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ESG Policy Statement and Analysis Framework

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Signatory of:

PRI Principles for Responsible Investment

Table of Contents

1. Executive Summary 3
2. ESG Policy Statement 4
3. Sustainability 5
3.1. Environmental Stewardship and Climate Action 5
3.2. Social Responsibility and Stakeholder Engagement....7
3.3. Corporate Governance and Ethical Business Practices 7
3.3.1. Corporate Governance 7
3.3.2. Sustainability Oversight....7
3.3.3. Good Stewardship 8
3.3.4. Exclusions 9
4. Analysis Framework for Listed Equity 9
5. Analysis Framework for Unlisted Equity 12
6. ESG System 13
7. Social and Philanthropic Initiatives 13

AllSeasons
CAPITAL MANAGEMENT

1. Executive Summary

All Seasons Capital Management (ASCM) provides investment management services to a diverse range of institutional pension fund clients. The underlying members of these funds are from a wide array of industries, income brackets, age groups and cultural backgrounds. For many pension fund members, retirement still lies many years into the future while their families will see life well into the next century. It is our firm belief at ASCM that these members and their dependents should experience a quality of life that either matches or surpasses their current standards. This aspiration is intimately tied to a less polluted planet that sustainably supports a more financially secure and equitable society.

To realise this vision, ASCM holds the conviction that Environmental, Social, and Governance (ESG) considerations must be intrinsic components of the due diligence and investment processes. This is done not only to safeguard the long-term economic worth of client holdings but also to mitigate potential risks stemming from regulatory and legislative actions related to ESG factors. Oversight of the ASCM approach, policies and reporting falls under the purview of the Investment Committee (IC), chaired by our Managing Director. Meanwhile, the implementation of the Responsible Investment Policy at ASCM rests with the broader investment team.

Throughout the entirety of this policy, and ingrained within our investment decision-making framework, ASCM actively seeks out well-managed funds that comprise portfolio companies built upon sustainable, enduring business models and solid ESG criteria. The personnel at ASCM are committed to ensuring that good ESG practices are applied throughout the organisation and to our funds. Over time, this holistic integration will ultimately diminish risk while concurrently fostering improved investment and business outcomes.

Since becoming a signatory to the UN Principles for Responsible Investment (UNPRI) on 9 December 2021, ASCM has formally undertaken to incorporate ESG matters into the investment decision-making process. Through the following actions, ASCM endeavours to meet and exceed our commitments as a UNPRI signatory:

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Practice active ownership;
3. Require disclosure on ESG matters by the entities in which we invest;
4. Promote acceptance and implementation PRI within the investment industry;
5. Work together to enhance effectiveness in implementing PRI; and
6. Report on our activities and progress towards implementing PRI.

2. ESG Policy Statement

ASCM acknowledges the important role that ESG criteria play in defining the global investment landscape, now and into the future. Our firm endeavours to contribute to a more sustainable future based on transparency, accountability, social equality and a cleaner, decarbonized environment. The points listed below, read together, comprise the foundation of our ESG policy statement and outlines our commitment to incorporating the numerous dimensions of ESG into our investment process:

1. ASCM recognises that ESG factors have important direct and indirect causality to corporate performance, societal wellbeing and asset returns over the long term;

2. No modern investment process is complete without due consideration being given to ESG matters;

3. As a signatory to the UNPRI, ASCM undertakes to permanently incorporate principles of ESG into our investment process;

4. ASCM is a multi-manager and strongly encourages underlying managers to develop and incorporate ESG criteria into their own respective investment processes;

5. It is not the role of ASCM to engage directly with individual companies on ESG matters as this task falls within the competency of the underlying managers;

6. It is within the fiduciary responsibility of ASCM to assess the ESG criteria of underlying managers through the rigorous screening of their portfolios against a commercial ESG database;

7. Where ASCM detects a holding with poor ESG scoring criteria, the underlying manager is engaged to provide additional information and justification;

8. ASCM will report to investors the outcome of manager engagement on ESG matters in a timely manner and in a format they require;

9. ASCM commits to conducting ongoing, independent and original research into the numerous facets of ESG. Relevant findings will be reported investors and the industry to create more awareness of the importance linkages between performance and ESG.

3. Sustainability

From an ESG perspective, the concept of sustainability refers to the long-term viability and the impact of businesses on society and the environment. A sustainable entity must not only consider financial metrics but also its contributions to the environment, society and effective governance.

As described in greater detail below, sustainability in an environmental sense means minimising negative ecological effects and fostering responsible resource management. This involves reducing carbon emissions, conserving water, adopting clean technologies and preserving biodiversity. From a social standpoint, it entails fostering positive relationships with employees, our investors, communities and other stakeholders. In terms of governance, sustainability involves robust corporate governance mechanisms and use of industry best-practice to mitigate the risk of unethical behaviour and improve long-term outcomes.

3.1. Environmental Stewardship and Climate Action

To attain the objective of limiting the average global temperature increase to within two degrees Celsius, it is vital that worldwide emissions are reduced to zero over the next three to four decades. Maintaining a consistent annual rate of carbon reduction is central to effectively fulfil the objectives set forth in the Paris Agreement. The recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) identify two distinct categories of climate-related risks and opportunities that hold relevance for investors:

Physical Risks: These are both immediate and longer-term risks, of which we are already experiencing the short-term effects. These include a heightened severity of extreme weather events such as tropical cyclones, floods, wildfires, heatwaves and droughts. There are also longer-term effects such as shifts in precipitation patterns and temperature alongside amplified fluctuations in general weather patterns, not to mention the risk posed by rising sea levels.

Transition Risks: These include the direct and indirect costs of complying with policy and regulation change, changing market conditions, new technologies and the impacts from the process of adjusting towards a low and zero carbon economy. By agreement with our underlying fund managers, ASCM receives full transparency of their portfolios at the individual stock level. By screening their stocks against standardised emissions scores from the Refinitiv database, to which ASCM subscribes, a rudimentary calculation can be performed that provides a weighted-average score for each underlying manager. This can be monitored over time to determine any trends in greenhouse gas emission scores for their portfolios.

Aggregating the underlying portfolios to our fund-of-fund level allows ASCM to estimate the carbon footprint of the entire fund-of-funds portfolio, thus providing an overview of the environmental impact. This exercise also provides data that facilitates client reporting to highlight progress made in terms of overall emission reduction. Through engagement and collaboration with underlying fund managers, ASCM will endeavour to determine an emission reduction target and a timeline within which to achieve it.

Carbon Emissions: Within our firm, Scope 1 Emissions encompass greenhouse gas emissions stemming from activities directly within ASCM's control. As highlighted elsewhere, ASCM has taken proactive measures to curtail our corporate carbon footprint. These actions involve reducing international flights to and from Mauritius, optimising office parking to encourage carpooling, online meetings and streamlining research trips for greater efficiency. It's important to note that a fund-of-funds like ASCM lacks the practical jurisdiction or capacity to significantly influence the Scope 1 emissions of the portfolio companies managed by underlying managers. The task of managing emissions at the stock level falls under the purview of the underlying managers.

An important distinction between Scope 1 and Scope 2 emissions revolves around the ownership or control of emission sources. Scope 2 refers to indirect emissions arising, for instance, from energy consumption, heating, or air conditioning. On our organisational level, ASCM employs no heating and uses electricity only sparingly for lighting, computer equipment and limited air conditioning. As with Scope 1, evaluating Scope 2 emissions for stocks within the underlying managers' portfolios is not a responsibility held by ASCM.

Scope 3 emissions often constitute the largest segment of a company's total carbon footprint, as they encompass a broader spectrum of activities beyond Scope 1 and 2. These emissions arise indirectly from activities beyond ASCM's influence but interconnected with our investment value chain, including actions taken by underlying managers. However, it's important to clarify that these activities are beyond ASCM's mandate as defined by our investors.

ASCM's particular value addition lies in evaluating all underlying manager positions against the 'Emissions' descriptor scores from the Refinitiv database. By multiplying stock weights by standardised 'Emissions' scores, ASCM can compute a weighted average emissions figure for each manager's portfolio, aggregating these data to the fund-of-funds level. This approach enables the identification of underperforming managers in comparison to their peers, continuous monitoring of their scores, and timely, informative reporting to our investors.

3.2. Social Responsibility and Stakeholder Engagement

The shareholders and management of ASCM recognise that the firm's success is inseparable from the well-being of its employees and the broader community in which we operate, both in Mauritius and elsewhere. Through sensible employment policies, a safe workplace, fair compensation structures and opportunities for professional growth, ASCM endeavours to combat social injustices and inequality while improving diversity and inclusion.

We have engaged in numerous community development initiatives that uplift disadvantaged groups, thereby addressing social challenges beyond the realm of financial metrics. Where possible we leverage our influence for positive societal outcomes while delivering value to our stakeholders within a broader ESG framework.

3.3. Corporate Governance and Ethical Business Practices

At ASCM, we prioritise effective governance in both our culture and investment processes. We are dedicated to conducting business with the highest standards of ethics, compliance, and professionalism across all functions. To ensure this, ASCM has established robust governance structures to ensure adherence to ESG and regulatory standards.

3.3.1. Corporate Governance

It is of prime importance to implement optimal governance structures and practices within our working culture and throughout the investment process. ASCM strives to conduct business in a manner that meets the highest standards of ethics, compliance and professionalism across all functions.

3.3.2. Sustainability Oversight

The broader investment team at ASCM is responsible for the continual development and implementation of our ESG policies. The team diversely includes members of the IC, external board members, senior level staff, portfolio managers and other investment professionals.
Matters relating to sustainability are routinely discussed amongst the investment team at ASCM. The purpose is to better understand how ESG factors can impact investment performance and risk while aligning stakeholders' interests. Where of relevance to the investment team, ASCM circulates material such as ESG newsletters, reports and bulletins to keep the team informed about ESG developments, relevant news, and emerging best practices.

3.3.3. Good Stewardship

Through practicing good stewardship, also known as active ownership, ASCM endeavours to enhance investor value by mitigating risks, improving long-term performance and aligning investments with societal and environmental considerations. Firms that prioritise active ownership are more likely to create value that resonates with a diverse range of stakeholders. Examples of good practice in stewardship include, but are not limited to:

Proxy Voting: Monitoring the voting patterns of underlying managers is one of the cornerstones of our fiduciary duty. For ASCM, each vote represents a tangible manifestation of dialogues held with a portfolio company's Board or management. As a fund-of-funds operating under our outsourced investment framework, we entrust our underlying managers with the responsibility of proxy voting. In tandem, we advocate for and endorse resolutions aimed at advancing ESG standards in line with established principles. ASCM monitors underlying manager proxy voting as part of the investment manager selection process, to ensure they are representing ASCM’s commitment to good governance, sustainable investment, and long-term value creation. As part of our quarterly monitoring exercise for listed equity investments, we assess the summary of proxy voting of our underlying fund managers.

Engagement and Escalation: Engagement with underlying managers is an integral part of our investment process at ASCM. We expect underlying fund managers to work with their portfolio companies to improve how they manage or disclose ESG performance or issues. Not only does ASCM benefit by ensuring all our managers are cognisant of ESG risks, but we also further endeavour to positively influence the proliferation of ESG consciousness across the broader investment management community.

In addition, we attempt to identify ESG-laggards among our universe of underlying managers using data from an external provider. ASCM will engage with the investment managers owning those companies and seek their views on the risk, return and impact profile of these companies. Managers will be asked to engage with those companies (if they have not done so already) to try put them on an improvement path and to report on those engagements.

Affiliations: ASCM has numerous long-standing affiliations with a wide range of industry bodies, associations and regulators. These include the Financial Services Commission of Mauritius (FSC), the Financial Sector Conduct Authority of South Africa (FSCA), the National Venture Capital Association of South Africa (NVCA), the South African Chamber of Commerce in Mauritius and the Mauritius Institute of Directors. ASCM became a signatory to the UN Principles for Responsible Investment (UNPRI) in December 2021.

Reporting and Disclosures: ASCM has committed to continually improving ESG practices and staying abreast of evolving sustainability issues and best practices. We periodically review and update the guidelines to reflect new developments. At all investor engagements, ASCM routinely reports back on relevant ESG information, thereby providing transparency on the approach taken and the outcomes we endeavour to achieve. We have flexibility in terms of client reporting and can generate bespoke reports as and when required by investors, advisors, consultants, and regulators.

3.3.4. Exclusions

As a fund-of-funds, ASCM strongly encourages all investment managers who are not signatories to the UNPRI to sign up without delay. In addition to promoting widespread acceptance of ESG principles in our industry, this ensures that the ESG philosophies and practices of underlying managers and candidate managers in the ASCM investment universe are at least aligned with our own objectives and values, and that of our clients.

If an underlying manager is screened to be investing in unethical of harmful industries such as tobacco or weapons, ASCM may exclude them outright to ensure alignment with ethical principles. Should their investments be assessed to have a negative impact on the environment, such as those related to fossil fuels or deforestation, they may also be excluded on the grounds of failing to promote environmentally sustainable principles.

The same would apply to underlying managers holding instruments that score poorly in terms of social issues such as labour rights or governance matters such as lack of transparency or accountability. If any manager, existing or candidate, is found to be associated with significant controversies related to ESG matters, the IC may exclude them to mitigate reputational risks that could affect both our performance and the perception of its investors.

In the case of a candidate manager who does not demonstrate an adequate commitment to integrating ESG considerations into their investment decision-making process, the IC is empowered to exclude them from further consideration. In the case of an existing manager, ASCM expects to see positive steps over time towards an overall improving ESG picture or face the potential of disengagement by the IC.

4. Analysis Framework for Listed Equity

As a fund-of-funds, ASCM is able to exclude an underlying manager from selection should they fail to meet a basic consideration of ESG principles. While compliance of an underlying manager can vary depending on their fund's objectives, at a minimum ASCM would like to see candidate manager consider at least some the following:

Policy and Commitment: The candidate manager should have a documented ESG policy that outlines their commitment to integrating ESG factors into their investment decisions.

Data Collection and Disclosure: The candidate manager should have a process for collecting relevant ESG data about the companies they invest in. They should also disclose their approach to ESG integration and provide investors with information about how they assess and manage ESG risks and opportunities.

Screening Process: The candidate manager should have a basic screening process in place to identify and exclude investments in companies involved in controversial or harmful activities, such as weapons production, environmental violations or human rights abuses.

Engagement and Voting: The candidate manager should demonstrate a willingness to engage with the companies they invest in on ESG matters and exercise their voting rights to influence positive ESG outcomes.

Continuous Improvement: The candidate manager should be committed to continuously improving their ESG practices over time. This could include setting targets for ESG performance improvement, participating in industry initiatives, and adapting their strategies in response to changing ESG trends.

Regulatory Compliance: The candidate manager should adhere to any relevant ESG-related regulations and guidelines in their investment jurisdiction.

As discussed earlier in this document, ASCM receives full portfolio transparency from underlying portfolio managers. This allows their portfolios to be screened against commercial ESG database of scores. The data is provided to the ASCM database by independent firm Refinitiv. If a listed stock held by an underlying manager does not appear in the Refinitiv database, ASCM engages with the data provider to motivate for the initiation of coverage of the stock.

All data is standardised to allow direct comparisons to be made across multiple ESG criteria, countries and industries. Coverage evolves over time and is continuously expanded with all index constituents reviewed and updated periodically as new information becomes available. The data collection methodology employed by Refinitiv covers ten core ESG themes including emissions, environmental, innovation, human rights and CSR strategy among others.

The following table shows the three ESG pillars of environmental, social and governance, their underlying categories and constituent themes on which scores are based. For the calculation of the ESG metric, more than 630 data points on the above themes are collected, assigned a category and then a pillar of either environmental, social or governance.

Pillars	Categories	Themes
Environmental	Emissions	Emissions Waste Biodiversity Environmental Management Systems
	Innovation	Product Innovation Green revenues, R&D and Capital Expenditure
	Resource Use	Water Energy Sustainable Packaging Environmental Supply Chain

Pillars	Categories	Themes
Social	Community	Median Weight Human Rights
	Product Responsibility	Responsible Marketing Product Quality Data Privacy
	Workforce	Diversity and Inclusion Career Development and Training Working Conditions Health and Safety

Pillars	Categories	Themes
Governance	CSR Strategy	CSR Strategy ESG Reporting and Transparency
	Management	Structure (Independence, Diversity, Committees) Compensation
	Shareholders	Shareholder Rights Takeover Defences

Finally, Refinitiv overlay a penalty system to stocks that have omitted reporting on material information. This penalty is used to determine a separate "Controversy Score' which is used to transform the above ESG score to a 'combined' ESG score ("ESGS") which is recorded in the ASCM database as 'Total ESG'. This method ensures than relevant news and controversies are captured on a continuous basis and factored into the Total ESG scores.

A simple ranking on Total ESG scores in any market provides an intuitive list of good and poor ESG stocks that are comparable across markets. Managers investing in specific markets can easily be screened and engaged when poorly rated ESG stocks are detected by ASCM. The Total ESG rankings can be applied with equal effectiveness to managers that invest across markets as the scoring and scaling methodologies are identical.

5. Analysis Framework for Unlisted Equity

ASCM ensures that all new unlisted equity investments are evaluated from an ESG perspective as an integral part of the investment appraisal process of the General Partner (GP). As a private equity report from the PRI states: "*LPs expect to hear about material ESG incidents from their GPs before they read about them in the press.*" The methodology a GP chooses to apply, it should allow them to identify the ESG risks and opportunities in their portfolio and prioritise efforts to address them. This engagement is communicated to ASCM during our periodic monitoring, travel visits, meetings and virtual discussions. We are looking for transparency in terms of ESG information on the underlying portfolio companies. Our ESG assessment focuses on four key measures of ESG practice:

Manager Commitment: The extent to which managers have demonstrated their commitment to ESG through actions such as defining a policy, committing to an industry initiative and engaging with their portfolio companies. When assessing a GP's overall commitment to ESG, ASCM looks for firms to formulate a policy that reflects their views on ESG and outlines how it will be integrated into their business operations. The policy should clearly commit the GP to following certain standards, and it should describe the firm's approach to ESG in their due diligence, ownership period and reporting work. A GP's ESG commitment sets out the key priorities that are relevant for a manager's investment strategy.

Investment Process: The extent to which managers have formally integrated ESG into their investment processes, for evaluating investments and identifying areas for improvement. We encourage that each investment undergoes a proper ESG due diligence, carried out by either internally or by external consultants, and discusses with the investment committee, which is responsible for the performance of portfolio companies. The identification of key ESG issues can also be translated into mitigating action items and specific targets to be achieved. All underlying managers are expected to answer a set of responsible investment questions which align with the UNPRI.

Active Ownership: The extent to which managers have displayed active ownership through activities such as defining ESG guidelines and establishing key performance indicators. ASCM believes that GP's should define minimum criteria for all companies, such as complying with recognised industry standards in their field and addressing the most material ESG risks and opportunities in their business. This should include regularly scheduled updates from management at board level on the ESG plan, in particular key business-related risks and opportunities. Also, given that the global attention to climate change and increased regulatory pressure, we expect an increasing focus on emissions and climate change risks (both physical and transition risks) going forward.

Reporting: The extent to which managers have provided regular and relevant reporting on ESG on a portfolio company level and on the aggregate fund level. During the reporting stage, the IC encourage underlying managers to engage with portfolio companies to implement relevant policies and processes relating to each company's area of business, report and communicate on ESG opportunities, risks and material incidents in a timely manner.

6. ESG System

The team at ASCM has developed a proprietary ESG system based on the Refinitiv database. The system has become inseparable from our investment process and has been adapted to integrate with the exiting risk management systems in a modular fashion. The module is designed to facilitate every stage of ESG engagement process, from tracking ESG-related interactions with underlying fund managers, screening of their portfolios, documenting ESG policy adoption and aiding with ongoing monitoring of ESG policy implementation. In addition to the Refinitiv data, ASCM requests the ESG policy documents from all underlying managers policies. This data augments the ESG system and allows ASCM to determine the importance underlying managers place on sustainability and ESG factors during their investment analysis and decision-making process.

7. Social and Philanthropic Initiatives

For many years ASCM has been committed to making a positive impact within communities through our social and philanthropic initiatives. An example is our collaboration with the Sibonokuhle Crèche, a community facility within the Mnqobokazi area neighbouring the Phinda Private Game Reserve in South Africa. The crèche delivers an essential service to the community by providing a haven for preschool children from economically disadvantaged backgrounds. Unfortunately, the expenses associated with operating the crèche far exceed the financial resources of the parents within the community. It is here that an organisation called the Africa Foundation provides essential funds for constructing and operating the necessary infrastructure.