

Protea Orcadia Global Selection Sustainability Policy

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The founders and employees of Orcadia AM are convinced that financial investments can have an important role in how we shape the world and, in our view, a positive impact can be obtained in several ways like for example thematic investments (clean energy, water, ...). We have chosen for a holistic approach including certain economic sectors which some would consider as inherently unsustainable or ESG-unfriendly, such as metals and mining of cement production to name but two. Not only are those sectors often necessary for economic development but we also strongly believe that through his investments an investor can nudge companies and countries to make efforts. This explains our choice for the “best in class” approach since it is a positive approach by selecting the leaders versus the laggards within a sector. This pushes companies to improve in order to become (or stay) investable. In our view exclusion of complete sectors would take away the carrot for improvement (why improve if independently of your efforts you will not become investable anyway). However, some kind of behavior or sectors are not in line with our values and philosophy and are for us “uninvestible”.

This document describes the approach used within both Protea Orcadia GS fund compartments (Balanced and Dynamic). The document is structured along the different stages we apply in our ESG-process:

1. Controversy screening and exclusions
2. Best-in-class approach
3. Engagement

1. Controversy Screening and Exclusion Policy

UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact formulates 10 universal sustainability principles which relate to human rights, labor, environment and anti-corruption. Companies which are severely violate these principles are automatically excluded from the investment universe of our funds. Compliance with this rule is assured as a company must either be included in a relevant MSCI ESG index or pass a screening by the portfolio managers.

TOBACCO

The long-term negative effects of tobacco consumption not only on the user but also on his or her environment has been clearly proven in the past. As such we exclude all companies which derive 5% or more of their revenue from the production of both traditional tobacco products, tobacco-related

products (such as e-cigarettes) and supporting services such as filters, smoking halls and the like. Companies that derive more than 15% of their aggregate revenues from the sales and distribution, of such products are excluded also.

WEAPONS AND WEAPON SYSTEMS

Weapons and weapon systems such as nuclear warheads, cluster munition, anti-personal and landmines, depleted uranium, biological & chemical weapons as well as incendiary weapons (like for instance white phosphorus) are considered to be controversial weapons. Companies which have any tie to these weapons systems are automatically excluded from the investible universe as these kinds of weapons have a disproportionate and arbitrary impact on the civilian population

Companies that derive more than 10% or more of their revenues (5% for the production of firearms and ammunitions for civilian markets) from the production of conventional weapons and related are excluded.

COAL AND UNCONVENTIONAL OIL & GAS

More than other sources of fossil fuels coal and unconventional oil and gas pose environmental, climate and social risks. While it is clear that our society will continue to depend for years to come on fossil fuels to function, we think that it is important that in order to reach the Paris agreement this kind of fossil fuels should be discouraged the most. As such we exclude companies deriving 5% or more of their aggregate revenues from thermal coal mining (including lignite, bituminous, anthracite and steam coal) or from unconventional oil and gas extraction (such as oil sands, shale oil, shale gas, oil shale (kerogen-rich deposits), coal seam gas and coal bed methane)

ELECTRICITY GENERATION

As electricity produced by burning coal is significantly more polluting than electricity produced from other sources of fossil fuels, we excluded all companies that derive 5% or more revenue from thermal coal-based power generation.

While during the production of electricity through nuclear power there are no CO₂ emissions, we see – at least for the time being – nuclear energy not as a viable solution to reach the Paris climate goals. Until science finds, at least a partial solution, for the nuclear waste produced during the production of electricity, nuclear energy will remain controversial. Radiation is a significant risk for the health of man, animals and plants alike. Moreover, a significant part of the waste will stay radioactive for centuries thus creating a risk for many generations after ours. As such electricity companies that derive 10% or more of their aggregate revenue from nuclear activities are excluded.

CONTRACTS ON AGRICULTURAL COMMODITIES

Orcadia AM doesn't want to be involved in any speculation on food, which is a basic necessity for everyone on the planet. As such the funds will not invest in any soft commodity futures or contracts.

The exclusion of commodities goes beyond soft commodities and encompasses all raw materials. This strict approach is driven by our desire to avoid the controversies which are often linked to the

production of commodities. Moreover, we wish to offer our clients clear, easy to understand, plain vanilla products.

CONTROVERSIAL REGIMES

Orcadia AM doesn't want to finance in any way controversial regimes, which we define as countries with (1) high levels of corruption, (2) fundamental breaches in human rights or (3) a complete lack of political freedom. It is clear that countries subject to international sanctions as specified by the United Nations Security Council Sanctions list or under an "asset freeze" from the European Union are also excluded from financing. Those jurisdictions which are considered by the Financial Action Task Force as high risk and subject to a "Call for Action" are considered uninvestible also. As such the fund is not allowed to directly invest in debt issued by these countries, their state-owned companies or in equities whose primary listing is in these countries

OTHER EXCLUSIONS

Are also excluded from the investible universe those companies that derive 10% or more of their revenues from the production of alcohol-related products. The same threshold is applied for companies deriving at least 10% of revenues from the ownership or operation of gambling-related business activities.

Additionally, to the subsector exclusion factors we have a negative screening on companies which are considered to be involved in (very) severe controversies. We base ourselves on the exclusion list of both Nordea¹ and Norges Bank² as both institutions are highly respected within the responsible investment community. Direct equity investments as well as investments in corporate bonds must adhere to the exclusion list compiled by Financité³ through their so-called "Liste noire Financité" which checks the adherence by the company to the principles of the international conventions which have been ratified by the Belgian Kingdom⁴ on human, social and civil law as well as on the environment and governance. Given that the "Liste noire Financité" is a compilation of several blacklists only companies that are mentioned by at least 2 independent sources are excluded. This in order to avoid potential biases.

IMPLEMENTATION OF THE EXCLUSION POLICY WITHIN THE FUNDS OF ORCADIA AM

Investment is not allowed in companies which do not pass the exclusion process described above. Investments already present in the fund that no longer pass the exclusion process must be sold within 3 months. This negative screening of the existing portfolio is done biannually.

In case there would be a new (very) significant controversy on a potential investment which is not excluded (yet) in the negative screening, the investment managers will refrain from investing in this asset awaiting the updated screening. In case a potential very significant controversy would emerge on a company or country already in the portfolio, the portfolio manager will describe the issue based on publicly available sources and present it to the Investment Committee of Orcadia AM. Given that

¹ <https://www.nordea.com/en/sustainability/sustainable-business/investments/exclusion-list/>

² <https://www.nbim.no/en/responsibility/exclusion-of-companies/>

³ <https://www.financite.be/fr/article/liste-noire-financite>

⁴ We use this additional layer as a (very) significant part of our investors (and potential investors) are either Belgium-based or have an affinity with the country

the ESG-principles are at the core of our investment process and at Orcadia AM at large, all major ESG issues are discussed here and a final decision is taken by the Committee. If the Investment Committee, based on the case put forward by the investment managers, decides that the controversy is effectively to be considered as (very) significant all investments in the company must be sold within the 3 months following the decision.

2. Best-in-class process

The exclusion policy described in above is only the first step in the sustainability process of the fund. The second, cumulative, step is a “best in class” approach, where, as implied by its name, the best scoring companies within a sector are withheld.

A. Individual Lines

This part describes the direct investments made within our funds, be it equity or bonds. It does not apply to indirect investment through either ETF’s, funds or the like

EQUITY INVESTMENTS IN “LARGE CAPS”

We consider a company to be a large cap if its capitalization is sufficiently high to be included in the relevant regional MSCI Standard Index.

For large cap equity investments, a first screening is made based on the membership of the MSCI ESG index of the region. A company which is a member of the standard MSCI index but not a member of the MSCI ESG-index of the same region cannot be included within the portfolio as we want the large caps within the selection to be among the 50% best performers in their sector on the ESG criteria from MSCI.

The rating from MSCI (from CCC – the weakest to AAA – the very best) is the first element in determining our internal assessment of the company (from “below average” over “average”, “above average”, “good”, “very good” to finally “excellent”), which lead to an ESG advice “can be bought”, “Can be maintained” or “to be sold”. However, given that non-financial assessments are more prone to discussion than financial figures and we want to avoid to invest in companies which would be viewed as clearly below average by other evaluators, we make a crosscheck based on the views of S&P⁵ (formerly RobecoSAM) and Sustainalytics⁶. If this crosscheck does not contradict the rating of MSCI the final internal assessment (see above) is attributed and the company can be included in the portfolio. If however based on the crosscheck we arrive at the conclusion that the MSCI rating might paint a too rosy image, we will evaluate on publicly available information if a significant issue might effectively be present. If this would be the case, the stock will be excluded from the investible universe. In this case no new investments may be made in the stock and all existing positions must be sold withing 3 months. If the information would be inconclusive, the issue will be discussed in the investment committee which will have the final word on the exclusion out of the investible universe.

⁵ Obtained from Bloomberg data feed

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Bi-annually, the portfolio managers check both the inclusion within the relevant regional MSCI ESG-index and the ESG-scores as calculated by MSCI, Sustainalytics and S&P. The internal assessment should be at least “above average” in order for the position to be maintained within the fund. If this is not the case the position must be sold within the next three months.

EQUITY INVESTMENTS IN “SMALL CAPS”

We consider a company to be small if its market capitalization is too low to be a member of a regional MSCI standard Index. Given that they are not a member of the standard index by construction the company cannot be a member of a regional ESG-index. However as we do not automatically want to exclude investments in small(er) companies, the non-membership of an ESG-index is no issue for as long as the company isn’t a member of the Standard Index either (in which case we would consider the company a “large cap”).

If and when available, the rating from MSCI is, similarly to the large caps approach, the first element in determining the internal assessment of the company. Again similarly to large caps above, if available, a cross check is made based on the views of S&P and Sustainalytics. If this crosscheck does not contradict the rating of MSCI the final internal assessment (see above) is attributed and the company can be included in the portfolio. If however based on the crosscheck we arrive at the conclusion that the MSCI rating might paint a too rosy image, we will evaluate on publicly available information if a significant issue might effectively be present. If this would be the case, the stock will be excluded from the investible universe. In this case no new investments may be made in the stock and all existing positions must be sold within 3 months. If the information would be inconclusive, the issue will be discussed in the investment committee which will have the final word on the exclusion out of the investible universe.

If no MSCI ESG rating would be available the decision on inclusion in the investment universe will be made on the internal assessment which in this case would be solely based on S&P and / or Sustainalytics.

If no ESG rating would be available from either MSCI, S&P or Sustainalytics the internal assessment is made based on publicly available information and discussions with company management and/or investor relations and this both based on both quantitative and qualitative elements.

Annually (or ad hoc if a significant change in the situation would warrant it) the smaller companies in the portfolio are evaluated based on the internal assessment of the company (see above). Given that for small(er) companies it is typically harder to obtain very good ESG-scores, companies with the internal advice “can be maintained”, typically companies whose ESG-credentials are more or less in line with their sector, there is no obligation for the investment manager to sell them within 3 months. Positions can however only be maintained and not increased (only allowed for companies with the advice “can be bought”). Companies with the internal advice “to be sold” must be eliminated from the company within 3 months after publication of the advice.

INVESTMENTS IN CORPORATE BONDS

For investments in corporate bonds the approach is very similar to the one in equity investments. If the parent company of the bond emission is a large cap it suffices to follow the approach described within equity in order to be allowed to include the “large cap bond”. The evaluation of existing “large cap bonds” is done in a way similar as the one described in the “large cap equity” approach.

In case the parent company is either a small(er) cap or an unquoted company, the approach as described in the small cap equity part above should be used. The evaluation of existing “small cap bonds” is similar to the one described in the “small cap equity” part.

In case of a negative evaluation of existing positions in either large or small cap bonds, the entire position must be sold within the next 3 months. In case of doubt the decision should be escalated to the investment committee

INDIVIDUAL LINES IN SOVEREIGN BONDS

While for equities and corporate bonds we can – at least for part of the universe – rely on external sources in order to assess the extra-financial ESG-criteria this is not / less the case in sovereign bonds. As such we have developed an in-house ESG-methodology for this kind of investments.

In order to attribute a sustainability rating for a country we start from the notion that “sustainable development is a development that meets the need of the present without compromising the ability of future generations to meet their own needs”.

In our view this is not limited to the protection of the environment but should also allow the population to thrive and advance both socially (i.e. education) and governance wise (i.e. freedom of speech). We attribute to each of those elements (E, S & G) the following weights. Note that – in line with what we view as best practices – we give a higher weight to the governance aspect as it is in our view (together with potentially the social dimension) the main lever a country has as good governance will create a stable and free environment allowing the two other elements to be reached due to the willingness of companies and citizens to invest for the longer term under such conditions.

Environmental dimension (20% weight): High environmental challenges can have a significant impact both directly through the cost of repairing the damage and indirectly through the increased health costs and loss of productivity thus reducing the fiscal strength of the country and the sustainability of its finances. High dependence on fossil energy increases the vulnerability of the country given the risk of abrupt price movements or even supply shortages.

Social dimension (30% weight): a weak social climate dominated by labor unrest, inequality or lack of participation can create significant investment risks. It can evolve in violent turmoil disrupting trade and / or manufacturing and paralyze policymaking. Moreover, in more extreme cases it can lead to popular uprising and thus to the inability or unwillingness for the country to honor its promises.

Governance dimension (50% weight): Good and honest governance is not only important for the people inhabiting a country but also for investors. Freedom of the press to expose dishonesty, a strong rule of law and a low corruption index are important parameters to evaluate to which extent public power is exercised to protect the interests of a small group at the expense of the economy and society at large.

The calculation of the scores we attribute to different countries are based on the detailed database of the United Nations but also on other data such as Bloombergs Healthcare System. For each data point we apply a normalization process based on a z-score. Scores between 0 and 1 are assigned based on the average and standard deviation within the distribution of the sample of data points. Those z-scores enable a comparison with its peers. The global score of a country is the weighted z-score for the

different elements shown above and is updated yearly. To evaluate the proprietary model, we compare the obtained score with the information and ranking that is produced by SolAbility⁷

In order to be allowed to include a country the obtained z-score must be at least 50%. In the event that – due to events during the year (i.e. dictator taking power, very significant deterioration of freedom of the press, ...) – in all likelihood the ranking of a country would fall below the 50% threshold, all new investments in this country will be suspended. Existing positions however must not be sold immediately. Sovereign bonds from a country which is no longer deemed “investible” based on the country sustainability rating after an update of the bond-ranking must be sold within 3 months.

B. Third Party Funds and ETFs

INDEXED FUNDS AND ETFs

In order to be accepted as an investment, indexed funds or ETFs must have one of the local MSCI ESG / SRI indices or a similar well-recognized provider as benchmark.

ACTIVE FUNDS AND ETFs

A first selection (filter) to reduce the vast universe of active funds is through a filter based on reputable data-providers such as MSCI (Fund Ratings) or Morningstar (Globes). In order to be included a fund should have either a minimum of 3 Morningstar globes or an MSCI Fund rating of BBB, which would mean the fund is above average compared to its peers. If those sources would not be available the presence of a label such as LuxFlag, Towards Sustainability or a similar reputable label agency would suffice also.

When investing in third party active funds we want to gain an understanding of the overall philosophy on responsible investment / ESG and how it compares with our own beliefs and policy. Ideally this understanding comes from a thorough one-to-one discussion with the lead investment manager(s) of the fund. However, given that Orcadia AM is both still a young and relatively small investment company this is not always possible. In this case we have discussions with the specialized sales or attend presentations to be able to form an idea of the investment approach, the ESG-policy and its role within the investment strategy.

During the one-to-one sessions we try to obtain – besides of course the general investment approach which must adhere to the way we want to invest – a better understanding of how the ESG-factors are incorporated within the decision-making process (i.e. investment universe, allocation, portfolio construction and follow up) and what weight they have within the decision-making process and the investment decisions. Often this is done through the use of examples of investments within the portfolio of the fund in question.

Ideally, we arrive at the selection of an experienced manager which has a long term investment philosophy on responsible investments which is closely aligned with our views and who is able to thoroughly demonstrate how ESG-factors are integrated in their research and investment decisions. We are however – given that we are a young company ourselves – willing to work with managers that are new to the ESG investment philosophy for as long as they are committed to being aligned with our philosophy on responsible investment.

⁷ <https://solability.com/the-global-sustainable-competitiveness-index/the-index/>

Annually the funds in the portfolio are evaluated to make sure that they still pass the inclusion filter of either a minimum of 3 Morningstar Gobes or an MSCI Fund Rating of BBB. In case there is no information available from either source a label from a reputable ESG-labeler would suffice also. We have on a regular basis meetings with the fundmanagers and / or sales representatives if unable to meet the manager of the funds in which we invest in which we evaluated the adherence of their approach with ours. In case the fund would no longer pass the updated filter or if we would arrive at a negative philosophy adherence conclusion, the position will be sold within the next three months.

C. Derivatives

Derivatives can be very useful within the portfolio construction process of a fund as it allows the manager to quickly take positions in certain markets or help protect the portfolio in tumultuous market conditions as they can be invaluable to reduce the overall risk in the portfolio (short futures or option strategies). They can also be an attractive source of return when selling put or call options in volatile markets.

If the derivative in which the fund manager wants to invest is a direct line the investment is only allowed if the underlying would be acceptable from an ESG angle.

Derivatives on equity indices present a challenge from an EGS part of view. They are rarely available (or if it is the case sufficiently liquid) on ESG-indices but they can offer significant value for the investor due to their non-linear outcome (i.e. downside protection while keeping upside potential). Given these benefits our ESG policy allows the use of these instruments on “traditional” indices for as long as it represents a (very) limited and temporary situation (not continuously present in the portfolio).

D. Cash and cash-like instruments

For as long as the deposit bank or the short term instruments used are not in violation with our exclusion policy no ESG analysis is required for as long as the holding period is less than 1 year.

3. Engagement

Orcadia AM believes that the financial sector has a key role to play in promoting wider sustainability. Orcadia AM was created with the idea of enabling investors to invest sustainably without compromising performance, and, through our success, push other asset managers to become more sustainable. Shareholders can exert pressure on the conduct of the company through different channels: dialogue, protest voting, proposed resolution, alliance with other shareholders via platforms (such as Shareholders for Change and Climate Change 100 +), sell.

Orcadia AM considers that the promotion of sustainable development involves first and foremost investing only in assets from sustainable issuers (thanks to a combination of exclusions and a “Best-in-class” approach, more details can be found in our ESG approach). Orcadia AM considers that investing in unsustainable companies in order to exert pressure during the general assembly is not an effective nor desirable way to promote sustainability. Nevertheless this does not reduce the

importance of engaging with the companies in which the asset manager invests and of behaving as an active shareholder during general meetings.

Orcadia AM believes that it is part of a large and growing community of asset managers who share a desire to promote sustainability and believes that speaking with one voice by this community at general meetings is a good thing as it is a more effective way to put pressure on a company than trying to do it alone.

Our engagement approach uses several degrees of intensity and covers a range of actions such as the exercise of voting rights or bilateral communications.

1) Voting Rights

In order to exercise its voting rights at general meetings, Orcadia AM has entered into a proxy voting contract with ISS, a world leader in the field. Thanks to the contract with ISS Orcadia AM votes at the general meetings of all companies in which our mutual funds are invested. ISS analyses all elements submitted to general meetings and, based on their criteria, which include ESG considerations, indicates, for each point, whether a vote for or against the point submitted to shareholders appears appropriate. As shareholders, the UCITS managed by Orcadia AM are of course free to vote as they wish, without being bound by the contract with ISS but, by default, Orcadia AM's votes will follow ISS's recommendation.

Regarding ESG significance, ISS's Sustainability Policy aims to promote support for recognized global governing bodies promoting sustainable business practices advocating environmental stewardship, fair labour practices, non-discrimination and the protection of human rights.

This policy will take as a reference framework initiatives linked to sustainable development recognized at an international level such as the Financial Initiative of the United Nations Environment Program (UNEP FI), the United Nations Principles for Responsible Investment (UNPRI), the United Nations Global Compact, the Global Reporting Initiative (GRI), the carbon principles, the conventions of the International Labour Organization (ILO), the CERES roadmap for sustainable development, the global Sullivan principles, the MacBride principles and the environmental and social directives of the European Union.

Each of these initiatives promotes a fair, unified and productive reporting and compliance environment that promotes positive ESG actions by companies promoting practices that present new opportunities or that mitigate associated financial and reputational risks. In terms of corporate governance, executive compensation and corporate structure, the sustainability policy guidelines are based on ISS's commitment to creating and preserving economic value and promoting the principles of good corporate governance. Information about what guides ISS's voting recommendations as well as how ISS voted on our behalf is available on our website.

2) Bilateral Communications

While we have decided not to pursue an approach in which we invest in non-sustainable companies and put pressure on their management as an activist, we acknowledge that in certain sectors the durability risks are higher than in others, even for those companies which can be considered to be above average in their sector. We consider the (sub)sectors below as higher risk and as such subject to our approach on bilateral communication.

- Weapons
- Tobacco

- Aerospace and defense sector
- Coal, oil and gas
- Coal-based electricity production
- Manufacture and sale of textiles
- Fishing and agriculture
- Extraction of mineral resources
- Cement
- Maritime transport and aviation

It would however be naïve to think that without a significant investment, the targeted company would consider our propositions and demands or even react to our communication. At Orcadia AM we think that € 25 million, though (very) modest in comparison with market capitalizations of tens or even hundreds of billions of euros, is significant enough to be considered. As such if the investment of a compartment in a company (be it in bonds or equity), active in one of the sectors mentioned above, is higher than this amount, the company in question could be subject to the procedure described below.

In case a company would be subject to the bilateral communication, the sustainability team will evaluate if there are matters on which the sustainability profile of the company in question would be below par or if there are issues to be resolved. If this is the case, one of the members of the team will contact in written the investors relations team of the company in question.

In case the sustainability team is not satisfied with the reaction or does not receive a reaction in a reasonable time-frame, the team will report this to the investment committee. The committee will then decide on further measures to be taken. Examples of such potential measures are:

- Vote against management remuneration
- Vote against administrator remuneration
- Vote against renewal of mandates
- Temporarily (duration determined by the investment committee) exclude the company from the investment universe

The measures taken by the investment committee will depend on the importance and urgency of the points on which there was an engagement with the company. In case the investment committee would decide to exclude the company from the investment universe, all investments must be sold in a reasonable timeframe of no longer than three months.

Information about what is guiding the voting recommendations of ISS as well as how ISS voted on our behalf is available to our clients upon request.