Ox Capital Management Environmental Social and Governance Policy

December 2022

A.1.1 Our corporate mission

Our corporate purpose is to help our clients to achieve their financial goals through specialist investment management strategies. We believe that companies that are on a positive trajectory towards sustainability are better positioned to mitigate risks and take advantage of emerging opportunities.

We are a boutique investment management firm managing emerging markets strategies. We believe that ESG integration is crucial when investing in emerging markets economies due to their fast pace of development and an opportunity to add value through constructive engagement. We favour sustainable companies because we believe they are better positioned to deliver positive long-term sustainable returns.

Having good ESG practices is an important social licence for sustainable conduct of business. Although direct real-world impact is not necessarily the primary goal of our funds, we believe that through our investment approach we are able to have a positive impact on our investee companies and the communities they serve.

A.1.2 Overall approach to responsible investment

Our investment process favours sustainable companies and those that are on a positive ESG trajectory. We aim to invest in companies with good governance that are well positioned to benefit from global ESG trends. We see this as a significant opportunity in emerging market economies.

We look for companies that are preparing to transition their businesses and those that are contributing to the transition to a more sustainable economy.

Our approach to ESG integration is therefore focused on identifying the direction the company is taking towards sustainability and the governance structures it has in place. We assess material ESG risks and engage with investee companies to mitigate those risks.

Emerging markets also hold significant opportunities for those companies that are moving towards sustainable business models and adapting to a low carbon world.

Emerging markets can be exposed to higher ESG risks due to less advanced regulation and the fast pace of change occurring in these economies. This is why our investment process has extensive ESG due diligence, which forms part of our overall company analysis.

We believe that incorporating ESG factors into investment analysis helps us to achieve our corporate mission by improving the long terms performance of our investee companies and the risk-return profile of our portfolios.

A.1.2.1 Overview of Ox Capital Investment Process

We believe companies with better ESG practices can create greater shareholder value in the long term. Further, companies with better ESG practices typically have better management practices, have more sustainable profitability, and trade on a premium valuation.

Our investment process is based on vigorous bottom-up fundamental analysis. Our aim is to uncover stocks that are trading at a discount to their intrinsic value. This can occur as a result of a misunderstanding by the market over the long term prospects of the company. In-depth qualitative research is required in order to ascertain the real underlying fundamentals of the businesses and the environments in which they operate in.

A.1.2.2 A note on ESG Ratings

It is important to note that our investment universe and our approach to investing in companies on a positive ESG trajectory, who may not be there yet, means that our portfolios may not hold the best-in-class companies that many ESG ratings look for when they assess the ESG profile of a portfolio. Our approach aims to support companies that are moving in the right direction and through this will have a positive impact on both company value and society. This can be difficult to capture in a rating that assesses the ESG profile of portfolio holdings as they are today versus more advanced peers in developed markets, due to different disclosure standards.

A.1.3 Responsible Investment Governance Structure

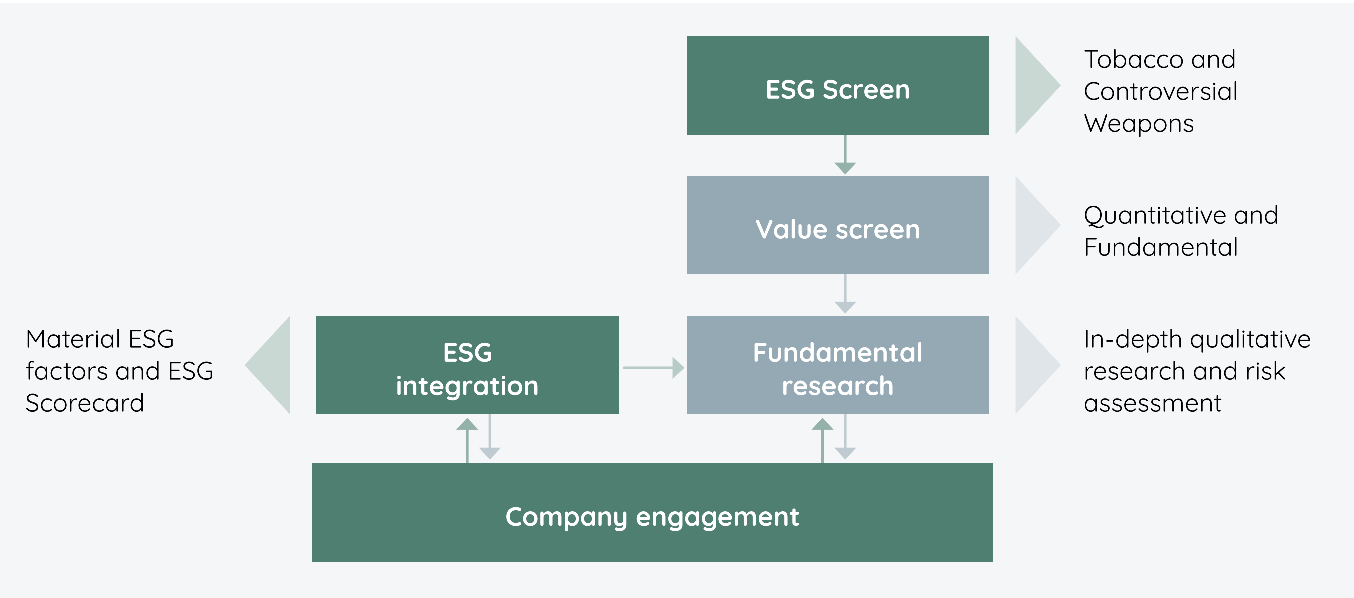
As we are a boutique funds management business of total 5 staff all focused on investment management activity, we do not have a separate ESG team. ESG is fully integrated into our investment analysis. All Portfolio Managers and Analysts are responsible for assessing material ESG factors for their companies.

The ESG Officer is Ox Capital's ESG champion and is responsible for oversight of ESG as well as for liaising with Fidante Partner's ESG specialist and organising any necessary training on emerging ESG issues.

Our investment team meets weekly to review portfolio companies and ESG is a standing agenda item at these meetings.

A.1.4 ESG Integration

A.1.4.1 Process



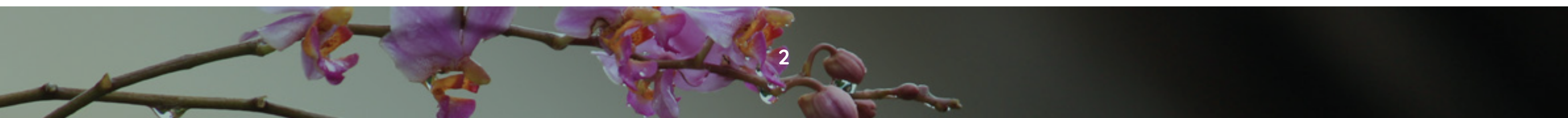
Sustainability Risk Policy

We take a precautionary approach to Sustainability Risks. Based on our assessment we will exclude companies considered to have serious ESG violations or facing acute Sustainability Risks, as outlined below.

Sustainability risk factors that we consider include:

1. Environmental factors such as pollution and contamination, land degradation, water use and water scarcity risks, carbon intensity and energy transition; and physical climate change risks;
2. Social factors include respect for the rights of indigenous peoples, workforce diversity and the fair and equitable treatment of employees and stakeholders; and the prevention of modern slavery or the use of child labour and positive engagement with and support of local communities; and
3. Governance factors include board structure, risk management, diversity, shareholder rights and remuneration.

We assess these Sustainability Risks based on both internal and externally sourced research and analysis. We utilise external research on the compliance of companies with global norms and conventions, including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ILO Tripartite Declaration of Principles, UN Draft Human Rights Norms for Business, UN Guiding Principles on Business and Human Rights, and other sector specific standards. Further, we assess local media outlets for timely alerts or exposés on investee companies or industries in local jurisdictions where we are invested. This further helps to inform our sustainability process.



We will sell out of a stock if the ESG risks rise to an unacceptable level and other stewardship mechanisms cannot be utilised.

A.1.4.1.1 Universe screens

Negative Screen

We screen out companies which derive their revenue from the manufacture of tobacco products and controversial weapons.

We assess tobacco producing companies to be unsustainable investments with significant social impacts.

Our controversial weapons screen excludes companies that manufacture anti-personnel mines, cluster munitions, chemical, biological weapons, white phosphorus, depleted uranium weapons, blinding lasers and non-detectable fragments.

Governance Screen

We then review the company for its governance credentials. We utilise an ESG scorecard as part of our investment process which focuses on ESG due diligence on governance factors including board effectiveness, internal controls, company ownership structure and corporate strategy.

Positive ESG Screen – 'best-in-class'

Once the Governance screen is applied, we apply a positive screen which looks at the best-in-class companies to be considered for inclusion to the portfolio on a sector basis for environmental and social characteristics.

We score the companies from an ESG risk perspective as noted below. Companies which receive a score of 1 will be automatically excluded from consideration. We then look at the remainder of the scores and those companies scoring a 4 to 5 are considered to be upholding strong to best-in-class ESG practices, and can be considered for best-in-class classification. Where the ESG score is 2 to 3, but there is evidence that the company is on a positive environmental and social trajectory, we will consider the company for investment, providing the company has an ESG development strategy which will allow them to perform more favourably in the future, or if there is room for company engagement to improve current approach to ESG adopted by the company.

A.1.4.1.2 Materiality

We acknowledge that not all ESG factors will be relevant to all investments. As such, we incorporate material ESG factors into the fundamental analysis of each company we include, or are considering for inclusion in, our portfolio.

We determine materiality by considering which ESG risks and opportunities the industry is most exposed to as well as any ESG risks and opportunities specific to the company itself. A material ESG risk is one which can have a significant impact on the valuation of a company, if not well managed.

A.1.4.1.3 ESG Factors

Examples of key ESG factors that we consider are outlined below but are not limited to this list.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
• Climate change	• Human rights	• Board structure
• Waste management	• Health and safety	• Risk management
• Biodiversity	• Human capital management	• Diversity
• Product life cycle	• Business ethics	• Shareholder rights
• Energy use	• Cyber security	• Remuneration
• Carbon emissions	• Supply chain	

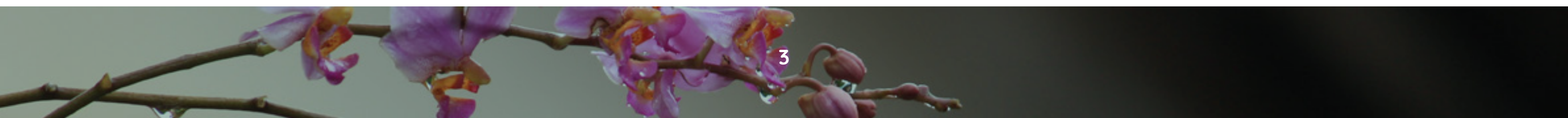
A.1.4.1.4 Company Research – ESG due diligence

We prioritise ESG issues based on their materiality to the industry or region in which the company operates. Companies highly exposed to a particular ESG factor are assessed on their management of these risks. We review their board and management, processes, procedures, policies and any controversies they have been involved in that may indicate their management of these ESG issues is insufficient. We also look closely at their strategy for moving towards a more sustainable business model.

We document the relevant set of ESG issues and engagement history at the end of the research document for each company that is in the portfolio. We flag areas for engagement in a log and closely monitor the outcomes before making a decision.

A.1.4.1.5 ESG Scorecard

In our company assessment we focus on companies



that are likely to benefit from evolving ESG trends whilst successfully managing their risk exposure. Good governance is a key indicator of the sustainability of a company. We aim to balance this assessment of business impact with our purpose of delivering a positive return for our clients.

We undertake an extensive ESG due diligence process on every company we consider for investment.

ESG companies are assessed on the below key criteria. Each criterion is given a score out of 5 with 5 indicating good management of the risk and 1 indicating that the risk is not being managed. An overall internal ESG score is then calculated on an equal weight basis for the stock.

	Score (1 low – 5 high)
Environmental	
Social	
Governance	
ESG momentum	
Overall Score	

The ESG score is updated by the responsible analyst when new data point emerges which typically takes place with new incidents, new company financial reports or a change in the company's ESG momentum. The rating is agreed on by the analyst and the ESG Officer. In case of a non-agreement, it is escalated to the CIO for final determination.

We favour companies that have positive ESG momentum. We therefore find that where we can add most value is through constructive company engagement. Our strong relationships with our portfolio companies provide us with an opportunity to engage with the goal of improving ESG practices and mitigating risks, improving the risk-return profile of our investments.

A.1.4.1.6 Integration of internal ESG score into investment decisions

The final ESG score is integrated into investment decisions in the following way:

- Companies scoring 1 will be automatically excluded from the portfolio
- Companies scoring 5 or 4 will be given an ESG premium to the target price.
- Companies scoring 2 or 3 will be considered if the portfolio manager identifies an opportunity for value creation through company engagement or if valuation has sufficiently taken account of the weaker ESG practices.

A.1.4.1.7 Engagement opportunity review

We recognise that all companies will have some positive and negative real-world impacts.

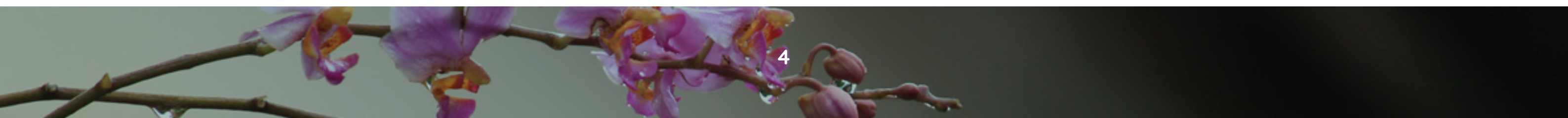
We aim to identify the full impact for every investee company so that we understand the risks and opportunities of the business and identify where we can add value through company engagement.

The below table shows how ESG considerations are assessed within our ESG company impact review. Engagement outcomes are reflected in the ESG scorecard.

Company impact review

	Positive	**Negative**	**Can negative impact be mitigated through engagement (detail engagement goals)**	**Engagement Outcome**
Environmental				
Social				
Governance				

A.1.4.1.8 ESG Summary Table



Following investment in the company, an ESG Summary Note is completed with the purpose of summarising the ESG considerations of the investment, both positive and negative and to note how these factors are considered in the company valuation or target entry/exit price, if they are considered material ESG issues. The factors considered in the Summary Table are noted below.

ESG Summary

	ENVIRONMENTAL			SOCIAL			GOVERNANCE	
	Factors to Consider	Investment Implication (YES/NO)		Factors to Consider	Investment Implication (YES/NO)		Factors to Consider	Investment Implication (YES/NO)
A	Sustainability Management Practices		A	Occupational Health & Safety Standards		A	Board Structure	
B	Carbon Emission Reduction Policy		B	Child Labour Risk Management		B	Operational Risk Management	
C	Other Environmental Considerations		C	Other Social Considerations		C	Director Incentive	
						D	Executive Renumeration	
						E	Other Governance Considerations	

A.1.4.1.9 Specific approach to climate change

We subscribe to the scientific consensus that carbon dioxide in the atmosphere, predominantly as a result of human activity, has led to global warming with consequent changes in our climate. There has been a global move to reduce carbon emissions worldwide with many asset owners committing to achieving net zero carbon emissions by 2050. We support the goals of the Paris Agreement and are committed to working with our clients to help them reach their net zero goals.

We believe that uncertainty surrounding both the physical changes in our climate as well as the policy response around the transition to a low carbon economy can pose a risk to our investments across all industries to varying degrees. Equally, there will be companies that benefit from such a transition. As such, we consider the physical and transition risks and opportunities of climate change as part of our fundamental analysis.

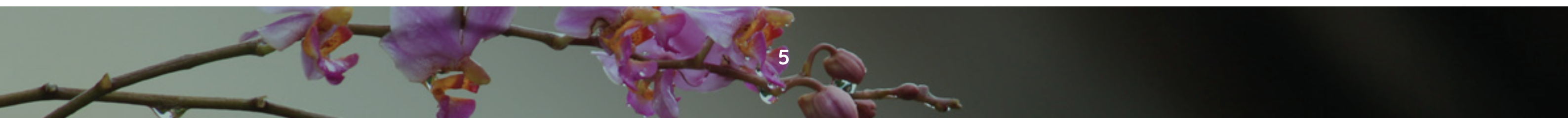
Physical risks can involve the increased frequency and severity of extreme weather events such as drought, flooding, hurricanes, heatwaves and rising sea levels, which may cause disruption to business operations and supply chains.

Transition risks include the risk of regulation around carbon emissions such as the introduction of a carbon price, both within specific regions and globally, which may affect demand for exports, the development of new technologies which are more aligned with a low carbon world as well as changing consumer preferences for low emission or energy efficient products.

Opportunities arise out of companies that develop technologies or solutions to deal with the physical aspects of climate change as well as those companies that are better prepared and less exposed to the negative effects of a transition to a low carbon economy. We consider all investee companies through this lens in our fundamental analysis.

We also consider the possibility of a worst-case transition scenario on our investments when considering climate-related risks. This would involve a sudden and extreme policy response in relevant markets in which the company operates or exports its products. We consider the impact of potential carbon border adjustments on the price of imports and demand for exports. We factor this into our valuation where we believe there is a reasonable chance of such a scenario occurring.

We encourage the companies we invest in, or are considering for investment, to assess and disclose their exposure to climate-related financial risks, adopting



where possible the framework set by the Taskforce for Climate-Related Financial Disclosures (TCFDs).

A.1.4.1.10 Specific approach to Human Rights and Modern Slavery

We recognise that modern slavery, as well as being a serious ethical concern, can also pose a financial risk to businesses from both a reputational perspective and from a disruption to their supply chains. We recognise that there are instances of modern slavery within emerging markets companies, particularly in high risk industries such as textiles, mining, construction, property, food and beverages, agriculture, and healthcare.

When analysing companies in these higher risk industries we undertake additional due diligence process to ensure the company has appropriate policies in place to manage these risks and treats its employees fairly. In the ESG note the analyst will assess modern slavery related company risks, including if the company has modern slavery related company policies. For companies that are deemed high risk, in terms of operations or supply chains in high risk jurisdictions or industries the analyst will also research any historic company controversies and if present, how has the company responded, resolved and mitigated future issues and risks. For companies that have operations or supply chains in high risk regions we take a similar approach to engagement with those companies, ensuring that the investee company has awareness of the risks of modern slavery within its supply chains and has policies in place to mitigate these risks.

A.1.4.1.11 Specific approach to Diversity

Research has shown that companies with higher gender diversity on their boards had higher financial performance and were associated with lower variability of stock market returns. We believe that greater gender diversity (as well as other forms of diversity), reduces the risk of groupthink and leads to greater diversity of thought. This can reduce risks and boost performance in investee companies. As such we consider the number of females on boards as part of our governance.

A.1.4.2 Approach to Exclusions

We exclude companies deriving revenue from the direct manufacture of tobacco products and controversial weapons from our initial universe.

Following our ESG assessment using the criteria in our ESG scorecard we arrive at an overall internal ESG rating. We exclude companies with an internal ESG rating of 1 (the lowest rating) from our portfolios.

A.1.4.3 Approach to sustainability outcomes

Our overall goal is to

- Improve risk-adjusted returns for our clients through ESG integration
- Improve ESG practices across our investee companies through constructive engagement with senior management and boards lifting the standard for companies operating in the emerging markets
- Encourage better disclosure practices around ESG factors to enable improved ESG integration for all investors
- Invest in companies that are willing and able to transition to more sustainable business models

We monitor the outcomes of our engagement activity through detailed notes and follow up with our investee companies.

Where appropriate we collaborate with other investors to engage with companies on important ESG issues.

A.1.5 Stewardship

Our overall Stewardship objective is to maximise overall value to clients. We believe that companies with good governance practices, sustainable business models and a good track record of business ethics will ultimately lead to better value.

Our engagement activity centres on constructive dialogue to encourage better ESG practices for companies that are on a positive ESG trajectory.

A.1.5.1 Prioritisation of engagement activity

We prioritise material ESG issues for engagement where we feel that material exposure to an ESG risk or risks is not being adequately managed or company strategy is not sufficiently considering opportunities.

We aim to engage all of our investee companies on developing adequate oversight, processes, policies and controls around climate change risks and opportunities, identifying and mitigating risks of modern slavery in their operations and supply chains and on board diversity including gender diversity.

We encourage our investee companies, wherever practicable, to disclose their climate risks in line with the TCFD framework.

A.1.5.2 Escalation strategies

If a company's response to engagement activity does not satisfy our concerns regarding ESG and other material risks, we may take any of the following actions::

- Seek to collaborate with other investors on this issue
- Reduce the valuation accordingly and:
  - Reduce position; or
  - Exit the position

A.1.5.3 Monitoring of engagement outcomes

We monitor our engagements and the commitments made by investee companies as part of that engagement. We follow up to ensure that the relevant changes have been made. If the company does not honour the commitment this will trigger our escalation process outlined above.

A.1.5.4 Approach to collaborative engagements

We will seek to engage in a collaborative way with other investors on important ESG issues. We will look to join collaborate engagement groups on relevant ESG topics where we think we can add value.

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