis Capital's investment philosophy is based on the belief that considering environmental, social, and governance (ESG) issues is essential to the creation of sustainable value and performance of the businesses mentioned above.

In support of these convictions, Isatis Capital has published an ESG Charter and, since the end of 2017, has an ESG policy, both of which are available on its website.

In 2018, Isatis Capital signed the United Nations Principles for Responsible Investment (PRI). It has also adhered to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)[1] since April 2021.

In December 2021, Isatis Capital also joined the International Climate Initiative (ICI)[2], originally called 'Initiative Climat 2020', a French project launched in 2015 in France and now supported by the UN PRI as a way to bring together and mobilise private equity players wishing to make a concrete contribution to the fight against climate change.

In line with this ESG approach, Isatis Capital decided in 2021 to adopt this exclusion policy regulating investments in companies associated with the sectors described below.

GENERAL PRINCIPLES OF ISATIS CAPITAL'S EXCLUSION POLICY

- Isatis Capital's primary mission is to act in the best interests of its investors. Adopting this exclusion policy will not likely alter the risk/return profile of the funds managed by Isatis Capital.
- The adoption of this exclusion policy reinforces the ESG measures already in place at Isatis Capital by clearly and transparently excluding sectors that the Company's analysis finds to have direct or indirect adverse impacts on environmental, social, and governance issues. As such, this exclusion policy is part of Isatis Capital's broader responsible investment policy.
- For certain controversial sectors with proven significant adverse impacts and/or for which viable alternatives exist, Isatis Capital applies a complete exclusion. In contrast, Isatis Capital has set materiality thresholds for other activities with more nuanced impacts and/or for which viable alternatives do not yet exist.

[1] The Task Force on Climate-related Financial Disclosures (TCFD) is a private-sector working group launched within the Financial Stability Board (FSB) in 2015 at the request of the G20. The TCFD published recommendations in 2017 to structure the disclosure of clear, comparable, consistent information on climate risks and opportunities.

[2] https://www.franceinvest.eu/nos-engagements/esg/initiative-climat-international-ici

- The exclusion list will be reviewed periodically and at least once a year. This policy will be updated accordingly.

Isatis Capital has identified two main categories of exclusions:

- Norm-based exclusions[3], aimed at excluding issuers in violation of national and international regulations, international conventions and treaties signed by France, and the United Nations Global Compact.

- Sector-based exclusions[4], which are aimed at excluding an issuer whose activities are considered controversial according to Isatis Capital's ethical and moral convictions.

With respect to the scope of activity, this exclusion policy applies to all funds managed by Isatis Capital.

Moreover, its provisions apply to both unlisted investments — Isatis Capital's core business — and listed investments[5].

IMPLEMENTATION OF THE EXCLUSION POLICY

Unlisted universe

The integration of the exclusion policy throughout the investment made by Isatis Capital and, in particular, in connection with:

- Selection and initial investment, from when investment opportunities are preselected to negotiation and closing.
- Monitoring of the portfolio company, with a review at least once a year and if a major event concerns the business.

Compliance with the exclusion policy is assessed case by case and must be ensured at two levels:

- Direct activity of the business: the business does not engage directly in the controversial sector according to the thresholds set below.

- Shareholding: the business does not own shares in other companies and/or is not owned by other companies involved in controversial sectors. This is verified case by case and applies to possible control situations and blocking minority situations.

If Isatis Capital finds that a business in which one or more of its funds are invested fails to comply with its exclusion policy in one or both of the above cases, it will take the exclusion factors into account in the management of its tools and powers according to the adopted ownership scheme.

[3] Norm-based exclusions, definition: https://www.novethic.fr/lexique/detail/exclusion-normative.html
[4] Sector-based exclusions, definition: https://www.novethic.fr/lexique/detail/exclusions-sectorielles.html
[5] Mainly used for the liquidity needs of the funds.

- **Listed universe**

In terms of listed investments, Isatis Capital invests primarily in the following two main categories:

- Listed equities: compliance with the exclusion policy is verified at the time of acquisition and at least once a year. Isatis Capital ensures that the business does not engage directly in the controversial sector(s) according to the thresholds set out below.

- Listed collective investment schemes: Isatis Capital cannot directly control investments made by the collective investment schemes. However, it will ensure that the fund manager has an exclusion policy and/or an ESG policy in line with our convictions and will, where possible, favour funds with an ESG policy. However, the failure of listed funds to take ESG and sustainability issues into account is not a reason to abandon our investment, as these funds essentially meet the liquidity needs of our funds in the best interests of the holders.

NORM-BASED EXCLUSIONS

Isatis Capital excludes the businesses listed below:

- Businesses that do not comply with the Ottawa Convention of 18 September 1997 on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-Personnel Mines and on their Destruction and the Oslo Treaty of 3 December 2008 on Cluster Munitions[6].

- Businesses in serious violation of the United Nations Global Compact[7]. The Global Compact covers four main areas: Human Rights (HR), Labour Rights (LR), Environment (ENV), and Anti-Corruption (COR):
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  - **HUMAN RIGHTS**

  Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

  Principle 2: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

  - **LABOUR**

  Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

  Principle 4: Elimination of all forms of forced and compulsory labour.

  Principle 5: Effective abolition of child labour.

  Principle 6: Elimination of discrimination in respect of employment and occupation.

  - **ENVIRONMENT**

  Principle 7: Businesses should support a precautionary approach to environmental challenges.

[6] France transposed these texts into national law on 8 July 1998 and 20 July 2010 respectively.

[7] Launched by the United Nations in July 2000, the Global Compact provides a framework of commitment based on 10 universally accepted principles relating to respect for human rights, international labour standards, the environment, and anti-corruption.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Businesses located in and/or conduct business with countries that do not comply with the provisions of the Financial Action Task Force (FATF) on combating money laundering and terrorist financing.

SECTOR-BASED EXCLUSIONS

In addition to norm-based exclusions, Isatis Capital has also identified the following sector-based exclusions in line with its convictions. These sector-based exclusions are determined by identifying the controversial sector and/or sub-sectors of concern and the business's type of activity[8].

COAL

The Paris Agreement[9] is the world's first legally binding agreement on climate change. Its aims include keeping the rise in global temperature well below 2° C above pre-industrial levels and continuing efforts to limit the temperature increase to 1.5 °C.

The continuous rise in carbon emissions is responsible for increasing temperatures and climate changes due to human and economic activities. Coal plays a key role in this rise because it is the principal source of greenhouse gases (GHG). GHG sources include coal (39%), oil (30%), and natural gas (19%)[10].

Isatis Capital wishes to contribute to this objective and will not invest in companies whose principal activity is coal mining and/or the production or sale of coal-based energy.

Isatis Capital is also generally committed to excluding investments in businesses that promote new development projects relating to coal mining and/or coal power generation.

Sub-category	Threshold (% of revenue)
Coal mining and production	0%

OIL & GAS

[8] Including any parent and/or subsidiary companies for unlisted investments.

[9] The Paris Agreement was adopted at the Paris Climate Conference (COP21) in December 2015. See also: https://ec.europa.eu/clima/policies/international/negotiations/paris_fr

[10] https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2020-12/datalab_81_chiffres_cles_du_climat_edition_2021.pdf (Page 30)

As stated above, Isatis Capital wishes to contribute to limiting global warming and is committed to strictly limiting its investment in businesses whose primary activity is extracting and refining oil and gas.

In addition, Isatis Capital recognises that oil and gas are primary energy sources today and that it will take some time to move away from them and transition to alternative energy sources. We therefore do not exclude businesses providing services and/or products relating to oil activities.

Sub-category	Threshold (% of revenue)
Oil and gas extraction and refining	0%

UNCONVENTIONAL FOSSIL FUELS

Isatis Capital also wishes to exclude investments in businesses involved in producing and selling unconventional fossil fuels[11].

Sub-category	Threshold (% of revenue)
Production and sale of unconventional fossil fuels	0%

WEAPONS

Isatis Capital defines the following two categories of weapons:

- Controversial weapons: This category includes anti-personnel mines, cluster bombs, depleted uranium weapons and armour, chemical and biological weapons, nuclear weapons, and the use of white phosphorus. These weapons are considered controversial because of their indistinct and particularly harmful impact on the affected territories and civilian populations.

- Conventional weapons: This category includes small arms, ammunition, missiles, bombs, and military vehicles.

In general, Isatis Capital excludes any investment in businesses engaged in producing, selling, supplying, and maintaining controversial weapons systems.

Isatis Capital also excludes any activity relating to producing and selling arms and ammunition, whether for a controversial or conventional weapons system.

In addition, Isatis Capital recognises that high-tech, components, or services with various essential civilian applications (aeronautics, space, transport, electronics, semiconductors, etc.) may nevertheless also have military applications or opportunities. These technologies and know-how are necessary for developing a high-value-added civilian industrial sector, innovation, increased skills, qualified employment, and the associated education system. Isatis

[11] Such as oil shale, oil sands, methane hydrates, peat, shale gas, shale oil, coal bed methane, and coal gas.

Capital does not wish to exclude these other civilian activities from its investment scope, even though they may relate to the conventional weapons category.

Sub-category	Threshold (% of revenue)
Any activity relating to controversial weapons	0%
Production and sale of weapons and ammunition (for controversial and conventional weapons systems)	0%

ALCOHOL

According to the World Health Organisation (WHO) reports on alcohol consumption[12], 3.3 million deaths result from harmful use of alcohol worldwide every year. This represents 5.9% of all deaths. Also, harmful use of alcohol is an aetiological factor in more than 200 diseases and injuries.

Isatis Capital recognises that excessive consumption of alcoholic products has a detrimental impact on society in terms of physical and mental health and wishes to limit its investment in these activities without excluding them completely.

Activities relating to the production and sale of alcohol are entirely excluded. Agricultural activities that could be aimed at industry and beverage producers are not excluded as long as these activities do not represent more than 20% of the business's revenue.

Sub-category	Threshold (% of revenue)
Production and sale of alcohol	0%
Agricultural activities for the alcohol industry	20%

TOBACCO

According to WHO figures, 'Tobacco kills up to half of its users, with a total of 8 million deaths each year. Over 80% of the world's 1.3 billion tobacco users live in low- and middle-income countries[13].'

Isatis Capital recognises that tobacco is a major cause of death, disease, and impoverishment and that there is no threshold below which smoking (including passive smoking) is safe.

Isatis Capital is therefore committed to excluding from all investments any activity relating to the production and sale of tobacco products. More specifically, the following are considered tobacco products and therefore covered by Isatis Capital's exclusion policy:

- Traditional tobacco industry products, such as cigarettes, smokeless tobacco products, cigars, cigarillos, rolling tobacco, and pipe tobacco.

[12] Source: WHO, 21 September 2018: https://www.who.int/news-room/fact-sheets/detail/alcohol
[13] Source: WHO, 27/05/2020: https://www.who.int/news-room/fact-sheets/detail/tobacco

- New tobacco products and products containing nicotine, such as heated tobacco products and e-cigarettes.

Sub-category	Threshold (% of revenue)
Production and sale of conventional tobacco products	0%
Production and sale of new tobacco products	0%

NARCOTICS

According to the United Nations World Report 2019, 35 million people worldwide suffer from drug use disorders and require treatment services[14].

Isatis Capital does not invest in businesses whose activities relate to the production, trade, storage, and transport of psychoactive substances. This exclusion does not cover activities relating to the therapeutic use of psychoactive substances.

Sub-category	Threshold (% of revenue)
Production, trade, storage, and transport of psychoactive substances	0%

PORNOGRAPHY

Isatis Capital strictly excludes any business associated with pornographic activities, even if they are legal.

Sub-category	Threshold (% of revenue)
Production, trade, storage, and transport of pornographic products or products associated with pornographic activities	0%

GAMBLING

Isatis Capital does not wish to invest in gambling-related businesses, even if this activity is legal.

Sub-category	Threshold (% of revenue)
Production, trade, storage, and transport of gambling products	0%

[14] Source: United Nations, World Report 2019: https://www.unodc.org/unodc/en/frontpage/2019/June/world-drug-report-2019_-35-million-people-worldwide-suffer-from-drug-use-disorders-while-only-1-in-7-people-receive-treatment.html

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