Sephira Investment Advisors (UK) Limited

Climate Change Policy

I. ESG PHILOSOPHY

As a company focused on allocating capital to Emerging Markets, we firmly believe that we make a contribution toward improving the lives of individuals in the countries in which we invest.

Subject to certain conditions, access to international capital allows private sector companies in Emerging Markets to improve services, expand consumer choice and provide credit to companies and individuals. It allows state owned enterprises to improve public services. The conditions under which capital is allocated should balance economic return with stakeholder interests.

We have spent over three years gathering data and evaluating how best to craft an ESG policy that is sensitive to the diverging cultural, social, developmental and economic realities of the 20+ geographies in which we look to invest. Our guiding principles are that policies must:

- Acknowledge diverging levels of development and be supportive of ongoing economic advances among poorer economies toward convergence with a “developed world” base level.
- Acknowledge socio-political and cultural diversity and encourage inclusion and enfranchisement without being prescriptive.
- Only dedicate resources to policies that are relevant and appropriate. We are opposed to ‘Green Washing’ and ‘virtue signalling’.

Our principle metric for measuring the development of ESG considerations across the Emerging World is “Disclosure”. Good “Disclosure” is the starting point from which other ESG considerations must flow. Our thinking is as follows:

- Good and improving “Disclosure” implies that attention is being paid to ESG matters, and also implies sound “Governance”.
- With good “Governance” and “Disclosure” should follow improving “Social Responsibility”.
- With improving “Social Responsibility” should come “Environmental Responsibility”.

II. CLIMATE CHANGE POLICY

We acknowledge that climate change presents complex systemic risks across the economies in which we invest.

We acknowledge the objectives of the Paris Agreement and accept that a co-ordinated advance toward a low-carbon economy is a trend that will form the backdrop for our investment landscape over the foreseeable investment horizon.

The subject of climate change is complex and nuanced, particularly for Emerging economies. The transition to a low-carbon economy presents regulatory, competitive and reputational risks that we must consider as investors. Climate change presents real-world physical risks to populations, properties and facilities of the economies in which we invest.

III. NET ZERO

We have adopted a Net Zero framework to evaluate progress of our investments toward the emission objectives of the Paris Agreement.

We acknowledge that many Emerging economies are already among the lowest CO2 emitting economies on the planet and that these 'low-emission' economies are also among the least advanced economies. Across the 20+ geographies under our coverage median CO2 emissions per capita are <50% of those of the Developed World (a basket of US, Japan, UK and Germany). Nearly 1/3 of these geographies have emissions <25% of that of the Developed World.

In accordance with our guiding principle that any ESG policy must also be "supportive of ongoing economic advances among poorer economies" we have developed a framework for "Net Zero" alignment that marries the principles of the Paris Accord with the developmental realities of certain geographies under our coverage. It is as follows:

For companies that reside within economies with CO2 emissions per capita > 50% of that of the Developed World, we seek to monitor a path toward alignment with Net Zero principles. A company that is in alignment will have achieved the following objectives:

- Disclosed Scope 1 and 2 emissions
- Set a Net Zero Target or set emissions targets according to Science Based Goals
- Set short- and medium-term targets for their Scope 1 and Scope 2 emissions which credibly align with a pathway towards Net Zero

Currently >75% of companies in our portfolio are already in alignment with these objectives. Our aim is that close to 100% of companies in our portfolio will be in alignment by 2030.

Assessment of progress toward these objectives will be made via periodic assessment of publicly disclosed data, and via engagement with management teams. We intend to include Scope 3 emissions within our framework at a time when disclosures become more available.

In line with our broad ESG Policy principles management engagement will attempt to:

Encourage greater disclosure regarding emissions, disclosure, mitigation strategies and progress toward objectives.
Utilise disclosed information to evaluate commitment and progress toward objectives
Attempt to influence management priorities where appropriate.