



EXCELSIA CAPITAL (PTY) LTD

(FSP No. 46756)

RESPONSIBLE INVESTING POLICY

1. INTRODUCTION

Our aim at Excelsia Capital (“Excelsia”) is to grow a company in which the principles of responsible investing and diversity are embraced. Diverse culture, gender balance, and education are strong contributors to our competitive advantage, as we believe that diversity of thought ensures a more robust investment process.

The fiduciary duty of safeguarding the long-term interests of our clients, primarily through benchmark beating returns, and our duty to provide our employees with a healthy working environment, ensure that we positively contribute to that part of society which we directly impact.

Our core Responsible Investment objectives extend to:

- Ensuring Environmental, Social and Governance (ESG) factors are integrated into our investment process, thereby supporting our objective to achieve sustainable and consistent investment returns over the long-term investment horizon.
- Long-term sustainability includes ensuring companies embrace the adoption of the universally accepted United Nation Sustainable Development Goals, and that these goals are included in their ESG considerations.
- As an active investor we aim to meaningfully influence ideological change within companies. Engagement with company management is an important factor in ensuring that our investment decisions remain robust and that both our clients’ and investors’ rights are safeguarded.
- Working collaboratively with the asset management industry, and thus enhancing “economies of scale”, to achieve better outcomes.

Furthermore, Excelsia supports the principles embodied in the following initiatives:

- The United Nations Principles of Responsible Investing (UNPRI);
- The United Nations Sustainable Development Goals (UNSDG);
- The Paris Agreement;
- The Codes for Responsible Investing in South Africa (CRISA); and
- The recommendations of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures.

Excelsia intends to become a signatory of the United Nations-supported Principles for Responsible Investment (UNPRI) when it becomes economically viable to do so.

We recognise that Responsible Investment extends into the broader investment industry, including industry bodies, the media, various platforms, events, and regulators. The proactive engagement with these industry participants and the adherence to regulatory policy and procedures form part of the backbone of Excelsia’s moral fibre. Our Responsible Investing policy is therefore a reflection of our investment ideology, mission, culture and values.

2. ENVIRONMENTAL, SOCIAL & GOVERNANCE INTEGRATION

At Excelsia we are committed to the principles of good corporate governance, and firmly believe that we have a fiduciary duty to ensure that the companies in which we invest are also committed

to adhering to these same principles. This enables us to determine whether the long-term interests of our clients would be best served by avoiding positions in companies that are poorly governed, or whether we become more actively involved in the company through discussions with management, making our views public, exercising our proxy voting rights or through any other means available to enhance shareholder value. It must however, never be Excelsia's intention to become involved in the management of the company's operations or to be involved on a long-term basis, and potential conflicts of interest or perceived conflicts of interest must be avoided at all costs. Our valuation-based investment philosophy incorporates the recognition that sustainability factors directly impact long-term business profitability.

Through our proprietary ESG scoring process we have created a framework (using global best practice) for assessing companies on various ESG metrics. These scores are quantitatively incorporated into our company valuations and ranking table by applying either a premium or discount based on the company's overall ESG score. Each of our investment analysts is responsible for updating the ESG score for the companies they research, and their views are extensively debated amongst the investment team. Research from external ESG consultants is referred to as a sanity check.

In addition to the impact on our portfolio returns, the integration of ESG into our investment process also allows us to identify the risks and sustainability issues associated with a company. The assessment of these risks enables us to place greater conviction on company valuations, thereby supporting our overarching goal which is to generate superior risk-adjusted returns for our clients.

We furthermore believe that our commitment to ESG principles will indirectly contribute to the longevity of Excelsia and the recognition of it as an emerging player in the transforming South African asset management industry.

3. ACTIVE OWNERSHIP

3.1. Stewardship

Our primary responsibility to our clients is both the protection and the growth of their capital. Fundamental bottom-up company research, which is the corner stone of our investment decision making process, allows us to derive a valuation for a company in our investable universe.

Engagement with company management is an important element of our investment process and is conducted whether we have an investment in the company or not. This engagement allows us to convey our views, concerns and opinions to the company and importantly provides the company with an opportunity to respond. This process allows us to make an informed investment decision.

We maintain a management engagement register which is available to clients on request.

3.2. Proxy Voting

As active owners, we regard proxy voting as an important extension of our commitment to stewardship and protecting our clients' shareholder rights. We have a fiduciary duty to promote good corporate citizenship and integrity among entities we invest in on behalf of our clients. At Excelsia we don't abstain from voting on company resolutions and maintain a proxy voting register which is available to clients on request.

4. MODERN SLAVERY

Modern slavery is defined by Anti-Slavery International as an occurrence where an individual is exploited by others for personal or commercial gain, through trickery, coercion, or force, causing them to lose their freedom. This includes but is not limited to, forced labour. Forced labour involves a range of activities including the use of force or physical threats, psychological coercion, abuse of the legal process, deception, or other coercive means to compel someone to work. Modern day slavery is all around us, often hidden in plain sight, where industries most vulnerable to the exploitation of labour include manufacturing, agriculture, and mining.

Mindful of this, at Excelsia we try to ensure that the goods produced, and/or the services rendered by the companies we invest in are neither a product of their own nor of their suppliers, in which modern slavery is taking place. However, given the strength of our investee companies' human resources policies and procedures, training, accessible grievance mechanisms and risk management, the real risk of modern slavery lies more specifically in their exposures to the third parties they do business with, including their supply chains. Modern slavery is assessed as a component of the Social pillar in our ESG scoring process.