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**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE (ESG) &
IMPACT POLICY**

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INTRODUCTION

Taquanta Asset Managers (Taquanta) is a South African Financial Service Provider that offers a range of investment options, including fixed-income funds, multi-asset funds, index-tracking funds, and equity funds. As one of the largest specialist fixed-income managers in South Africa, Taquanta manages over R250 billion in assets under management. The company has a dedicated team of investment professionals with diverse skill sets who are committed to providing a solutions-driven approach to meet clients' investment goals. Taquanta takes pride in designing, implementing, and managing customized investment solutions that are tailored to suit each client's unique needs.

Taquanta aims to achieve sustainable and consistent financial returns for its clients while prioritising non-financial returns that benefit society and the environment. The company is committed to integrating Environmental, Social and Governance (ESG) factors into its investment decisions and engaging with investees to promote sustainable practices. By taking into account the long-term impact of investments, Taquanta seeks to generate sustainable value for its clients, society, and the planet. The company believes that sustainable investing aligns with its clients' values and contributes to a more resilient and prosperous future.

Over and above its investment activities, Taquanta strives to reflect its commitment to ESG and Impact in all its operations, ensuring that its business is well governed, does not harm the environment, and has a positive impact on its operational environment and communities, as well as shareholders like The Disability Empowerment Concerns Trust (DEC).

Taquanta values transformation and inclusive growth, understanding that this is the basis of a more equitable distribution of opportunities, wealth, and resources. This can lead to reduced inequality, increased economic stability, and greater social cohesion. In the context of Taquanta's own business, transformation and inclusive growth can also lead to improved innovation, greater employee engagement, and enhanced brand reputation. Overall, embracing transformation and inclusive growth can help to build more sustainable and prosperous societies and organizations.

As a specialist in fixed-income and passive or rules-based investment products, Taquanta recognizes the complexities and limitations associated with these types of investment strategies and has adapted its approach to integrating Environmental, Social, Governance and Impact considerations into its decision-making and engagement practices accordingly. Further details regarding Taquanta's approach to ESG & Impact integration can be found below.

ESG & IMPACT POLICY PURPOSE, SCOPE AND APPLICABILITY

Purpose

The purpose of this Policy is to outline Taquanta's commitments and requirements regarding ESG & Impact considerations in its investment activities. This includes defining the principles and standards that Taquanta will align to, how ESG & Impact considerations are governed, and how they are integrated into day-to-day business operations (specifically in relation to investment processes and decision-making).

Scope & Applicability

This Policy applies to all investment activities carried out by Taquanta, including new and existing investments. It aims to help Taquanta avoid harm, safeguard value, and influence positive impact through its investment activities.

This involves adopting appropriate ESG and Impact policies, principles, and standards to manage any negative risks and impacts associated with investments made by Taquanta and implementing systems to effectively manage and improve Taquanta's performance in terms of the positive impact it can make.

This Policy should be read inter alia with the following documents:

TAM Credit Risk Process

ESG AND IMPACT COMMITMENTS

Taquanta is committed to incorporating ESG and Impact principles into the credit lifecycle and decision-making process of all managed funds. To achieve this, Taquanta will:

- ensure that ESG and Impact considerations are integrated into the credit lifecycle and decision-making processes
- develop and implement ESG and Impact management policies, tools, and processes that align with the Taquanta ESG & Impact Policy, ensuring consistent and robust application of ESG and Impact across all business activities
- assign appropriate organisational capacity, capabilities, and competencies to support the implementation of the Taquanta ESG & Impact Policy and associated tools and processes
- foster an ESG and Impact culture that prioritizes executive buy-in, accountability, and support for ESG and Impact requirements and practices among all relevant internal and external stakeholders
- establish specific remedial clauses or mechanisms to address any breaches in prescribed ESG requirements between the fund and clients
- enforce disclosure requirements on ESG and Impact management and performance for clients
- monitor, evaluate, and report on progress towards ESG and Impact objectives at the issuer and company level
- ensure that both intended and unintended sustainability outcomes are captured and reported
- continuously identify emerging ESG and Impact trends that apply to Taquanta
- regularly review the Taquanta ESG & Impact Policy and ESG and Impact tools and processes to ensure alignment with international best practices in ESG and Impact management

IMPACT

Taquanta's approach to Impact is centred around five key Impact focus areas which are perceived by the Taquanta team as being crucial for generating sustainable impact for their clients, communities, shareholders, and employees. A contribution to the achievement of Impact in these areas is catalysed through Taquanta's core investment activities.



Taquanta's Impact focus areas can be categorized as follows:

Efficient Markets: Taquanta facilitates access to cash and finance for business through banking services, which catalyzes new market activity. This leads to more efficient markets where information and resources are allocated more effectively, and South African businesses can grow and thrive.

Financial Inclusion: Through its investments in banks and other financial service institutions, Taquanta promotes financial inclusion by providing access to banking services to those who were previously excluded from the formal economy. This includes individuals and small businesses that may have struggled to obtain credit or other financial services. By catalyzing new market activity and creating jobs, Taquanta contributes to economic growth and the reduction of poverty.

Economic Growth: Taquanta plays a vital role in driving economic growth by allocating capital to organisations which support the development of new products and services that benefit society and the environment. Through its investment activities, Taquanta seeks to promote sustainable development and contribute to the well-being of communities and ecosystems.

Sustained Improved Quality of Life: Taquanta strives to deliver products and services that benefit society and the environment effectively, leading to a sustained improvement in the quality of life for the end beneficiary (pensioners and investors). This includes reducing social and environmental risks and harms and improving governance as a result of investment activities.

Inclusive Transformation: Taquanta contributes to inclusive transformation by paying taxes, increasing returns for shareholders, engaging in corporate social investment (CSI) work, and supporting community initiatives. They strive for inclusive transformation, the development of a highly skilled workforce and promote diversity and inclusion in all aspects of their business.

Taquanta has identified that their primary direct contributions are towards SDG 10 (Reduced Inequalities) and SDG 9 (Industry, Innovation and Infrastructure), with alignment and contribution to the other SDGs as well. Taquanta recognizes that all of the SDGs are interconnected and mutually reinforcing, and their commitment to contributing to sustainable development is reflected in their alignment with and contribution to all of the SDGs.

SDG 10 focuses on reducing inequalities within and among countries, which includes promoting social, economic, and political inclusion for all individuals and communities. Taquanta strives to promote financial inclusion and equal access to banking services for individuals and businesses. The organization also engages in Corporate Social Investment (CSI) initiatives that support marginalised communities and promote diversity and inclusion in the workplace.

SDG 9 aims to build resilient infrastructure, promote sustainable industrialization, and foster innovation. Taquanta's role as a financial institution is to provide financing and investment opportunities that support sustainable development and promote innovation. This includes supporting businesses that develop and implement sustainable technologies, promoting the use of renewable energy sources, and investing in infrastructure projects that enhance economic development and social welfare.

Guiding Principles

The following list of ESG & Impact principles forms the foundation of Taquanta's approach to ESG and Impact management and should be viewed as a guideline for the selection and management of all investments. It is recognized that not all investments will achieve the criteria below. However, these should be viewed as principles which Taquanta and its partners should strive to achieve.

Labour and Working Conditions, Human Rights, and Safeguarding

- Support, encourage and respect responsible and fair labour, working conditions and practices, including protecting the health, safety and wellness of the workforce and surrounding communities;
- Support the elimination of all forms of forced and compulsory labour, child labour, modern slavery practices, and any form of gender-based violence or discrimination in relation to employment, occupation, and other business practices;
- Ensure all employees are treated equally, irrespective of race, gender, religion/or none, sexual orientation, political affiliation, or disability;
- Support, respect and encourage the protection of internationally proclaimed human rights;
- Adopt a "no tolerance policy" regarding cases of complicity in human rights abuses; and
- Prevent and respond to harm caused by sexual exploitation, abuse, discrimination, harassment, or bullying.

Environment and Climate Change

- Encourage and support a precautionary approach to environmental and climate challenges;
- Support initiatives to promote greater environmental responsibility and accountability;
- Encourage the development and diffusion of environmentally-sound technologies.
- Adopt climate action, where relevant, through addressing physical and transition risk management approaches to help reduce Taquanta's contribution and its partners' contribution to and impacts from the effects of climate change; and
- Contribute to achieving a just transition.

Client Protection

- Ensure equitable and fair treatment of partners (customers/clients);
- Provide clear, sufficient, and timely information on investment products and services in a manner and language clients can understand so that clients can make informed decisions. This includes transparent information on pricing and terms and conditions of all financial products prior to entering agreements;
- Take adequate care to design products and delivery channels in such a way that they do not cause clients harm;
- Set pricing, terms and conditions in a way that is affordable to clients while allowing for financial institutions to be sustainable;
- Respect the privacy of individual client data in accordance with the laws and regulations of individual jurisdictions; and
- Ensure providers have put in place timely and responsive mechanisms for complaints and problem resolution for their clients and use these mechanisms to resolve individual problems and improve their products and services.

Corporate Governance

- Adopt high standards of professional conduct and excellence;
- Alignment of interest of shareowners and management
- Exhibit honesty, integrity, fairness, and respect in all business activities; and
- Work against corruption in all its forms, including extortion and bribery, combated with robust corporate governance policies and practices.
- Ensure that executive compensation is aligned with the long-term sustainable goals of the organization, including making sure that executive compensation plans consider ESG factors.
- Taquanta believes that the board of directors plays a critical role in overseeing the implementation of our ESG policies and ensuring their alignment with our investment approach. Taquanta commits to prioritizing transparency and accountability by regularly assessing the board's effectiveness in fulfilling this responsibility.

Voting as shareholder

Taquanta, an investment firm with passive or rules-based equity investments, recognizes the significance of voting as a shareholder. Although their main objective is to closely track a specific index while minimizing tracking error, they acknowledge the importance of voting in the investment process. Despite being considered a passive investor, Taquanta believes that its approach still allows them to influence the companies they invest in. Taquanta's voting activities are closely tied to its engagement efforts. They have an internal Voting Policy that undergoes an annual review and is approved by the Risk Committee. When specific proposals at annual meetings are deemed to be against the best interests of their clients, Taquanta votes against them. Their concerns encompass a wide range of issues, including the suitability of individual directors, board oversight of key risks and strategy, executive compensation, dividend and capital matters, diversity, transparency, and reporting. In addition, Taquanta uses voting against proposals as a way to escalate their dissatisfaction when they perceive insufficient progress, especially in relation to the advancement of their key environmental, social, and governance (ESG) principles. infrastructure projects that enhance economic development and social welfare.

Impact

- Contribute to solving pressing environmental or social issues;
- Increase access and affordability of financial services to underserved communities;
- Contribute towards the achievement of Taquanta's Impact objectives;
- Consider Impact alongside ESG risks in decision-making and investment management and delivery; and
- Align with local development priorities and global Impact best-practice to the extent that it is relevant and practical within the context of Taquanta activities.

Stewardship

Stewardship is the principle of promoting the long-term success of companies for the benefit of clients and society as a whole. Taquanta takes this responsibility seriously by dedicating significant resources to protect and enhance clients' assets. As one of South Africa's largest fixed-income investment and quantitative managers, they actively influence company practices to mitigate risk, improve returns, and drive positive societal and environmental impacts. They achieve this through ESG research, engaging with investee companies, exercising voting rights, influencing governments and regulators, and collaborating with other investors and stakeholders. These guidelines are not exhaustive. In cases where any Taquanta transaction may not comply with the listed ESG and Impact principles initially, Taquanta will collaborate with the client concerned to establish actions to accomplish an increased level of alignment with the principles as required in the credit agreement.

ESG AND IMPACT STANDARDS AND REQUIREMENTS

Taquanta's ESG & Impact approach is guided by a host of applicable national and international guidelines and good practice standards. They have been thoughtfully selected considering the organisation's investment strategy and mandate, specific sectoral and geographical focus, different types of partners and financial instruments provided, and the extent of leverage to influence performance.

The following are the standards that guide Taquanta's ESG and Impact approach:

ESG Risk and Opportunity Management Processes

Priority ESG Standards and Framework

- Applicable national and local E&S laws and regulations;
- United Nations Principles for Responsible Investment (UNPRI);
- Code for Responsible Investment Code 2 (CRISA 2);

Secondary ESG Standards and Framework

- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012);
- King Code of Governance Principles for South Africa IV (King IV);
- UN Guiding Principles on Business and Human Rights (UNGPs) (2011);
- Paris Agreement and respective National Determined Contributions;

- Loan Market Association Green, Social and Sustainability Linked Loan Principles;
- South African Green Finance Taxonomy;
- Climate Bond Initiative Standards;
- The Association for Savings and Investment South Africa (ASISA) Standard Guidelines; and
- Task Forces on Climate-Related Financial Disclosures.

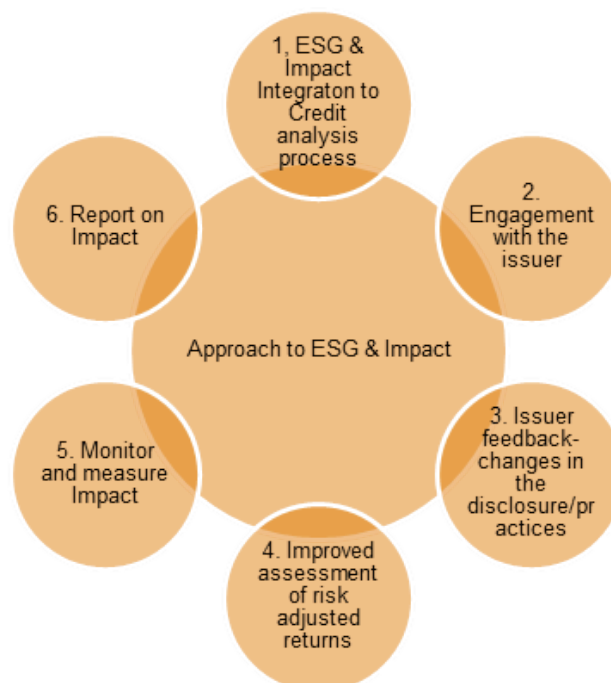
Impact Management Processes

- Loan Market Association Green, Social and Sustainability Linked Loan Principles; ·South African Green Finance Taxonomy; ·Climate Bond Initiative Standards;
- The Association for Savings and Investment South Africa (ASISA) Standard Guidelines and Guidelines; and ·Task Forces on Climate-Related Financial Disclosures.

APPROACH TO ESG AND IMPACT MANAGEMENT

Taquanta firmly believes that considering ESG risks and opportunities is crucial in delivering long-term investment returns for our clients.

Our approach to the incorporation of ESG and Impact revolves around effectively incorporating ESG considerations into our investment analysis and portfolio construction, as well as prioritising the achievement of our Impact objectives through the investments that we make. Additionally, we leverage our investor rights to engage investee companies in dialogue and exercise our voting power at shareholder meetings to advance our ESG and Impact priorities.



- ESG Integration Credit Process - we have established ESG integration as a core component of our issuer credit scoring process. This will enable us to better assess the creditworthiness of issuers based on their adherence to ESG principles.
- Engagement with Issuers - Taquanta will prioritize engagement with issuers based on their need and level of transparency required. Engaging directly with management on ESG issues is crucial to effectively communicate our expectations for advancing improved ESG practices.
- Issuer Feedback - we will seek feedback from issuers regarding their disclosure and practices, and use this information to identify opportunities for improvement.

- Improved Assessment of Risk-Adjusted Returns - we will consider the potential impact of ESG factors on investment returns during the investment decision-making process. We will also enforce ESG terms to improve risk-adjusted returns.
- Monitor and measure impact - the asset manager should monitor the impact of ESG factors on investment performance and adjust their investment approach as needed.
- Report on ESG and Impact - we report on the Impact of our ESG approach, including any positive environmental or social outcomes, to our stakeholders.

Taquanta acknowledges that not all the issuers or companies it invests in will be fully compliant with every aspect of its ESG & I criteria at the time of investment. In such cases, Taquanta's investment team will collaborate with the company to identify gaps and will work together to establish a plan for achieving adherence to an acceptable level of adherence within a reasonable timeframe, considering the specific risks and opportunities unique to that company and its size and resources.

If, despite engagement with and support from Taquanta, a company persistently fails to meet these requirements, Taquanta may consider discontinuation of funding, withdrawal from the investment, or other appropriate remedial measures.

ESG Management Across Asset Classes

Taquanta employs various tools to incorporate its ESG & Impact Policy into its investment and credit management activities. As a multi-asset manager with a diverse portfolio, Taquanta employs distinct approaches that are suitable for each asset class. Below are the notable approaches for each major asset class.

Fixed Income

Taquanta emphasizes ESG & Impact analysis in both its cash management and fixed-income investment activities. For cash management, the company supports banks and credit providers that prioritize positive ESG impacts and meet what are currently unmet needs amongst clients in their lending practices. Taquanta also considers a financial institution's internal ESG governance performance when choosing where to deposit cash. For fixed-income investments, Taquanta integrates ESG and Impact criteria into its investment process and makes dynamic adjustments to credit exposures. Where relevant, Taquanta also negotiates contract covenants and establishes guideline targets with issuer management to improve ESG and Impact performance supplementing ratings agencies' analysis with its own or others' ESG and Impact research. Taquanta continues to track and monitor ESG and Impact performance throughout the investment holding period.

Listed equities

Taquanta largely invests in passive or rules-based investment strategies, which eliminates the ability to make conscious choices regarding the equities invested in. However, Taquanta actively exercises clients' rights to make ESG principles known to companies and votes in support of these principles at all possible opportunities. Taquanta reviews the ESG and proxy-voting research for all equities held to ensure full agreement on all ESG and voting matters before voting on proposed resolutions of AGM matters.

Debt and Equity in Property Investments

Taquanta has holdings in commercial property, both in debt and equity. Real Estate Investment Trusts (REITs) are often used by smaller institutions and individual investors as a means to invest in real estate, similar to how collective investment schemes function in the equity market.

To manage ESG risks in their property investments, Taquanta utilizes existing management systems and accesses information on portfolio-wide ESG profiles, such as GRESB ESG Benchmarks and Bloomberg ESG Ratings. Taquanta also has the option to invest in a targeted selection of properties with specific ESG profiles, such as "green" commercial property that includes energy-efficient or environmentally sensitive buildings. Although specific green buildings are still being developed, the concept has been widely discussed in the real estate industry.

Infrastructure

The ESG evaluation process includes criteria that are based on the project sector, social utility, environmental impact, and the ESG commitments of shareholding companies. This information is utilized during due diligence to calculate ESG ratings for each loan or bond.

Impact Management Approach Across Asset Classes

Taquanta will establish a monitoring system to identify and track impacts across all asset classes, with a focus on transaction or issuer-level performance that aligns with its portfolio management and cycle processes. The company will also disclose its performance annually. Taquanta uses negative screens to exclude specific industries from their investment options, such as tobacco, gambling, nuclear arms production, and alcohol. They consider different screening approaches and criteria for corporate, government, and financial sector issuers. Taquanta evaluates revenue derived from various activities, adherence to international standards, and other factors for ethical/reputation screens. They also consider norms, standards, and international laws for government issuers and factors such as regulatory compliance and adherence to sanctions for the financial sector. Taquanta also utilizes positive screens to highlight industries contributing to ESG solutions and employs performance-based screens based on external indicators.

RESPONSIBILITIES, ACCOUNTABILITY AND EXECUTION

The Taquanta board bears ultimate responsibility for the implementation of the ESG & Impact Policy, which entails endorsing the policy and integrating it into the business strategy. The board must ensure that the policy aligns with the company's values and adheres to both internal and investor requirements. Taquanta adopts a team-based approach to overseeing ESG and Impact responsibilities, with specialized roles assigned to various bodies and individuals.

- The Taquanta Risk Committee is responsible for approving and implementing appropriate ESG and Impact policies throughout the company and monitoring risk exposure.
- The Taquanta Credit Committee is responsible for ensuring that the ESG and Impact policy is implemented across all portfolios and integrated into credit approval for relevant investments.
- The Chief Investment Officer (CIO) is responsible for the implementation of the ESG & Impact Policy. The CIO guides research and makes policy recommendations to the board sub-committees.
- Portfolio Managers and Analysts conduct individual asset/counterparty research and make investment decisions based on ESG & Impact considerations.

When necessary, Taquanta may leverage third-party expertise, such as IBIS Consulting, to advance the company's leadership and visibility and build capacity within the team. Taquanta will offer capacity building and training to ensure that ESG & Impact factors are effectively integrated into the investment life cycle.

POLICY REVIEW

In line with developments in local and international environment and social regulation and good practice and as well as organizational advancements, Taquanta will review and update this policy annually, or as necessary. This includes reviewing progress against set ESG & Impact objectives to identify areas where improvements in strategy, policies, principles, practices, and activities are necessary.



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