



**NEITHER BEAR NOR BULL  
BUT CAMELEON**

## **Dorval Asset Management's Exclusion Policy**

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**DORVAL**  
ASSET MANAGEMENT  
FLEXIBLE PAR CONVICTION

Dorval Asset Management's Socially Responsible Investment policy (SRI) is an integral part of our fiduciary responsibility approach, as our role as a responsible investor holds us to the highest standards with our clients and partners, as well as with the companies that we invest in.

This approach is based on (i) our shareholder engagement policy, (ii) our exclusion policy, (iii) our controversy management policy and (iv) the embedding of Environmental, Social and Governance (ESG) criteria at the very heart of our full range of investment management processes.

**This document outlines Dorval Asset Management's exclusion policy.**

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## Contents

I.	INTRODUCTION.....	3
II.	CONTROVERSIAL WEAPONS.....	3
III.	WEAPONS.....	4
IV.	COAL.....	4
V.	TOBACCO.....	6
VI.	IDENTIFYING ISSUERS COVERED.....	6
VII.	UPDATING THE ISSUER LIST.....	6
VIII.	SCOPE OF APPLICATION.....	7
IX.	POLICY COMMUNICATION.....	7
X.	MONITORING OUR EXCLUSION LISTS.....	7

## I. Introduction

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Dorval Asset Management sets out a sector exclusion policy as part of its broader SRI approach, with the aim of:

- Complying with national and international regulation;
- Aligning with Natixis' commitments;
- Fully supporting the goals and commitments set out in Dorval Asset Management's responsible investment strategy.

Dorval Asset Management's sector exclusion policy seeks to exclude certain issuers from its investment universe on the basis of their business operations, geographical locations, the way they work, their reputation, breach of international standards, etc.

At this stage, the exclusion policy applies to:

- Controversial weapons
- Weapons
- Coal
- Tobacco

The list of issuers covered by our sector exclusion policy is approved by senior management and the Head of Compliance and Internal Control at Dorval Asset Management each year.

The Compliance and Internal Control team then monitors that the company complies with these exclusions.

## II. Controversial weapons

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### 1. Background and challenges

Financing for businesses related to arms and controversial weapons is governed by international agreements signed by France. The types of weapons covered by the scope of Dorval Asset Management's controversial weapons exclusion policy are those prohibited by international treaties:

- Anti-personnel mines (APM);
- Cluster munitions (CM).

The Ottawa treaty (1999) and Oslo convention (2010) prohibit the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster munitions.

Financing can be viewed as an incentive to produce this type of weapon, and in France, "any informed decision to provide direct or indirect financial support for the production or sale of

cluster bombs would be considered as assistance, encouragement or incentive punishable under criminal law”.

In accordance with its parent company Natixis<sup>1</sup>, Dorval Asset Management excludes companies involved in the production, use, stockpiling, sale and transfer of anti-personnel mines and cluster munitions from all its portfolios, complying with the Ottawa treaty and Oslo convention signed by a number of countries including France.

## **2. Issuers involved**

All listed and unlisted companies that are proven to:

- Be involved in the use, development, production, sale, distribution, stockpiling and transport of anti-personnel mines and cluster munitions;
- Hold 50% or more of a company involved in the businesses outlined above. Proof of involvement requires that a key proportion of the company's operations be devoted to the production of cluster bombs and/or anti-personnel mines.

## **III. Weapons**

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### **1. Background and challenges**

With the aim of ensuring committed and responsible capital allocation, Dorval Asset Management has decided to exclude sectors that do not comply with its responsible investor policy and therefore systematically excludes any company that derives more than 20% of revenues from the production of conventional or nuclear weapons, weapons systems or parts, or the provision of services and technical support related to weapons from its entire investment range.

### **2. Issuers involved**

Issuers covered are all listed companies that are proven to derive more than 20% of consolidated revenues from weapons (civil, military, conventional and nuclear).

## **IV. Coal**

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### **1. Background and challenges**

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<sup>1</sup> View the Natixis press release:

[https://www.natixis.com/natixis/upload/docs/application/pdf/2018-06/180627\\_politique-defense.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2018-06/180627_politique-defense.pdf)

The energy generation sector is the largest contributor to anthropogenic greenhouse gas (GHG) emissions responsible for global warming<sup>2</sup>.

Coal is the most carbon-intensive fuel and accounts for a high proportion of the world energy mix. Although coal-fired power plants account for just 41% of world energy production, they are responsible for more than 70% of the energy sector's GHG emissions<sup>3</sup>.

Restricting global warming therefore requires a gradual shift in the energy mix, away from fossil fuels and towards less carbon-intensive energy generation sources. Despite technological progress already made, a reduction of thermal coal in the mix is now seen as a vital condition for this transformation.

The abundant supply of inexpensive coal resources is holding back this shift, which public policy on climate change endeavors to drive, in particular through the framework for climate action agreed at COP21. National GHG reduction pledges then made by 196 countries are intended to limit global warming to less than 2°C compared to pre-industrial levels.

The growing awareness of climate change issues amongst most energy sector players has led to a shift in investment towards renewable energies, the decommissioning of the least efficient thermal power plants, and the gradual shift in producers' fuel mix.

Dorval Asset Management is highly aware of the importance of today's climate challenges and the active role that financial institutions should play in energy transition. It therefore supports and complies with parent company Natixis<sup>4</sup> goal of restricting support for companies that depend heavily on coal in their businesses to help reduce the share of this fossil fuel in the world energy mix.

## 2. Issuers involved

- **Utilities – energy services sector**  
Issuers covered are those that derive at least 20% of revenues from coal-fired energy generation.
- **Mines**  
Issuers covered are those that derive at least 20% of revenues from coal mining.
- **Mountain top removal (MTR)**  
Dorval Asset Management excludes from its investment scope companies whose main business is based on the production, transport and sale of coal extracted using one of the most aggressive

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<sup>2</sup> In 2010, the energy generation sector was responsible for 35% of greenhouse gas emissions worldwide (Source: Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5))

<sup>3</sup> Source: IPCC, Intergovernmental Panel on Climate Change

<sup>4</sup> View the Natixis press release:  
[https://www.natixis.com/natixis/upload/docs/application/pdf/2020-02/coal\\_policy\\_eng\\_vf.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2020-02/coal_policy_eng_vf.pdf)



techniques – mountain-top removal – primarily in the Appalachian Mountains in the east of the United States.

## V. Tobacco

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### 1. Background and challenges

Our exclusion policy on tobacco manufacturers aims to better take on board non-financial criteria in our investment decisions, complying with major international standards, such as the Principles for Responsible Investment (PRI), which Dorval Asset Management signed in 2019.

Dorval Asset Management therefore pledges to halt support for the highly controversial tobacco sector, which runs contrary to the United Nations' Sustainable Development Goals<sup>5</sup>, due to its particularly negative social, societal and environmental impacts.

Our policy also fits with our parent company Natixis' stance and its pledge to end financing and investment for the tobacco industry<sup>6</sup>.

### 2. Issuers involved

This policy covers companies that manufacture and/or produce tobacco products.

## VI. Identifying issuers covered

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Dorval Asset Management leverages its teams' expertise to single out issuers covered. The company draws on various data sources, particularly from Natixis and MSCI<sup>7</sup> (non-financial data provider). It also relies on exclusion lists of the main pension funds and sovereign funds worldwide renowned for their extensive exclusion approach.

## VII. Updating the issuer list

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<sup>5</sup> Find out more about the Sustainable Development Goals:  
<https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

<sup>6</sup> View the Natixis press release:  
[https://www.natixis.com/natixis/upload/docs/application/pdf/2017-12/natixis\\_pr\\_-\\_tobacco\\_exclusion\\_12\\_19\\_2017.pdf](https://www.natixis.com/natixis/upload/docs/application/pdf/2017-12/natixis_pr_-_tobacco_exclusion_12_19_2017.pdf)

<sup>7</sup> Morgan Stanley Capital International (MSCI)

We update the list of issuers covered by our policy at least once per year and as often as necessary when a major news event occurs on the issuer. Our update takes on board the various analyses available and the results of engagement efforts with issuers.

The list of issuers covered is approved by senior management and the Head of Compliance and Internal Control at Dorval Asset Management.

## **VIII. Scope of application**

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Investment bans on issuers on our exclusion list apply to all Dorval Asset Management's funds.

Any external mutual funds selected by Dorval Asset Management's investment managers are not covered by this exclusion policy.

Dorval Asset Management will inform its clients of dedicated funds and mandates and encourage them to adopt this policy.

## **IX. Policy communication**

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All stakeholders are informed of the contents of our policy via general information on our sector exclusion policy on the Dorval Asset Management website.

## **X. Monitoring our exclusion lists**

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Our Compliance and Internal Control team monitors compliance with our exclusion lists, which are also included in our front-to-back systems, allowing for automatic pre-trade checks to systematically avert any investment in securities issued by companies on the lists.

A report on compliance with these exclusion lists is presented during the Risk Committee each quarter, and the exclusion list is also discussed during ESG Committee meetings.