

ESG Philosophy & Process – ESG Screens

Continually Raising the Bar

Enhanced ESG Screening

ESG Category	New Thresholds
Tobacco	Exclude all tobacco, nicotine alternatives and tobacco-based producers. Secondary exposure (distribution, licensing, retailing or supplying / packaging) limited to a 10% revenue threshold
Controversial Weapons	Exclude all companies with ties to controversial weapons [^]
Conventional Weapons	Limit exposure to conventional weapons to 10% revenue threshold
Nuclear Weapons	Exclude all companies that have an industry tie to nuclear weapons
Small Arms - Civilian Firearms	Limit exposure to small arms or civilian firearms to 10% revenue threshold
Adult Entertainment	Exclude all adult entertainment producers. Secondary exposure (distribution or retailing) limited to 5% revenue threshold
International Norms	Exclude all companies that fail UN Global Compact compliance and exclude companies listed of various monitored sanction lists [*]
Coal - Mining, Generation and Transportation	Exclude all coal companies (as a primary business) as per GICS sub-industry. Also a 10% revenue limit on any other exposure to coal via mining, power generation (utilities) or transportation (excludes met coal)
Uranium - Nuclear Power	Limit exposure to uranium mining to 5% revenue threshold
Nuclear Power - Supplier and Power Generation	Limit exposure to nuclear power generation and nuclear power suppliers to 10% revenue threshold
Gambling	Limit exposure to gambling operators to 10% revenue threshold
Unconventional Oil & Gas extraction	Limit exposure to unconventional oil and gas extraction to 5% revenue threshold [#]

See BAMs Stewardship Policy for further details. ESG factors are screened using MSCI ESG Research definitions.

[^] Controversial weapons = companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.

[#] Unconventional Oil & Gas = oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore.

^{*} Sanction lists = European Union, OFAC (Office of Foreign Assets Control), OFAC Non-SDN Iranian, OFAC Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (the "CAPTA List"), United Nations Security Council, Swiss, Japan, Australia, Canada, Hong Kong, Singaporean, United Kingdom