ANNEXURE 17: STEWARDSHIP POLICY

We are an active investor with a responsible approach in the stewardship of our investments and in embedding ESG in decision-making and governance. Our ESG stewardship focuses on our approach towards companies since we do not generally invest in government or other entities and includes the following broad objectives:

- Through Board representation and active management dialogue, we add value to investee companies across strategy, governance, ESG stewardship, and capital raising.
- Our objective is to ensure that we bring about a sustainable improvement through our investment approach and strategy and have a positive long-term ESG impact in our markets beyond our investment horizon.
- We recognise that in our stewardship role, we are investing on behalf of our LPs for financial return while actively considering the development impact in the countries we invest in, including adherence to ESG principles, economic growth, job creation, and building societal value.
- We have integrated ESG considerations through the investment process and operationalised it across the investment lifecycle – from investment screening and due diligence to post-investment monitoring for compliance.
- Our objective is to help portfolio companies improve their ESG awareness, processes, and outcomes. We work with them to ensure full compliance, raise standards to best in class over a period of time, and in escalating and managing issues through our representation on the Board and through active dialogue.
- We recognise that achieving the best ESG standards is a journey for the corporate sector and in our stewardship role we are persuading and influencing our portfolio companies to continuously make improvements and to exceed regulatory requirements
- As a UNPRI signatory, we have aligned our approach with the UN Sustainable Development Goals (SDGs) and very pleased that our portfolio companies have done the same.
- Gateway was the first asset manager globally to obtain a Governance and Control Effectiveness rating from Sigma Ratings.

We distil our ESG and stewardship approach into four principles:

- Ensure that our investee companies are in full compliance with relevant environmental, social, and governance laws and regulations and to incorporate SDG and climate considerations.
- Respect the human rights of workers and protections for health and safety.
- Uphold high standards of business integrity, avoiding corruption in all its forms and complying with anti-bribery and AML-CFT-CPF requirements.
- As a merit-based organization, promote diversity and inclusion of all staff regardless of gender, race, ethnicity, sexual orientation, or disability.

Gateway’s stewardship policy covers the following areas:

- Key stewardship objectives elaborated above.
- Specific approach to climate risks and opportunities through our Climate Change Policy, our support for the Paris climate agreement and TCFD, ESG screening tools via our ESRA template which is mandatorily used by all investment teams for all transactions on a range of risks, including climate risks.

- We have a clear set of policies on managing conflict of interest.
- ESG issues and deviations from on-going improvement plans for our investee companies are escalated to the IC and discussed as part of the formal quarterly asset monitoring process detailed in our Asset Management approach. The entire investment team is invited to these discussions to ensure that they are aware of the issues and factor these into future investment decision making.
- The stewardship policy is primarily applied by the firm's Partners, acting through the Investment Committee. The stewardship policy can only be overruled by the IC.
- For assets within each asset class, we endeavour to maximise the risk-return profile of individual investments as well as contribute to shaping specific ESG and sustainability outcomes as outlined above.
- We consider several criteria to prioritise our engagement efforts. These include the materiality of ESG factors on financial and/or operational performance, specific ESG issues with systemic influence (such as climate and human rights), the ESG rating of the entity, the adequacy of public disclosure on ESG factors/performance.

In terms of how we achieve our stewardship objectives, the firm considers a diverse set of tools and methods. They include:

- Our internal resources, including the investment team and ESG Coordinator.
- On a case-by-case basis, we utilise external paid services (such as an independent consultant) for specific advice on ESG issues in a portfolio company.
- Informal or unstructured collaboration with peers. In the case of co-investments with other investors, we can use the collaboration to be aligned on the desired ESG outcomes and leverage each other's resources to achieve these objectives
- Formal collaborative engagements through UNPRI, UN SDGs, and other platforms.

Provided below are guidelines for Gateway staff on engagement with various stakeholders to achieve stewardship objectives.

<u>Guidelines on overall political engagement</u>

In addition to the point emphasised in our SOP of not undertaking politically sensitive transactions (as part of a list of types of investments we will not do), we are setting out additional guidance which prohibits the firm, its partners, permanent and contractual staff from engaging in the following activities which are deemed to be political in nature:

- Direct and indirect support for political leaders and/or political parties, using the Gateway platform for advocacy and support.
- Providing financial support for political leaders and/or political parties using the Gateway platform for fund-raising and solicitation.
- Where portfolio company management/owners overtly or covertly express public support for a political leader and/or political parties, we will actively engage with them in accordance with our stewardship policy to advocate and influence non-partisan approaches.

While this policy is designed to prevent Gateway the firm, it's partners, permanent and contractual staff from active political engagement, we recognise that partners, permanent and contractual staff may wish to engage in their individual capacity with political leaders and/or political parties. In doing so, this policy sets out clear expectations that such political engagement should not jeopardise Gateway's guidelines and standing as a neutral party on political issues.

Guidelines on engagement with other key stakeholders

Our definition of other key stakeholders, from a stewardship perspective, includes the following individuals and/or entities:

- National governments in our footprint markets, including the central bank, regulators, ministries of finance and other relevant agencies.
- Financial institutions and investors with whom we have a formal relationship and/or actively engaged in dialogue to build a relationship.
- Multilateral institutions and regional development/export-import banks with whom we are partnering on specific projects.
- The private sector, including business owners with whom we are exploring potential investments.

These guidelines support the engagement of the firm’s partners, permanent and contractual staff to engage with the entities listed above as part of the firm’s regular engagement and business development. As part of our stewardship responsibilities, we also support such engagement by managements of portfolio companies.

Guidelines on (proxy / direct) voting

Our partners discharge their stewardship responsibilities through active Board participation and exercising their right to vote at shareholder meetings. As a specific policy objective, Gateway takes an independent approach in its voting preference, carefully assessing the best interests of the firm and our LPs. We do not act in concert with the preference of company managements and/or other investors (unless otherwise pre-agreed in a shareholders’ agreement).

ANNEXURE 18: CLIMATE CHANGE POLICY

Gateway Partners supports the climate goals articulated in the Paris 2015 climate accord and the Task Force for Climate-Related Disclosures (TCFD) aimed at improving disclosure of the financial sector. We are fully committed to playing our part by:

- Actively managing climate risks at firm level.
- In using our stewardship role to raise climate awareness and action in our portfolio companies, and to align our investment approach with evolving risks and opportunities.
- Our investment philosophy is both defensive, in taking steps to mitigate negative climate impacts/risks created by and on our portfolio, as well as proactive, by scaling up investments in sectors which will power the green economy.

We aim to contribute positively towards climate change by supporting our portfolio companies in their climate journey. Specifically, our climate policy sets the following goals:

- Reducing the carbon intensity of our portfolio.
- Reducing our exposure to assets with significant climate transition risks.
- Investing in green economy accelerators (as defined thereafter).
- Aligning our entire group-wide portfolio with net-zero

We recognise that these goals are not set-in stone, and we will align our approach with future developments in climate policy and technology.

Within our climate policy framework, we have set the following specific targets. Details of how these targets will be measured/tracked are contained later in this policy:

- **Carbon intensity**: reduce exposure from 27% of our AUM as of 2020 to less than 15% by 2035, and less than 5% by 2050.
- **Climate transition risks**: reduce exposure to ‘high risk’ from 12% of our existing portfolio as of 2020 to less than 7.5% by 2035 and nil by 2050.
- **Green economy**: proactively scale up our investments in green economy accelerators from under 9% of AUM as of 2020, to 20% by 2035, and 35% by 2050.

In addition, we commit to achieve net zero in our group-wide portfolio by 2050.

In setting these goals and aspirations, Gateway is committed to full transparency and disclosure about how we will measure and monitor transition risks.

These targets will be underpinned by the following internal processes:

- Our Portfolio Assessment as of December 2020 and the definition and methodology to determine the level of risk in relation to our specific climate goals can be found thereafter

- We will use our own internal ESRA template (which will incorporate the agreed definition and methodology of our Climate Change policy) and also deploy a variety of externally available tools like the SASB Materiality Map and European Union's evolving taxonomy
- The ESRA template will be used to assess scores that will apply to investments made under all Funds managed by Gateway. These will be available to the IC on every transaction at the IR stage
- All transactions will include the individual assessment of the investment and the pro forma assessment of our portfolio (assuming that investment was approved) against overall Group targets, at the FIA stage
- To ensure ongoing holistic tracking of KPIs against targets and enable a review/discussion on progress, the quarterly portfolio reviews will include an analysis of how the firm and the companies are performing against targets set
- The ESG Coordinator will update the IC on a quarterly basis on ESG trends, climate change trends/discussions, green economy trends/discussions etc to ensure that our approach remains valid. Tweaks, if any required, may be made to better contribute to the overall objectives

This policy will be reviewed periodically to ensure that it remains relevant and will be adjusted to changes in the regulatory landscape.

Green Economy – Definition

Gateway Partners is committed to playing its part by reducing the carbon intensity of our portfolio, manage transition risks, and through investments in the green economy. Our portfolio companies will play an important role in this journey and we will help them navigate the transition through our stewardship role and by offering advice and counsel to management teams.

What is the green economy?

The green economy is an umbrella phrase to define the entire lifecycle and value chains of products and services we consume and to determine whether these are contributing to the sustainability of the planet. **The overarching objective under the Paris climate accord is for all countries to achieve net zero in terms of emissions by 2050, at the latest, and for the world to be carbon neutral.**

- There are green economy **decelerators** in terms of existing activities which are contributing to global warming and an unsustainable rise in CO2 and other emissions. These activities include fossil fuels extraction and processing; building materials; transportation by road, air, and sea; production and manufacturing processes which lead to pollution, negative health effects, and damage to the natural environment; the food we consume through the entire lifecycle of modern farming and food processing; waste produced from consumption like single-use plastic and other materials; *In assessing the climate impact, asset managers use materiality as a tool to assess the impact of activities at portfolio and company levels.*
- There are green economy **accelerators** which includes current and future activities aimed at reducing global warming, limiting the rise in temperatures to between 1.5-2 degrees C, and making the planet more sustainable. Green economy investments include but are not limited to the following: elimination of single-use plastic and other materials; prudential use of water resources; transition from fossil fuels by investing in renewables; battery technologies and its component parts / materials; the electrification of the transportation fleet (air, road, and sea); sustainable farming and food production; energy efficiency measures which include the introduction of smart meters, smart grids, smart buildings, and smart cities; enabling digital technology and AI;

facilitating green finance through the issuance of bonds, equity, loans and other innovative instruments;

Green Standards

Investments in the green economy takes place under rigorous Environmental, Social, Governance (ESG) standards. Internal ESG benchmarks are aligned with standards developed by external standard setters and regulators, public and private. For asset managers, the following standard setters and tools are relevant:

- Financial Stability Board
- Task Force for Climate-Related Disclosures (TCFD)
- Sustainability Accounting Standards Board
- UNEP /FI
- UN Sustainable Development Goals
- UN Principles for Responsible Investment

Climate Change Metrics – Definition and Methodology

- Reducing carbon intensity of the portfolio
    - **Methodology**: Classify industries with "GHG Emissions" as a material risk as "carbon-intensive" industries. This is used as a proxy to measuring the carbon intensity of different investments / industries. Our portfolio's assessment will be based on the percentage of AUM that are considered as carbon-intensive.
    - **Reference Benchmark**: SASB Materiality Map (https://materiality.sasb.org/)
- Reducing exposure to assets with significant climate transition risk
    - **Methodology**: We consider the company's performance across 3 criteria: (1) risk of disruption from green technologies, (2) risk of changing consumer tastes and preferences for products and services, (3) risk of changing green regulations. Based on the score in all 3 criteria, we derive a rating for the investment (low, medium or high). Our portfolio's assessment will be based on the percentage of AUM that are considered as high risk.

Risk Level	Risk of green technology disruption	Risk of changing consumer tastes & preferences	Risk of changing green regulations
High	Significant risk of disruption from green technologies and risk of becoming a stranded asset.	Changing consumer tastes and preferences for green and sustainable products and services significantly impacts operations.	Significant risk from potentially tighter regulations which could significantly increase the cost of operations.
Medium	Disruption from green technologies impacts a	Changing consumer tastes and preferences for green and sustainable	The regulatory environment is likely to tighten but the Company

	portion of company's operations.	products and services will have a moderate impact on operations	is able to adapt to changing green regulations at moderate cost.
Low	Disruption from green technologies has minimal impact on company's operations OR Company operations are fully aligned with sustainability and Paris climate goals.	Low risk of consumer tastes and preferences changing. OR Company is at the cutting edge in offering green economy products and services.	Low risk of regulations changing or having a material impact on operations OR Company is a green trendsetter and not impacted by regulations in the brown economy.

- Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes
    - **Methodology**: We assess if Companies are green economy accelerators by highlighting their participation in activities aimed at reducing global warming e.g. elimination of single-use plastics, prudential use of water resources, investing in renewable energy. The full list of green economy acceleration activities can be found in the Green Economy – Definition. Our portfolio's assessment will be based on the percentage of AUM that are considered as Green Economy accelerators.