



MEAG KAG Exclusion Guideline

December 2025

Content

1	Objective	2
2	Scope of application	3
3	Excluded or restricted investments	3
3.1	Controversial weapons	3
3.2	Thermal Coal	4
3.3	Oil Sands	4
3.4	Governments with MSCI ESG CCC rating	4
3.5	Food-related commodities	5
3.6	Biodiversity-sensitive areas	5
4	Methodology and Data	5
5	Operationalization	6

1 Objective

This guideline ("Guideline") outlines the approach of MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH ("MEAG") to the exclusion or restriction of investments related to (i) controversial weapons, (ii) thermal coal, (iii) oil sands, (iv) sovereign bonds, issued by governments with an MSCI ESG CCC Rating, (v) food-related commodities and (vi) biodiversity-sensitive areas. Main objective of these exclusions is MEAG's aim to contribute to the mitigation of adverse environmental, including climate, and social impacts associated with these investments as described below. At the same time, these exclusions may contribute to the reduction of sustainability risks¹.

Controversial Weapons

MEAG KAG acknowledges that the defense sector plays an important role in providing the means for peacekeeping and that weapons can be of use for ensuring national and regional security. However, there are certain weapon categories – so called controversial weapons – which must not be supported by any means. Several of them have been deemed unacceptable by certain international conventions² due to their humanitarian impact.

For this reason, MEAG KAG excludes investments linked to controversial weapons stated in this Guideline.

Thermal coal

In 2015, 195 countries ratified the Paris Agreement to continue efforts to limit the global temperature increase to well-below 2°C above pre-industrial levels, while pursuing efforts to limit the increase to 1.5 °C. The use of thermal coal is at odds with these efforts, as the fuel emits the most CO₂ relative to its energy content compared to other fuel sources. In addition, coal mining often has a negative impact on the surrounding environment and local communities.

By restricting investments in thermal coal-based businesses, MEAG KAG aims to mitigate these negative impacts and to contribute to achieving the goals of the Paris Agreement.

Oil Sands

The detrimental effects of extracting oil from oil sands (also known as tar sands) can be significant for the environment and local communities. Among other things, extracting oil from oil sands consumes more energy and resources than the extraction and refining of conventional oil, and it is among the most carbon intensive methods of crude oil production.

For this reason, MEAG KAG restricts investments related to the extraction of oil sands.

Sovereigns with low ESG ratings

Specific ESG government ratings aim to complement traditional government debt analysis when analyzing a country's creditworthiness, by providing a long-term view on ESG criteria and risks. These ratings identify the country's exposure to and management of ESG risks. Countries with a low ESG rating indicate a critical exposure to sustainability risks paired with a poor management of those.

For this reason, MEAG KAG rules out investments in government bonds³ of countries rated "CCC" by MSCI ESG Rating (scale AAA-CCC).

¹ Analysis and assessment of sustainability risks alongside conventional financial analysis is integrated in MEAG's investment decisions process. Exclusion criteria and/or limits are thereby a method for managing and/or limiting sustainability risk (BaFin Guidance Notice on Dealing with Sustainability Risks, Sec. 6.2.1). Sustainability risks if they occur notably may have or potentially have significant negative impacts not only on the assets, financial and earnings situation, but also the reputation of a supervised entity (BaFin Guidance, Sec. 2.4).

² Relevant international conventions include: the Anti-Personnel Mine Ban Convention, the Convention on Cluster Munitions, the Chemical Weapons Convention, Protocol I and Protocol IV of the Convention on Certain Conventional Weapons

³ This also includes sub-sovereign level

Food-related commodities

Speculation with food-related commodities can drive up prices for and increase price volatility of essential food products, making them unaffordable for vulnerable populations, thus contributing to economic instability and exacerbating hunger.

For this reason, MEAG KAG restricts the trading with food related commodities and related derivatives beyond farming or leasing of farmland or forest and the typical and usual risk management instruments in the agricultural and forestry industries.

Biodiversity-sensitive areas

MEAG KAG considers the protection of biodiversity-sensitive areas as highly important. Especially infrastructure projects in certain sectors can have negative effects on such areas.

For this reason, MEAG KAG restricts certain investments , if a material portion of the underlying assets is situated in a natural or mixed World Heritage Site (as defined by the UNESCO World Heritage Convention).

2 Scope of application

MEAG KAG takes into account and integrates this Guideline in its investment processes concerning all asset classes reasonably controllable by MEAG KAG (e.g. equities, corporate bonds, government and covered bonds, real assets, incl. infrastructure and real estate investments) in all portfolios managed by MEAG KAG regardless of their type or disclosure classification according to SFDR⁴. The Guideline may be amended by MEAG KAG from time to time and is subject to the following exemptions.

Binding sustainability-related product terms and conditions or mandate agreements shall prevail in the event of a contradiction, for example any stricter ESG-criteria of a given product are to be applied or differing mandatory ESG-policies of investors may be given preference. Further, this Guideline does not apply to asset classes which are not reasonably controllable by MEAG KAG (e.g. funds by external asset managers or ETFs). As concerns assets under administration, where external asset managers act as investment managers, MEAG KAG strives to apply this Guideline subject to especially technical and contractual feasibility.

3 Excluded or restricted investments

3.1 Controversial weapons

MEAG KAG excludes investments related to the following weapon categories:

- Anti-personnel mines
- Cluster Munitions
- Biological weapons
- Chemical weapons
- Incendiary Weapons
- Blinding Laser Weapons
- Non-detectable fragments

Thus MEAG KAG does not invest in equity or debt of companies involved in the development, production, acquisition, stockpiling, retention, or transfer of controversial weapons and key components

⁴ Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

thereof, as well as service activities directly and specifically contributing to controversial weapon programs⁵, as identified by a third-party data provider. MEAG KAG does not invest in any infrastructure assets, directly linked to the production, maintenance, storage or transportation of these types of weapons. As for Real Estate, MEAG KAG rules out restricted companies as tenants for its Real Estate Portfolio.

3.2 Thermal Coal

MEAG KAG restricts investments in coal-based companies along the following criteria and thresholds which have been defined in line with scientific targets to limit global warming to 1.5°C above pre-industrial levels:

- Coal Share of Revenue (CSR): Companies that derive more than 15% of their revenues from thermal coal mining
- Coal Share of Power Production (CSPP): Companies that generate more than 15% of their commercialized electricity from thermal coal
- Coal Development: Companies which are expanding their capacities to generate power from thermal coal or coal-dedicated infrastructure.

MEAG KAG also restricts investments in any infrastructure and real estate assets, directly linked to the production, maintenance, storage or transportation of thermal coal.

MEAG recognizes that business violating those thresholds might nevertheless contribute to the renewable energy transition. Hence, MEAG further supports companies with a credible decarbonization strategy as well as Paris-aligned and externally-verified GHG emission reduction targets⁶. To enable the renewable energy transition, those companies are exempted from the investment restriction.

Further, MEAG KAG will continue to invest in green bonds issued by companies otherwise excluded due to their thermal coal business under specific sustainability conditions.

These exemptions do not apply for companies which are expanding their capacities to generate power from thermal coal.

In general, MEAG exempts its currently engaged companies from exclusion.

In order to further support the overarching goals set forth by the Paris Agreement, MEAG KAG strives to fully phase out coal-based business models in its investment portfolio by 2030 for OECD countries and by 2040 for non-OECD countries.

3.3 Oil Sands

MEAG KAG does not invest in companies that derive more than 10% of their revenues from the extraction of oil sands. MEAG KAG does not invest in any infrastructure and real estate assets, directly linked to the extraction of oil sands.

3.4 Governments with MSCI ESG CCC rating

MEAG KAG does not invest into bonds from governments⁷ with an MSCI ESG government rating of CCC.

⁵ E.g., repairing the key component while it is integrated with the weapon system. Various services related to controversial weapons such as flight test support or transportation are by nature specific, especially when performed in support of complete weapon systems.

⁶ In order to evaluate decarbonization strategies and targets, multiple sources are taken into account such as information provided by external initiatives as well as issuer statements and reports

⁷ This also includes sub-sovereign level

3.5 Food-related commodities

MEAG KAG does not trade or hold investments in food-related commodities (e.g. grains and oilseeds, livestock, dairy, etc.) or related derivatives. This prohibition does not apply to the farming and/ or leasing of farmland or forest including typical and usual risk management instruments in the agricultural and forestry industries (e.g. forward sales, currency hedging, variety licenses).

3.6 Biodiversity-sensitive areas

In alternative assets MEAG KAG does not invest in assets, if a material portion of the underlying assets is situated in a natural or mixed World Heritage Site (as defined by the UNESCO World Heritage Convention).

4 Methodology and Data

Identification of restricted companies and sovereigns is based on MSCI ESG data and the Global Coal Exit List by urgewald e.V.

For controversial weapons exclusions, ISS ESG's Controversial Weapons Research is used.

The rules for treating exclusions along the company or sovereign hierarchy structure are as follows:

Operating entities

When a company owns 50 percent or more of a subsidiary, and where no standalone assessment of the subsidiary proves otherwise, the subsidiary inherits its parent's data in the case of thermal coal and oil sands or is given a direct involvement tie in the case for controversial weapons and thus is excluded as well. Additionally, for controversial weapons companies are excluded through a joint venture (regardless of ownership stake).

In the aforementioned cases of inheritance of data points on thermal coal and oil sands, MEAG reserves the right to independently examine the subsidiary. If, according to its corporate purpose and activities, MEAG on the basis of publicly available data does not establish a direct connection to criteria of thermal coal or oil sands in line with the business of the parent company, MEAG may suspend the inheritance of the data points in individual cases.

Financing companies⁸

Due to the nature of their business and risk structure, financing companies inherit automatically data on thermal coal⁹ and oil sands and controversial weapons involvement ties from their parent companies, whereby they do not need to necessarily be fully owned by the operating entity from which they inherit a data point.

Sovereigns

Next to sovereigns, sub-sovereign¹⁰ issuers are excluded as well.

⁸ Defined as entities without operations of their own and whose sole purpose is to finance other entities

⁹ Data is inherited for coal share of revenue and coal share of power production. For signals on coal development the standalone signals of GCEL are applied

¹⁰ States, provinces, cities and municipalities depending on the sovereign's administrative structure

5 Operationalization

Exclusions are managed through a “MEAG KAG ESG Exclusion List”, which prohibits any new investments into excluded issuers. This list is updated on a quarterly basis. In case of active breaches of these exclusions, MEAG strives to conduct divestment immediately or within one trading day. In case of passive breaches, stakes will be divested in a timely manner, considering the market conditions and the interest of the fund or portfolio: pre-existing holdings are generally to be sold until the end of the quarter. Pre-existing fixed income holdings of excluded coal-based companies may be held until maturity but shall not exceed 2030 for issuers situated in OECD countries and 2040 for the remaining.

For the restriction of investments into food-related commodities and related derivatives, a dedicated process applies, whereby portfolio managers are required to check if the underlying of the certificate is not a food-related commodity and/or the underlying index for commodity index funds does not include any food related commodities. Only if this can be assured an investment is allowed.

For Alternative Assets, the exclusion criteria are integrated into the due diligence process. This includes a manual check of the identifier, where available, with the Exclusion List. Furthermore, as part of the ESG Evaluation Criteria applied for all direct equity and debt investments in real assets, including project finance, infrastructure, real estate and natural capital, investment teams seek to gather relevant information on private entities and projects to ensure compliance with this Guideline on a best-effort basis. This aims at screening and removing any restricted investment from further consideration. To rule out excluded controversial weapons companies as tenants of real estate assets, the respective exclusion list is integrated into MEAG KAG’s central compliance tool which is used to approve tenants.

For the restriction of investments into natural and mixed world heritage sites (UNESCO), the following process is applied: During the initial project acquisition, a screening based on geolocation data, if feasible, is conducted via IBAT¹¹, which is further substantiated during the due diligence process. In case a material portion of the underlying assets is found to be situated in a natural or mixed world heritage site, the investment is not further pursued. For distributed infrastructure networks, such as transmission lines, and corporate finance in Alternative Assets the approach pursues best-effort to avoid respective exposure.

Guideline valid as of December 18, 2025.

¹¹ Integrated Biodiversity Assessment Tool