

# Telligent Capital Management

## Exclusions Policy

Times are changing and fast. Sustainability is creating a swift reallocation of capital throughout global markets and changing economies. At Telligent we want to continue to protect our clients from increasing risks we can see in the environment, and issues that may not be as visible until it's too late, such as social uprising and changes in government regulation. ESG integration is not only a risk mitigation tool, it is also a fiduciary duty.

In these current times, investors need a comprehensive strategy for risk exposure. Building an understanding of ESG materiality by sector is one tool. Another is the use of exclusions. We adopt a principles-based approach in our ESG decision making process, and have deemed certain companies or industries as unsuitable investments. With greater environmental impact, heightened risk for governmental regulation or cause for negative social consequences, our exclusionary list was created to increase transparency, mitigate risk and avoid stranded assets.

To avoid permanent loss of capital we exclude the following industries:

- Coal extraction, coal-fired plant
- Weapons and military contractors
- Tobacco
- Gambling

**Coal extraction, coal-fired plant:** Pollution is one of the top concerns for the people of China and a major factor in governmental policies. Asia is making the shift away from coal power to alternative energy sources. Telligent deems coal extraction and coal-fired plants as unsustainable investments.

**Weapons and military contractors:** Telligent deems weapons and military contractors as an unsustainable investment.

**Tobacco:** The tobacco industry has seen an increase in global regulations and is a product with health and social disadvantages. Telligent deems tobacco as an unsustainable investment.

**Gambling:** Gambling has negative social impacts and is linked to corruption. Telligent deems gambling as an unsustainable investment.

Throughout Asia, there is a fundamental shift to align economic growth and environmental sustainability. At Telligent, we have an active and dynamic due diligence process for ESG integration. By defining the industries we deem as unsustainable, we increase risk management and remain open to greater opportunities in Asia.