# Tenax Capital Limited

# Responsible Investment (ESG) Policy

**August 2023**

| Version | Edited by: | Board approved? | Date | Rationale |
|---|---|---|---|---|
| v1.1 | Dean Blagden / Alex Severne | Yes | 27th February 2023 | Update policy to reflect impact of SFDR |
| v1.2 | Dean Blagden | No | 3rd April 2023 | Minor technical changes to Excluded Activities List to clarify its application to gambling |
| V1.3 | Dean Blagden | No | 10th August 2023 | Excluded Activities List revised and updated.<br><br>Cross-references to underlying methodology documents added. |

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| | | | | Revisions made to take account of comments received from Fidelidade and need for alignment with Group-level policies. |

## 1. Background

The purpose of this policy is to explain the approach Tenax Capital Limited ("Tenax") takes to responsible investing, a term which, in the present context, includes investment strategies that are designed to promote environmental, social or governance characteristics ("ESG") and/or sustainable investment. The policy sets out the company's ESG philosophy and the steps we have taken to meet social and regulatory expectations in this area.

ESG and sustainable investment funds are currently the fastest growing segment of the European funds market, reflecting increasing investor appetite for these investments. In light of this, and evolving regulatory expectations, we will aim to keep the policy under regular review.

This policy was originally designed to articulate our approach to corporate social responsibility ("CSR") and sustainability. However, it has evolved to meet the requirements of a changed investment world in which ESG has assumed greater prominence in investor decisions. CSR is integral to the values and culture of Tenax, reflecting our historical focus on private debt markets and investment in the SME and mid-corporate sectors where social objectives are often important. Our shared goal as a company is to develop a solid and sustainable long-term business. This objective is supported by an approach which gives weight to the importance of generating added value for all stakeholders. This commitment to manage the company in a responsible way is expressed in our way of working, in the attention we give to the interests of our clients, in the way in which we support our employees, and in our desire to respect the environment and contribute to the development of the community. We regard our CSR strategy as critical to maintaining solid financial results, by delivering the best possible investment solutions to repay our clients' trust and to meet their expectations.

Traditionally, profit and loss has often been regarded as the sole measure of a successful investment strategy. These days, however, investors are increasingly considering the environmental and social impact of investments, as well as the corporate governance of companies. Tenax recognises the growing importance of these wider considerations, particularly in the context of identifying investment opportunities and managing risk.

Against this background, this policy is designed to set out a framework underpinning to the company's approach to ESG investment. It articulates how we consider ESG across various aspects of our investment approach, and how we expect our approach to evolve in future.

At present, Tenax derives the bulk of its revenue from the provision of asset management services to collective investment schemes (typically regulated funds) and clients with discretionary managed accounts. In particular, Tenax manages two Irish-domiciled umbrella ICAVs, constituted as a QIAIF and UCITS respectively, with segregated liability at sub-fund level. The investor base is mainly institutional. The resulting investment strategies are aligned to varying degrees with ESG objectives. The majority of the sub-funds currently managed by Tenax are designed to be ESG-integrated, but recently we have also sought to launch ESG-focused sub-funds. This distinction is explained more fully in the next section.

## 2. Approaches to Responsible Investing

In recent years, market practice in the financial sector with regard to ESG matters has evolved rapidly, and commentators sometimes use the same terminology in diverse ways. Regulators are concerned about the risks of greenwashing, whereby financial service providers present products or services as ESG-compliant, when in reality they pursue more conventional strategies and do not have ESG characteristics. As a result, there has been a concerted effort by regulators worldwide to impose strict standards for product design and disclosure. In practice, the current regulatory framework in Europe and the US draws a broadly-based distinction between three main types of investment strategy that may incorporate elements of ESG, and we follow a similar approach in this policy.

For the avoidance of doubt, this document uses the following terminology to help explain the approach taken by Tenax to ESG compliance.

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| **ESG integration** | The practice of seeking to include material ESG factors into investment analysis and investment decisions. "ESG factors" are, as relevant, environmental, social and employee matters, respect for human rights and matters relating to financial crime. An ESG integration strategy considers one or more ESG factors alongside other, non-ESG, factors in its investment decisions, and the ESG factors are generally no more significant than other considerations in the investment selection process, such that ESG factors may not be decisive with respect to any particular investment. Financial products that aim to comply with Article 6 of the EU Sustainable Finance Disclosure Regulation (hereafter "SFDR") will generally fall into this category. |
| **ESG focus** | An ESG-focused strategy will typically concentrate on one or more ESG factors by using them as a significant or main consideration in selecting investments or in engaging with portfolio companies (e.g., screens for carbon emissions, board or workforce diversity and inclusion, or industry-specific issues). Financial products designed to comply with Article 8 of the SFDR, by promoting ESG characteristics, will generally fall into this category. |
| **Sustainable / Impact investing** | An ESG impact strategy seeks to achieve an ESG impact or impacts that generate specific ESG-related benefits (e.g., financing the construction of affordable housing units or advancing the availability of clean water). Financial products that aim to comply with Article 9 of the SFDR, for example by contributing to sustainable investment, may fall into this category. DFIs often focus mainly on this type of investment. |
| **Engagement and voting** | The use of the rights and position of ownership to influence the activity of investees via the exercise of voting rights or other interactions |

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| **Sustainability-themed investment** | Investment in themes or assets specifically related to sustainability |
| **SRI / Ethical investment** | Typically looks to exclude certain sectors, companies or practises based on specific ESG criteria |
| **Socially responsible investment** | Investment that aims to take account of the needs and well-being of a wider class of stakeholders, for example employees and other social groups, as well as a company's shareholders |

At present, the products and services offered by Tenax mainly fall into the categories of **ESG integration** and **ESG focus**. Accordingly, this policy focuses mainly on these two areas. It also explains our commitment to the **Integration of Sustainability Risks** and our approach to **Engagement** as this can be particularly important in private debt markets where there is interaction with, or even representation on, the boards of investee companies.

## 3. Philosophy

Broadly speaking, Tenax understands ESG investment to comprise the following:

***"The integration of sustainability considerations, including environmental, social, and corporate governance (ESG), and active ownership practices, into the investment management process, in the belief this can have a beneficial impact on financial performance whilst also giving a broader perspective on risk and return opportunities."***

In particular, we believe that ESG investment can help to preserve investment capital and mitigate certain risks, and that such an approach will be helped by integrating the following into the investment process:

- Sustainability risks and ESG factors, which can have a material impact on long-term risks and return outcomes, but may not be captured directly in a company's financial accounts.

- Stewardship/active ownership, via voting and engagement, which can enhance the value of companies, encourages good corporate behaviour, and can help the realisation of long-term shareholder value.

ESG objectives are more likely to be achieved where the following beliefs are also incorporated:

- Stakeholder interests are important, and investment decisions may need to be aligned with those interests.

- Taking a medium to long term approach can help to add value rather than focusing on too short-term a time horizon.

- Being transparent is beneficial to stakeholders and the broader market.

We also take the view that collective action by investors can be one of the most effective ways to promote good practice in the ESG space.

## 4. ESG controls: high level commitments

In order to promote ESG, and minimise the risk of 'greenwashing' (whether actual, potential or perceived), Tenax has implemented an investment process, and risk control framework, designed to ensure that prospective investors, and market counterparties, are clear about the ESG characteristics of our products and services. The overriding objectives are (a) to ensure that any description of an investment strategy, in scheme documentation or other product literature, is fair, clear and not misleading with respect to ESG characteristics, and (b) that the product fulfils its stated ESG objectives. Our internal processes and controls also aim to ensure that Tenax is always in a position to evidence the benefits of the investment strategy we have implemented, for any given product, and that it is in line with the ESG objectives set out in relevant product documentation.

To reinforce these high level objectives, and minimise the risk of 'greenwashing', Tenax has also made the following commitments:

- Our Board of Directors will provide effective governance oversight of our ESG policies and controls. We will promote a culture that gives appropriate emphasis to ESG issues.

- We will seek to understand the impact of ESG on the risk profile of the firm and, where necessary, enhance our existing risk management framework to ensure that ESG matters are addressed effectively.

- We will aim to comply with all relevant legal and regulatory requirements, including those set out in the SFDR, the EU Taxonomy Regulation (where relevant), ESMA Level 2 guidance, and national rules and guidance. We will have regard to industry good practice.

- Where we market funds with a sustainability and ESG focus we will describe their investment strategies clearly and take steps to ensure that any assertions made about their goals are reasonable and substantiated. This applies to both the pre-contractual documentation (for example, the prospectus) and disclosures made on an ongoing basis.

- We will seek to ensure that a fund's focus on ESG/sustainability is reflected consistently in its name, stated objectives, its documented investment policy and strategy, and its holdings.

- We will explain the manner in which sustainability risks are integrated into a fund's investment decisions and set out the results of our assessment of the likely impact of sustainability risks on investment returns.

- Where a fund is designed to pursue ESG/sustainability characteristics, themes or outcomes, we expect that this information should include key elements of strategy. For example:

    - the investible universe, including investment limits and thresholds

    - any screening criteria (positive or negative) that are applied

    - specific ESG characteristics/themes or 'real world' (non-financial) impacts that the fund pursues

- the application of benchmarks/indices, including any tilts to mainstream benchmarks, and expected/typical tracking error relative to the benchmark

- the stewardship approach of the fund

❖ Where we promote a fund on the basis that it has an ESG component, we will seek to ensure that the investment strategy leads to a material difference in how the fund is managed compared to a fund that does not take such considerations into account.

❖ For example, a fund that claims to promote positive social change should:

- be specific about what this means;
- describe how it aims to achieve this objective through its investment policy and strategy;
- set out how it will monitor and evaluate whether it has done so.

❖ Where a fund is designed to generate a measurable, beneficial ESG/sustainability impact alongside a financial return, we will clearly state the intended 'real-world' outcome.

❖ Where stewardship is a key element of an active investment strategy, we will develop adequate and effective strategies for exercising voting rights to the exclusive benefit of the fund, ensuring that the exercise of voting rights is in accordance with the investment objectives of the fund. In the context of the Tenax business model, this is especially relevant to private debt funds.

❖ Where we integrate ESG considerations into mainstream investment processes, with no material ESG orientation in the fund design/strategy, such as those used for SFDR Article 6 funds, we will not make prominent ESG claims in the fund's name, product documentation or marketing activities.

❖ We will apply appropriate resources (including skills, experience, technology, research, data and analytical tools) in pursuit of a fund's stated ESG objectives. We will state clearly in pre-contractual documentation the tools we plan to use to implement a fund's ESG investment strategy. This may include, for example, the use of bottom-up research and ESG ratings.

❖ We will take reasonable steps to ensure that information on how well a fund is meeting its stated objectives (i.e. intended ESG/sustainability characteristics, themes or outcomes) is available to investors on an ongoing basis (for example in annual and semi-annual reports), to enable investors to monitor whether their expectations are being met.

❖ Where we promote a fund as having ESG characteristics, we will document in writing our detailed approach to ESG for that fund. This document will be used for internal control purposes, both to guide the portfolio managers responsible for the fund in question and to help direct compliance oversight and second line-of-defence monitoring.

❖ In practice, the way we implement these commitments will depend, in part, on the regulatory status of the underlying product. For example, where we manage a sub-fund designed to be SFDR Article 8 compliant, the regulatory requirements are generally more stringent than those for Article 6 funds. Our investment philosophy and risk management framework are designed to reflect this.

- We will maintain adequate internal documentation, describing how ESG is embedded in our investment process and explaining the methodology we use to arrive at ESG scores for individual companies. This documentation will also explain how we use ESG ratings and third party data and analytical tools, how we integrate the use of sustainability indicators (including principal adverse indicators) in our approach, and how we mitigate the impact of any relevant data limitations.

## 5. ESG integration

Tenax takes the view that integrating sustainability risks and ESG factors into an investment strategy is not about accepting diminished returns. In fact, there is growing evidence to suggest that ESG integration can improve company operational performance and help deliver higher quality returns over the longer term. This section outlines the ways in which we consider sustainability risks and ESG factors across distinct parts of the investment process.

### 5.1 Integration of Sustainability Risks

Tenax recognises the impact its underlying investments may have on the environment and society. As such, Tenax is committed to integrating sustainability risks in its investment decision making process. "Sustainability risks" are environmental, social, or governance events or conditions that, if they occur, could cause an actual or potential material negative impact on an organisation's ability to create, preserve, or erode economic value. Tenax considers sustainability risks throughout its investing activities, from due diligence to portfolio monitoring. Key considerations include the industry the investee company operates in, the locations it operates in and its ownership and business structure.

At the due diligence stage, Tenax commits to assess sustainability risk, subject to the provisions of the relevant Prospectus and Supplement, which may involve (i) considering an investee company's exposure to ESG factors, (ii) evaluating how well the company manages this exposure through its policies, programs and management systems, and (iii) identifying ESG red flags, i.e. areas of exposure to ESG factors that are not being managed by the company. Where a sustainability risk assessment leads to the conclusion that the risks are relevant, Tenax intends to disclose the extent to which those sustainability risks might impact the performance of a financial product in quantitative or qualitative terms and may include a summary, as applicable, in the investment memorandum.

During the investment holding period, Tenax aims to conduct on-going ESG monitoring and seeks to engage with the companies in which it invests to support improvements that consider ESG issues, as explained in section 7. Additionally, Tenax maintains a robust list of explicitly avoided areas of investment, including the areas stated in section 10.

### 5.2 Asset allocation / top down ESG considerations

In the context of asset allocation, it is important to acknowledge that the degree of ESG development and consideration varies widely across asset classes, and even within asset classes.

The table below summarises the market progress on ESG, manager progress and the opportunity set from a thematic perspective, using data from Mercer's Global Investment Manager Database (GIMD). The table is useful to give some context to the wider investment universe.

**Mercer – top down asset class ESG considerations**

| | MARKET PROGRESS ON ESG INTEGRATION | MANAGER PROGRESS ON ESG INTEGRATION* | AVAILABILITY OF SUSTAINABILITY-THEMED STRATEGIES** |
|---|---|---|---|
| Listed equity (Active) | MEDIUM/HIGH | MEDIUM/HIGH | LOW/MEDIUM*** |
| Fixed income | LOW/MEDIUM | LOW | LOW |
| Property | HIGH | MEDIUM/HIGH | LOW |
| Impact investments | HIGH | HIGH | LOW |

* Refers to the percent distribution of ESG1- and 2-rated strategies in GIMD™, when available.

** Refers to the number in institutional-quality sustainability-themed strategies relative to the respective mainstream universe in GIMD.

*** This is a larger universe relative to other asset classes, and, therefore, availability of thematic strategies may be low relative to the universe but potentially high in absolute number.

*NB: Low <5%; low/medium: 5%–10%; medium: 10%–20%; medium/high: 20%–40%; high: >40%*

Mercer provide evidence that asset managers have made progress in ESG integration and stewardship across various asset classes in recent years. Whilst fixed income is further behind, and is still rated as low/medium for progress on ESG integration, this is also the asset class where Mercer see some of the fastest changes and market development. Whereas ESG in fixed income historically focused only on corporate credit, more managers are investing in research and tools to embed ESG considerations into sovereign bonds, asset backed securities and even bank loans. Furthermore, with a growing universe of green and social impact bonds in circulation, it is a space where there will be a growing market for ESG integrated approaches.

## 5.3 Investment Selection and Monitoring

Tenax believes that ESG risks and opportunities should be assessed by investee companies and in stock selection and portfolio construction. ESG factors we consider in our investment decisions are:

| **ENVIRONMENTAL** | **SOCIAL** | **GOVERNANCE** |
|---|---|---|
| Climate change | Health and safety | Board structure and diversity |
| Water | Demographics/ consumption | Remuneration |
| Waste and pollution | Supply-chain labour issues | Accounting and audit quality |

| | |
|---|---|
| Greenhouse gas emissions | Employment creation,<br>Employee practices<br>Employment relations and diversity |

The SFDR Article 6 sub-funds managed by Tenax generally fall into the category of ESG integration. For these sub-funds, we make the mandatory disclosures required by Article 6. We also commit to taking the steps outlined in Section 4 above to ensure that the ESG characteristics and risks associated with the agreed investment strategy for each sub-fund are properly disclosed and managed, and that the strategy delivers the expected ESG benefits. Adequate investor disclosure includes explaining the manner in which sustainability risks are integrated into investment decisions and sharing the results of our internal assessment on the likely impact of any relevant sustainability risks on financial returns. Where we take the view that sustainability risks are not relevant, we will explain why we have reached this conclusion.

In managing ESG-integrated products, Tenax will also take reasonable steps to comply with the commitments set out in Section 4 above where relevant. We will also keep abreast of any new regulatory developments in this area and ensure that our control framework remains compliant.

## 6. ESG Focus

To meet growing investor need, Tenax has recently launched an ESG-focused UCITS sub-fund which invests in the healthcare and biotechnology sectors. We also plan to launch an ESG-focused sub-fund in the private debt sector. These sub-funds are designed to comply with SFDR Article 8, and we expect to launch more products of this type in future.

Where we manage financial products designed to be Article 8 compliant, because they promote environmental or social characteristics, by investing in companies that follow good governance practices, we will make the investor disclosures required by Article 6 and Article 8, including the following:

(a) information on how those characteristics are met;

(b) if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics and an explanation of the methodology used for calculating the index; and

(c) an explanation of how we intend to use principal adverse indicators to assess ESG risk and how it affects the investment strategy.

These disclosures will be made in pre-contractual documentation, as well as on an ongoing basis (e.g. via annual and semi-annual reports).

To help embed the agreed investment strategy, we will generally set out our approach to managing the ESG objectives and risks associated with a financial product in a written document. This will provide more detail on the methodology we propose to use and act as a reference source for portfolio managers, as well as staff in control functions to facilitate monitoring.

In seeking to comply with Article 8, we will have regard to the EU Taxonomy Regulation, where relevant, any applicable Level 2 guidance provided by ESMA, as well as any additional expectations national regulators may have. More generally, we will take all reasonable steps to comply, where relevant, with the commitments set out in Section 4 above. Finally, we will keep our approach to managing ESG-focused products and associated risks under regular review to ensure that it is keeping pace with evolving market expectations.

## 7. ESG engagement

### 7.1 Proxy voting policy & engagement

Tenax believes stewardship (or active ownership) helps to realise long-term shareholder value by providing investors with an opportunity to enhance the value of companies more consistent with long-term investor timeframes. For example, voting on resolutions at company AGMs and meeting with company management on particular issues. This is an important leg of a broader ESG policy.

### 7.2 Investee company engagement

Tenax is of the view that one of the more powerful tools we have is our engagement with our investee companies given the significant insight we have particularly with SME companies. Using this can help to push forward the ESG and sustainable investment agenda across a broader industry.

The objective of this will be to make it clear to our partner investee companies that the monitoring and the development of the ESG agenda is a critical issue for Tenax.

## 8. ESG governance

The Board of Directors of Tenax has ultimate responsibility for ensuring that the company meets market expectations in relation to ESG, as well as complying with any applicable legal and regulatory requirements. The senior management team will aim to ensure that the Board receives sufficient information about the firm's ESG strategies to be able to make this assessment and provide effective oversight. The Board will also review and approve this policy at least annually, ensuring that it remains fit for purpose as an over-arching framework for managing ESG risk.

## 9. Industry collaboration and collective action

Tenax will participate where possible in collaborative industry initiatives to help promote the Responsible investment in the European market.

The Fidelidade Group has subscribed to the United Nations Principles for Responsible Investment (UNPRI). The UNPRI was set up in 2006 and now works with over 2,000 signatories globally, accounting for almost USD 80 trillion of assets which includes asset managers and asset owners.

The guiding principles of the PRI code are:

a) Incorporation of ESG issues into investment analysis and decision-making processes.

b) Active ownership and incorporation of ESG issues into ownership policies and practices.

c) Appropriate disclosure on ESG issues by the entities in which we invest.

d) To promote acceptance and implementation of the Principles within the investment industry.

e) To work together to enhance our effectiveness in implementing the Principles.

f) To report on activities and progress towards implementing the Principles.

More information on the UNPRI can be found at www.unpri.org.

## 10 Excluded activities

Under the Responsible Investing Policy, Tenax is prohibited from investing in entities engaged in certain economic activities. The exclusions are either norm-based or value-based, and are set out in Annex 1. They apply irrespective of the underlying product or service type (e.g. to Article 6, as well as Article 8, sub-funds). The list has been drawn up taking account of internationally recognised good practice, including those of DFIs. It will be kept under regular review.

## 11 Controversies

As part of its bottom-up approach to portfolio management, Tenax conducts research and analysis on individual companies which covers ESG matters alongside other variables. Research activity includes the review of adverse media coverage and involvement in controversies. In each case, Tenax applies judgement in assessing how much weight should be given to such matters. This can be particularly important, for example, in the context of civil litigation where the parties to a lawsuit sometimes make allegations which later turn out to be unsupported. Tenax does not apply binding exclusions based on involvement in controversies, but will evaluate the evidence in each case.

## 12 Principal Adverse Impacts

Tenax considers a range of sustainability factors and the potential for these to be affected by principal adverse impacts (“PAI”). As part of its investment process, Tenax has identified PAI indicators listed under social and employee, respect for human rights, anti-corruption and anti-bribery matters in Annex 1 of the SFDR Level 2 Regulations as being potentially relevant to its investment approach. In addition, Tenax currently takes account of the indicators outlined in the UN Sustainable Development Goals, including UN SDG 3 ('Good Health and Well-Being'), SDG8 (‘Decent Work and Economic Growth’) and SDG 9 ('Industry, Innovation and Infrastructure') where applicable. Prior to implementing an investment strategy with an ESG component, Tenax undertakes an analysis to determine which PAIs are relevant to the strategy. Tenax will then measure and monitor the selected PAI indicators for all managed assets of the strategy in question, in line with its overall ESG methodology. Tenax will ensure that it meets any investor disclosure requirements relating to PAIs.

## 13 Remuneration Policies

Tenax is required to publish information on how its remuneration policy is consistent with the integration of sustainability risks. Tenax’s approach to remuneration promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with its risk appetite or the risk profile of the portfolios it managed. Tenax considers that integration of sustainability risks considerations, where relevant to investment performance, is consistent with its remuneration policy, as such considerations can positively affect the performance of its investment portfolios.

## 14 Group Policy

Tenax recognises that it is important for its own ESG policies and procedures to be broadly aligned with those of its parent company, Fidelidade Companhia de Seguros S.A. To this end, this Policy has been shared with the ESG and Compliance teams at Fidelidade, and is broadly consistent with Fidelidade's Sustainable Investment Policy.  A quarterly forum takes place to exchange ideas on ESG matters and ensure broad alignment of policy.

**ANNEX 1**

## TENAX CAPITAL LIMITED – RESPONSIBLE INVESTING (ESG) POLICY: BINDING EXCLUSIONS

| Activity | Description | Revenue threshold | Bloomberg field (if applicable) |
|---|---|---|---|
| **1. Norm-based exclusions** | | | |
| **United Nations Global Compact ('UNGC')** | Companies that are not considered by Tenax to meet the standards of the UNGC based on publicly available data. The overall analysis may be informed by data drawn from Bloomberg, MSCI or Sustainalytics, but any exclusions are determined by Tenax in its discretion rather than by reliance on third party analysis. | 0% | MSCI_CVY_UNGC_COMPLIANCE |
| **UN Guiding Principles on Business and Human Rights ('UNGPs')** | Companies that fail to comply with the UNGPs. | 0% | MSCI_CVY_COMPLIANCE_HR |
| **International Labour Organisation Declaration on Fundamental Principles and Rights at Work ('FPRW')** | Companies that fail to comply with the FPRW. | 0% | MSCI_CVY_COMPLIANCE_LABOR_CORE |
| **Montreal Protocol** | Companies involved in the production or distribution of ozone-depleting substances, as listed in the Protocol. | 0% | |
| **Stockholm Convention on Persistent Organic Pollutants** | Companies involved in the production or distribution of hazardous chemicals, pesticides and wastes prohibited under Annex A of the Convention. | 0% | |
| **Convention on International Trade in** | Companies involved in the illegal wildlife trade. | 0% | |

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| **Endangered Species** | | | |
| **2. Value-based exclusions** | | | |
| **Controversial weapons** | Companies involved in the development, production, distribution or use of controversial weapons, including:<br><br>- Cluster munitions and landmines<br>- Nuclear weapons and related systems and components<br>- Chemical or biological weapons and related systems and components<br>- Depleted uranium weapons, ammunition and armour<br>- Incendiary (white phosphorous) weapons<br>- Laser blinding weapons | 0% | EBK_CONTRVERSL_WEAPONS_INVOLVMNT |
| **Pornography** | Companies that earn revenue from the production or distribution of pornography i.e. books, magazines and films designed to stimulate sexual excitement by showing or describing sexual acts. | 0% | |
| **Tobacco** | Companies that manufacture or distribute tobacco products. | 5% | TOBACCO_OPERATIONS_REV_PCT |
| **Gambling** | Companies that earn revenue from the operation of gambling establishments, such as a casino, racetrack or online gambling website. This includes companies involved in the manufacture of specialised equipment used exclusively in gambling, such as slot machines or roulette wheels.<br><br>The exclusion does not apply to companies approved to operate national lottery schemes under relevant domestic legislation. | 10% | ENTERT_GAMING_REVENUE/SALES_REV_TURN |

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| | In addition, it does not apply to hotels that operate casinos as an incidental ancillary activity for the benefit of guests.<br><br>Tenax uses the definitions of ‘gambling’ and ‘betting’ used in the UK Gambling Act 2005. | | |

NB: the exclusions listed above apply regardless of the nature of the fund or account (e.g. under the EU SFDR framework, it applies to Article 6, as well as Article 8, funds).