



ALL WEATHER
INVESTING IN POSITIVE OUTCOMES

All Weather Capital
Responsible Investment Policy

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All Weather Capital: Responsible Investment Policy



1. Introduction

At All Weather Capital we are dedicated to being a leader in Responsible Investing. At the core of our investment philosophy is the belief that companies, by incorporating Environmental, Social, and Governance (ESG) factors into their decision-making processes, can achieve more than just financial success - they can build a legacy of responsible business practices that benefit everyone involved. We are committed to seeking out and supporting companies that share this vision, creating a portfolio that not only delivers strong returns but also contributes positively to the world.

2. Purpose and Scope

The purpose of AWC Responsible Investment Policy is articulate a broad framework with regards to our approach to manage investments in a responsible manner, that incorporates ESG matters, and which not only reduces risk, but also creates and protects value for our clients.

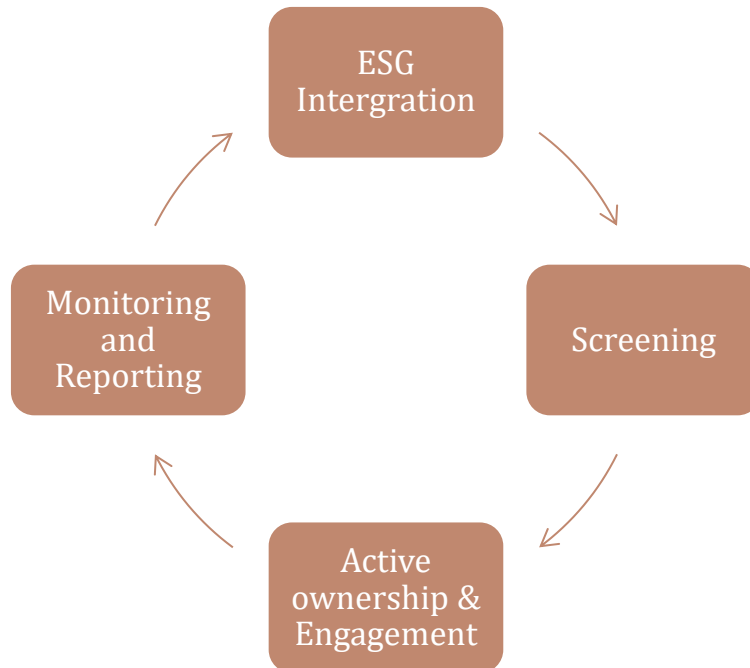
The policy forms the foundation of how we how we fulfil our stewardship and fiduciary role across all asset class and mandates we manage.

The policy further integrates our commitment to upholding the highest standards of integrity in our responsible investing process, facilitated by our active membership in and collaboration with esteemed global Responsible Investing industry bodies.

3. Our Approach to Responsible Investing

Our RI framework comprises of: ESG integration, screening, active ownership and engagement, as well as monitoring and reporting of our RI activities.

We conduct annual reviews of each component to enhance our responsible investment approach. A simplified graphic depicting our evolving RI framework is provided below:



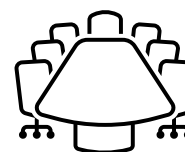
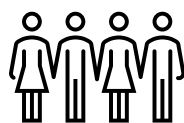
3.1 ESG Integration

As signatories to the United Nations Principles for Responsible Investment (UNPRI) and Code for Responsible Investing in South Africa (CRISA II), Responsible Investing is fundamental to our investment philosophy. We recognise that Environmental, Social, and Governance factors are integral and can impact both opportunities and risks within our investment universe

We identify and rate material ESG issues as part of our fundamental analysis. Rating of ESG issues is performed through our internally designed framework. This rating becomes a critical component in shaping our investment decisions, informing our engagements with companies, and influencing our voting practices. By understanding the materiality of ESG issues, we aim to enhance our ability to create sustainable shareholder value.

ESG ratings are incorporated into our fundamental valuation. This flows into a ranking table which drives stock selection and portfolio construction.

The table below outlines some examples of the ESG factors that we consider as part of our integration process.



Environmental

- Climate Change
- Just Energy Transition
- Biodiversity Loss
- Pollution and Waste
- Net Zero Targets

Social

- Human Rights
- Gender Pay Gaps
- Modern Slavery
- Diversity

Governance

- Board Composition
- Executive Pay
- Ethical Leadership

3.2 Screening

We recognise that companies exhibit differing levels of ESG issues, which differ in materiality concerning their impact on valuation and investability.

Our investment strategy does not involve outright exclusion of companies or entire sectors from our universe, as such an approach may:

- Diminish investor influence over corporate behaviour.
- Limit engagement opportunities for meaningful change.
- Restrict the investable universe, potentially increasing volatility and impacting returns.
- Exclude industries crucial for long-term sustainable growth.

Instead, we aim to assess the impact of identified ESG issues and integrate them into our valuation processes.

Consequently, we may hold companies in which we've identified ESG issues, provided they pass through our rigorous fundamental research process and we determine that their share price adequately reflects the identified ESG concerns.

3.3 Active ownership & Stewardship

At All Weather Capital, we prioritise active ownership as a fundamental aspect of our investment strategy. Leveraging our rights and ownership positions, we actively influence the activities and behaviour of companies on behalf of our clients. This active ownership is exercised through voting at Annual General Meetings (AGMs) and direct engagement with company leadership at the board and executive management levels.

Proxy Voting:

Voting at shareholder meetings serves as a potent tool for us to exercise shareholder rights, fulfil fiduciary duties and encourage best practices and sustainable business conduct among our invested companies. Our voting framework integrates internal research conducted by both our fundamental and ESG analysts, along with external research from brokers, ESG platforms, and public information. We actively vote on all resolutions in accordance with our [Proxy voting policy](#) applicable laws and regulations. Before submitting votes, we engage companies on resolutions we intend to vote against to foster ongoing dialogue around raised issues. It is our policy to vote all shares on all resolutions, and we utilise a third-party service for electronic processing of proxy voting instructions, maintaining meticulous records of all proxies.

Individual Company Engagement:

Our engagement approach aims to gain insights into how company leaders perceive and address risks, fostering dialogue to pose specific questions and express concerns, particularly when our views differ from the company's course of action. Engagement priorities and approaches vary based on factors such as our ability to influence, the nature of the issue, the company's geographic location, and its weight in our portfolio. Engagement mechanisms include one-on-one meetings, written correspondence, telephonic communication, and attendance at AGMs. In contentious situations, we seek input from external stakeholders, including sector regulators, to make informed decisions. All engagements are guided by our <Responsible Investing Engagement Policy>

Advocacy:

Where necessary, we take an active approach on specific themes, such as carbon emissions or biodiversity loss, to influence broader issues, promote ESG opportunities, or highlight ESG risks. In addition to direct engagement with companies and exercising our proxy voting rights, we utilize media articles as a tool of advocacy. Furthermore, we engage with regulators to promote regulatory frameworks that support responsible business practices and address emerging ESG risks.

By actively engaging with companies, exercising our proxy voting rights, publishing media articles, and collaborating with regulators, All Weather Capital is dedicated to fulfilling our fiduciary duties while driving positive change in corporate behaviour, promoting responsible business practices, and aligning our investment activities with the values and expectations of our clients.

3.4 Monitoring and Reporting

Ongoing monitoring and evaluation are integral to our Responsible Investing process at All Weather Capital. Identified Environmental, Social, and Governance (ESG) issues in our

investee companies are subject to continuous follow-up with company management to assess progress on these issues.

Record Keeping:

AWC maintains a comprehensive record of all engagements with investee companies and proxy votes. While specific company votes and individual engagements are not disclosed publicly, AWC provides a quarterly summary of its voting activity on our website. Company-specific information is made available to clients upon request.

We frequently publish articles related to ESG issues in the media; these are also featured on our website.

AWC actively participates in the UN Principles for Responsible Investment (UNPRI) annual reporting. The assessment report is published on our website.

4. Industry Collaboration

All Weather Capital has adopted the following principles and codes of industry and regulated bodies to maintain the highest level of integrity within responsible investment practices (Refer to Annexure for more detailed information):

- United Nations-supported Principles for Responsible Investment (UN PRI)
- Code for Responsible Investing in South Africa (CRISA)
- King IV of Corporate governance

We support the recommendations of the:

- The Taskforce on Nature-related Financial Disclosures (TNFD)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- UN Sustainable Development Goals

We collaborate with:

- Climate Action 100+

5. Internal Governance Processes

Application of the Policy:

- The Responsible Investing Policy applies to all AWC's directors, senior management and members of the investment team.
- AWC invests in different equity and fixed income funds. We aim to apply our policy across all the funds we manage. We remain attentive to any specific ESG mandates from clients and endeavour to accommodate these requests wherever feasible.

Accountability for RI at AWC:

- Oversight of AWC's Responsible Investing process is entrusted to the Chief Investment Officer (CIO) and the Head of Research.
- The Head of Research is tasked with driving the integration of ESG principles among investment professionals.
- Investment professionals bear the primary responsibility for translating the outcomes of our ESG analysis into the valuation of stocks and across various portfolios.
- A dedicated ESG analyst is responsible for the day-to-day implementation of Responsible Investing and ESG processes, which includes activities such as voting, engagement with investee companies, and maintaining records.

Incentivisation and Training:

- We incorporate Responsible Investing outcomes into the performance criteria for the investment team.
- To foster professional development in this domain, we provide opportunities for team members to attend ESG conferences, engage with global and local brokers, and access leading global ESG analysis platforms.

AWC's in-house Responsible Investing Practice:

- AWC adheres to the same standards of responsible investing that we expect from our investee companies. We continually seek avenues to integrate responsible investing practices across all our operations and endeavour to influence all stakeholders with whom we conduct business.

Annexure

CRISA 2

The Second Code for Responsible Investing in South Africa, 2022 (“CRISA 2”) builds on the first CRISA Code (2011) and contains five voluntary principles for stewardship and responsible investment as a key component of the South African governance framework. Implementing the 5 principles of CRISA 2 is intended to be a systematic, iterative process of:

- integrating material environmental, social and governance (ESG) factors into investment arrangements and activities (Principle 1); and
- demonstrating the acceptance of ownership rights and responsibilities diligently enabling effective stewardship (Principle 2); and
- contributing to capacity building and collaboration (Principle 3),
- in an accountable manner through being founded in sound governance practices (Principle 4); and
- promoting transparency (Principle 5) through meaningful disclosure, towards the attainment of positive outcomes.

UNPRI

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles.

The six principles that signatories sign up to are:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

King IV

The King Code of Governance Principles and King Report on Governance IV, effective from financial years starting April 1, 2017, recommends companies to apply all principles using an "apply AND explain" approach.

It provides best practice recommendations for achieving corporate governance excellence and, like King III, encourages integrated sustainability performance and reports for accurate economic value assessment.

King IV offers sector supplements, such as those for state-owned entities and small to medium enterprises. Notably, the supplement for retirement funds aligns with Responsible Investing by requiring pension funds (and ultimately their service providers) to consider sustainability, including Environmental, Social, and Governance factors, promoting responsible corporate citizenship.

FINANCIAL SECTOR CHARTER (FSC)

The FSC is based on a harmonisation of the Generic Codes and the Financial Sector Charter as gazetted under section 12 of the B-BBEE Act. The Code commits all participants to actively promote a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa, and which contributes to the establishment of an equitable society by providing accessible financial services to black people and by directing investment into targeted sectors of the economy

TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) aims to improve transparency in financial markets by encouraging companies to disclose information about their climate-related risks and opportunities.

TCFD provides a framework for organisations to assess and disclose the financial impact of climate change on their businesses. It emphasizes the integration of climate considerations into mainstream financial filings, helping investors, lenders, and insurers make more informed decisions based on a comprehensive understanding of climate-related risks and opportunities.

All Weather is a proud supporter this initiative.

TNFD

The Task Force on Nature-related Financial Disclosures (TNFD) focuses on improving the transparency and disclosure of nature-related risks and opportunities in financial markets. TNFD aims to encourage companies to provide comprehensive information on their dependencies and impacts on nature, enabling investors to make informed decisions based on a fuller understanding of environmental considerations.

TNFD seeks to enhance the integration of nature-related factors into financial decision-making processes and promote sustainable practices for long-term value creation.

All Weather is a proud supporter this initiative.

Climate Action 100

Climate Action 100+ is a global investor initiative aimed at engaging with the world's largest corporate greenhouse gas emitters. It involves over 500 investors collectively managing more than \$50 trillion in assets.

The initiative focuses on influencing companies to reduce their greenhouse gas emissions, improve climate-related disclosures, and enhance their overall climate resilience. Through targeted engagement and dialogue, Climate Action 100+ seeks to drive corporate behaviour toward aligning with the goals of the Paris Agreement and fostering a low-carbon, sustainable global economy.

All Weather is a part of this initiative as one of our collaborative efforts.