

DE LISLE PARTNERS

Guidelines on Investment Exclusions

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Public

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Approved by: De Lisle Partners Investment Committee

These guidelines outline the criteria adopted as a framework for excluding companies from our investment portfolio based on practices that are inconsistent with acceptable environmental, social, and governance (ESG) standards.

The purpose of this document is to define areas of exclusion and thus promote responsible investment by avoiding companies that significantly violate international norms and standards, or operate in areas or controversial sectors that do not align with our ethical stance.

Exclusion criteria

We aim to exclude companies that are in serious breach of international norms based on the UN Global Compact's Ten Principles, notably systemic human rights violations, child or forced labour, gross environmental damage and clear violations of international law.

Specific sector-based exclusions

We exclude companies involved in the following sectors or activities, particularly when their involvement is significant and there is no transition pathway in sight:

1. Controversial Weapons

We exclude all companies involved in the production, distribution, or sale of:

- Chemical or biological weapons
- Anti-personnel landmines
- Cluster munitions

2. Tobacco

We exclude companies involved in the manufacture of tobacco products.

3. Coal

We exclude companies that derive their revenue from thermal coal mining or coal-fired power generation, unless these coal-fired plants will be closed or converted to gas by 2030. The supply of coke is exempted from this exclusion as it is required for blast furnaces to enable the production of steel.

4. Behavioural exclusions

We exclude companies with a poor ESG performance as determined by:

- 4.1 Persistent poor ESG ratings over a sustained period (5 years);
- 4.2 Failure to respond to engagement over a reasonable time frame;
- 4.3 Involvement in major ESG controversies.

5. Gambling and Pornography

We exclude companies where the majority of their revenues comes from the gambling or pornography industries.

Review and Implementation

Exclusions are reviewed annually by the Investment Committee as they form part of our reporting as members of the Principles of Responsible Investment (PRI) organisation.

The monitoring of controversies and violations is an ongoing as part of our bespoke ESG reporting. These checks are performed annually for the most at-risk investments, notably oil and gas and mining companies.

When a breach of behavioral norms is uncovered, it will be investigated further by the Head of Research and ESG who will contact the company's management to discuss the breach. If it cannot be resolved, it will be brought to the attention of the Chief Investment Officer with a recommendation that we disinvest.

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