

# ESG Philosophy & Process – ESG Exclusion Criteria

| ESG Category Title                                  | ESG Screens / Exclusions – Detailed description                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tobacco</b>                                      | Exclude all tobacco, nicotine alternatives and tobacco-based producers. Secondary exposure (distribution, licensing, retailing or supplying / packaging) limited to a 15% revenue* threshold.                                                                                                       |
| <b>Controversial Weapons</b>                        | Exclude all companies with ties to controversial weapons. Definition of 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. |
| <b>Conventional Weapons</b>                         | Limit exposure to conventional weapons production to 20% revenue* threshold.                                                                                                                                                                                                                        |
| <b>Nuclear Weapons</b>                              | Limit exposure to nuclear weapons to a 3% revenue* threshold.                                                                                                                                                                                                                                       |
| <b>Small Arms - Civilian Firearms</b>               | Limit exposure to small arms or civilian firearms (and ammunition) production and retailing to 10% revenue* threshold.                                                                                                                                                                              |
| <b>Adult Entertainment</b>                          | Exclude all adult entertainment producers. Secondary exposure (distribution or retailing) limited to 5% revenue* threshold.                                                                                                                                                                         |
| <b>International Norms</b>                          | Exclude all companies that fail UN Global Compact compliance and exclude companies listed on various monitored sanction lists **                                                                                                                                                                    |
| <b>Coal - Mining, Generation and Transportation</b> | Exclude all coal companies (as a primary business) as per GICS sub-industry. Also, a 10% revenue* threshold on any other exposure to coal via mining, power generation (utilities) or transportation (excludes met coal).                                                                           |
| <b>Gambling</b>                                     | Limit exposure to gambling operators to 10% revenue* threshold.                                                                                                                                                                                                                                     |
| <b>Unconventional Oil &amp; Gas extraction</b>      | Limit exposure to unconventional oil and gas extraction to 5% revenue* threshold. Definition = oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore.                                                              |

See BAM's Stewardship Policy for further details. Screening criteria definitions use MSCI ESG Research.

\*Revenue thresholds are calculated using publicly disclosed revenue from the company's prior year financial statements, as supplied by our external service provider.

\*\* Sanction lists screened as at the date of this policy include major US, EU, Asian and Australian sanction lists.