

ESG Policy

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1. Introduction

1.1 Background of the Policy

Excel Investment Limited (the “Company”) has adopted this Policy, which has been designed to set guidelines for the Company and the investment activities of Excel Alta Capital Master Fund Limited (the “Fund”) with respect to Environmental, Social and Governance (ESG) factors.

This Policy is non-binding but will serve to highlight the Company’s commitment to promote, support and encourage positive practices with regards to ESG matters at the Company operating level, and when making investments at the Fund level.

This Policy has considered best practice and relevant standards including, but not limited to, guidelines made by the United Nations Principles of Responsible Investment (“UN PRI”) concerning the protection and respect of human rights and the environment.

1.2 Mission Statement & Execution of the ESG Strategy

The Company will endeavour to consider ESG factors at the day to day operational level. When possible, the Company will look to make business decisions to ensure the long term sustainability of the organisation. When making these decisions, the Company will consider the specific impact on the natural environment, the Company’s relationship with business and local communities, and the Company’s relationship with key stakeholders including employees and shareholders.

A strong governance framework is essential in order to meet the Mission Statement and therefore a management and governance structure had been put in place to review, report on and monitor the impact of specific actions.

When making investment decisions on behalf of the Fund, the Company will review and incorporate ESG data on the underlying investment (if available), dependent on the nature of the proposed investment and the investment objectives of the Fund.

1.3 Risks

The Company is responsible for identifying, avoiding, minimizing and mitigating potential negative impact due to ESG issues that could affect both the Company and investments in the Fund portfolio.

The Fund will take into account ESG risk factors when making investment analysis and the risk/return benefit will be assessed accordingly.

The ESG Committee is responsible for working across the investment and non-investment teams to identify and address risks, provide recommendations and measure improvements.

1.4 Policy Compliance

This policy is reviewed and updated on an annual basis to reflect current and emerging concerns to our investors and stakeholders. The guidelines are also subject to change without notice. This policy will also, where required provide a framework to ensure the Fund will comply with regulatory considerations on ESG matters, or agreed upon standards established with the participation of our partners.

1.5 Responsibility of the Policy and the ESG Framework

An ESG Committee has been established and will convene on regularly and on an ad-hoc basis when required, to review the implementation of this Policy at the Company and Fund level. The ESG Committee will review specific areas of concern, discuss emerging challenges to the ESG Policy and report on progress. The ESG Committee is responsible for the maintenance, review and update of this policy.

The ESG committee comprises

- Amy Zhang, Founder & CIO
- Michelle Chan, COO
- Shirley Chan, Investor Relations

2. The Company Approach to ESG

Commitment Outside of Investment Policies

2.1 Environmental

The Company encourages the use of maximising the use of electronic media and discourage the need for printing as much as possible, unless necessary. The Company also uses recycling bins. Printers provide double-sided printing and it is the default option on users' desktops.

Employees are encouraged to use low carbon forms of transport, offset carbon when travelling by air, and use video conferencing in lieu of travel. Travel data is collected and used to report on progress.

The Company office encourages energy saving in the office whenever possible. Office lights must be turned off in areas where they are not in use and at the end of each day. The use of recycling bins is encouraged and there is an in-house water dispenser for water, with the use of single- use plastic bottles discouraged.

2.2 Social

The Company has developed a policy around equal opportunity, and business ethics. The Company has developed a separate Diversity, Equity and Inclusion Policy. The Company promotes diversity and inclusion, ensure gender equality. The Company ensures that the organisation hires the most suitable candidate for each role regardless of age, gender, sexuality, race, religion or physical impairment.

The Company aims to be a responsible employer and make sure we take good care of all employees. The Company offers and monitors key metrics on competitive compensation and health benefits. There are clear policies on maternity and paternity leave, paid sick leave and annual leave.

The Company has established an Employee Handbook and Employee Code of Conduct that details the obligations of each employee, anti-harassment guidelines, code of conduct, and disciplinary and appeal procedures.

Employees are encouraged to participate in local volunteering events, and employees will be given 1 day per annum to participate in volunteering activities with locally approved charities in order to back to the local community. The Company also organizes an annual volunteering event for all employees.

2.3 Governance

The company has policies and procedures in place to ensure the business is run in accordance with industry best practices and with appropriate reporting committees. An open, non confrontational and transparent culture is encouraged. Self reporting of operational or investment errors is encouraged and a no blame approach is adopted.

Third party service providers and vendors will be asked about their ESG policies and this will form a part of the service procurement process. The ESG Committee has a say in the appointment of new vendors and service providers to ensure third parties are aligned with the Company with respect to ESG policies.

The Company conducts proper due diligence in independent director selection for the Fund's Board of Directors and ensure there's no conflict of interest and segregation of functions.

3. The Fund approach to ESG

3.1 Fund Overall Approach

Excel uses both positive screening and negative screening for ethical reasons, but the engagement is also important to our investment strategy as it allows us as a long-term investor, to optimize our ownership of the investee companies and exercise our fiduciary duties. In implementing the above general guidelines, the following specific measures are included in the investment process and ownership practices.

3.2 Negative Screening

Negative screening involves avoiding investments that do not meet certain ESG or ethical criteria. Our negative screening metrics include:

- Avoiding any investments in the following sectors:
 - Controversial weapons
 - Anti-personnel landmines
 - Cluster ammunitions
 - Depleted uranium use in plating and ammunitions
 - Chemical & biological weapons
 - Nuclear weapons
 - Tar oil sands and associated pipelines
 - Oil sands producers with at least 30% of their "reserves" based on oil sands.
 - Pipeline operators that are significantly involved in oil sands transportation (3 criteria are considered: assets, turnover and investments in tar sands pipelines)
 - Palm oil production
 - Human organs trading
 - Pornography
 - Private prisons
- Avoid the worst performing companies within a particular sector, for example we avoid companies with poor human rights record, labor standards and supply chains (such as use of child labor).

3.3 Positive Screening

The Fund will conduct inclusionary screening in sectors or companies with higher ESG rating relative to their peers.

Positive screening involves investing in companies with a commitment to responsible business practices, that produce positive products and services or that address environmental or social challenges.

Thematic approach – We incorporate positive screening into our investment selection process by focusing on specific ESG themes that such as environmental technology or

sustainable energy or resources. Themes that are ESG related or sustainable in the long-run and generally do good to the mankind are favored.

3.4 Integration approach

After positive and negative screening, our next step is to integrate ESG data into company analysis. Environmental, and social issues vary across sectors and each country has diversified views on these issues. While all sectors have “Environmental”, “Social” and “Governance” elements in them, certain sectors naturally have a higher weight towards one or the other. Our framework views ESG aspects as both an earnings-related risk and a potential opportunity. We identify on a sector-by-sector, case-by-case basis of how ESG factors are impacting the target company’s earnings, such as top line, bottom line, balance sheet, cash flow, etc. We gather and rely on ESG data from the target company’s news, announcements, sell-side analysis reports, Bloomberg and other third-party ESG data platforms to integrate ESG data into our research. These ESG data will be compared among sector peers and on the company research level of how it has an impact on the financial models that we are using for the target companies.

3.5 Company Engagement

Engagement and integration are for companies which Excel intends to hold for mid to long term after our fundamental research. Engagement is the process by which we seek to maintain or improve corporate ESG or ethical policy, governance of management or performance. Engagement is used to encourage more responsible business practices. It takes the form of active engagement in company conference & earnings calls, dialogue and/or written correspondence where possible to discuss and influence the company’s decision as a shareholder.

3.6 Proxy Voting

The Company holds shares of a range of companies on behalf of our investors. As a shareholder, the Company can exercise its right to vote on various issues put forth by the company and its other shareholders at the annual meeting. Unless a management agreement or mandate from an individually managed client gives explicit instructions, the Company will assume a full delegation of the proxy voting authority by our investors.

Voting at Annual General Meetings (AGMs) can be used to communicate dissatisfaction to companies and the media. As detailed in the general guidelines above – voting should be performed in a manner that is consistent with the principles of good corporate governance and with ESG principles.

4. Transparency

4.1 Reporting Committee

The Company has formed an ESG Committee to meet, oversee and report on the ESG framework for both the Company and the Fund on a regular basis, and to report annually to the Directors of the Fund \on progress and the application of the ESG Policy.

4.2 Reporting

The Company is committed to provide a timely and relevant communication and reporting of its ESG risk and activities. The internal ESG committee/ senior management will assess regularly on ESG performance, risk and activities. Additionally, an annual report will be created by the committee to comply with UN PRI reporting requirements.

4.3 Publicity of the reports

The report will be available to all investors and all internal employees.

4.4 ESG Audit Process

The Fund’s ESG policy applies to the Company and the Fund. The policy will be managed by the Company’s ESG Committee and reviewed on an annual basis. The policy is approved by the Fund’s Board of Directors on an annual basis.

An independent auditor has not been appointed by the Fund to report on the ESG framework, although this may be considered at a later date.

5. Guidelines Leveraged in the Formation of this Policy

5.1 UN PRI signatories

The Company and the Fund are planning to become signatories to the PRI, and both parties have leveraged the content and guidelines in establishing and developing a strategy for incorporating ESG into their activities.

5.2 UN PRI Six Guiding Principles

- I. Incorporate ESG issues into investment analysis and decision-making processes
- II. Be Active Owners and incorporate ESG issues into our ownership policies and practices
- III. Seek appropriate disclosure on ESG issues by the entities in which we invest
- IV. Promote acceptance and implementation of the principles within the investment industry
- V. Work together to enhance our effectiveness in implementing the principles
- VI. Report on our activities and progress towards implementing the principles