Policy SFDR

0. <u>Introduction</u>

The Sustainable Finance Disclosure Regulation (SFDR) is intended to increase transparency on sustainability among financial institutions and market participants.

Wealtheon is not a manufacturer or distributor of explicitly labelled sustainable products. Wealtheon does however consider certain sustainable criteria in its selection of financial instruments for its clients.

These criteria are described hereafter.

1. <u>General principles</u>

- Wealtheon's management has a positive attitude towards implementing ESG principles within its investment policy. Several members of Wealtheon's management are directly involved in non-profit and non-governmental organizations such as the Human Rights Watch and the WWF. The Wealtheon Foundation supports institutions who have ESG principles in their core and who want to have an important positive impact on society.

- In order to integrate ESG principles within Wealtheon's investment policy, clear and independent judgments and ratings must be available for each company. Wealtheon works therefore with the data and research provider FDA (Financial Services Amsterdam - http://www.fda.nl/). For each company an ESG score is drawn up. With this data, a coherent and consistent approach can be created which addresses the Environmental, Social and Governance (ESG) elements may have an impact on the development and performance of an investment portfolio.

- The FDA's sustainability analysis is an in-depth assessment of how companies deal with issues such as corporate governance, social issues and environmental concerns. Corporate sustainability is essential for investors, as shareholder value can only persist if the rights and interests of all stakeholders are taken into account. As such, all companies in the FDA universe are subject to corporate sustainability analysis and can only be included in the FDA model portfolios if certain minimum requirements are met.

- The Wealtheon equity universe is derived from the FDA universe for the European and U.S. equities. These two regions together represent on a strategic basis 75% of the Wealtheon stock selection. So, ¾ of the stock selection of Wealtheon is partly based on ESG principles.

- All companies included in the FDA universe, are all assessed on governance, social and environmental criteria.

o Each dimension contains a number of separate questions. A score between 0 and 5 points is assigned for each item, and each item has an individual weighting to emphasize its relevance.
o For all three dimensions, the company must score at least 50 percent of the total available points to be considered for inclusion in an FDA model portfolio.
o A sustainability matrix is created to quantify a company's sustainability performance, allowing an investor to identify leading and lagging sustainability companies within and across industries.
o The analysis is based on publicly available information, such as company statements, non-governmental organization publications and specific focus groups.

- Wealtheon has further included an ethical restriction by not investing in companies that are known to operate primarily in the arms, tobacco, and the gambling industry or companies that known for not respecting women's rights or appealing on child labour, not via stocks, not via bonds.

- Wealtheon's value strategy does not work with FDA's research. The principles described above remain however the same.

Although Wealtheon uses FDA's sustainability analysis, currently it does not explicitly integrate sustainability risks into its policies. Wealtheon does not plan to do so in the next 2 years (before the end of 2023). Nor does it integrate sustainability risks into its remuneration policy.