



Twelve Capital Stewardship Policy

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1. Introduction

As part of its commitment to ESG principles Twelve Capital's Stewardship Policy outlines the different engagement strategies the Group employs during its engagement with issuers, investors and the wider market in which it operates. Given Twelve Capital's cross balance sheet approach and use of different investment instruments, the level of engagement may vary reflecting the various investment strategies and the difference in client needs.

2. What is Stewardship

Stewardship describes activities undertaken by investors to monitor and, where necessary, intervene on matters that may affect the long-term value of investee companies. It seeks to build relationships between companies and their shareholders to promote a healthy dialogue on a variety of issues such as strategy, performance, risk, capital structure and general ESG considerations. Stewardship responsibilities go beyond the traditional financial analysis performed by many investors and seek to confirm that companies are sustainable and run for the long-term benefit of all stakeholders, as well as expecting investors to work with others in the investment chain to improve best practice and transparency.

3. Twelve Capital's Commitment to ESG

In carrying out investment activities, Twelve Capital is committed to investing in a responsible way by integrating environmental, social and governance ("ESG") factors, alongside commercial and financial factors, during its investment due diligence, analysis and ongoing monitoring processes.

Twelve Capital considers ESG as an essential contributor to meeting clients' financial objectives and for sustainably delivering long term economic success. Twelve Capital's overarching ESG objective is to improve long-term risk adjusted returns, mitigate ESG risks and identify investment opportunities created by positive ESG change with a focus of strengthening resilience to climate change and to support financing the climate change adaptation.

Twelve Capital is committed to acting as a good steward of assets held and managed on behalf of its clients. The firm recognises that clients expect alignment of Twelve Capital's approach with their own investment beliefs, policies and guidelines. Twelve Capital seeks to be an active shareholder by encouraging good governance and a high standard of corporate practice. It has strong regard for the principles of good stewardship and is a signatory of the Principles of Responsible Investment (PRI).

As an active investment manager Twelve Capital seeks to take leadership on material industry issues, where possible and engages with the companies in which it invests in with a focus on the following core aspects:

- Addressing relevant ESG macro topics for the insurance sector
- Aim to improve ESG disclosure of the target companies
- Identify, monitor and manage ESG risks and opportunities and their effect on the sustainable value of Twelve Capital's investments
- Engage with the industry to increase the provision of products that have a sustainable impact

4. Monitoring of Investee Companies

Twelve Capital believes in the fundamental analysis and monitoring of investee companies. Its network of (re-)insurance relationships, industry expertise, and in-depth, proprietary research processes enables the firm to screen and assess relevant environmental, social and governance aspects and systematically integrate them into its investment analysis. The investment team has access to external ESG data vendors and internal proprietary research information. All investment processes at Twelve Capital have embedded regular engagement with the businesses into which managed funds invest, undertaking a substantial number of company meetings annually.

5. Engagement with Investee Companies

Twelve Capital adopts the following Engagement strategies:

Proactive engagements

Proactive engagements are undertaken by Twelve Capital's investment analysts and portfolio managers on specific issues related to the applicable investment strategy and/or sustainability risks and opportunities that may have a positive or substantial impact on the risk/return profile of an investment. These discussions with corporate management are conducted with the aim of obtaining detailed information and influencing corporate practices to promote improved financial performance longer term.

Thematic engagements

Thematic engagements are focussed on specific ESG topics related to the insurance industry. Engagements are typically identified by taking into consideration the current performance of insurance companies on the relevant subject.

Reactive engagement

Reactive engagement is focused upon companies that are involved in serious breaches of international standards. Twelve Capital's engagement list includes cases that are material, relevant, or represent systematic management failure. The purpose of Twelve Capital's engagement is to influence companies in order to effectively close and remedy identified breaches and address any management failures so as to avoid repeating the mismanagement or error in the future.

6. Cooperation

As Twelve Capital has access to the management of its investee companies, engagement with such companies is typically undertaken on a direct, private basis. However, collaboration with other market participants may be sought if a potential strong benefit is seen and if it is believed that the effectiveness of the engagement can be increased from this collaboration.

7. Escalation Strategy

There may be occasions where, despite discussions with companies, Twelve Capital's concerns have not been sufficiently addressed. If the usual engagement process fails, Twelve Capital will seek to escalate concerns, initially via further discussions with senior management members of the investee company. If however, a company consistently fails to meet expectations, or if a company's ESG disclosures are insufficient to provide an appropriate understanding of a company's sustainability-related performance Twelve Capital may decide not to invest into a new issue, underweight an existing position or divesting from an investment.

8. Voting Rights

Proxy voting is one of the most prominent engagement strategies to safeguard shareholders' interests and their assets. Twelve Capital utilises proxy voting as an engagement method. When exercising voting rights, Twelve Capital uses the analyses and services of "Institutional Investor Services (ISS)".

9. Management of Conflicts of interest

Twelve Capital is aware of potential conflicts of interest when engaging with companies and has measures in place to limit potential conflicts. In addition, there are policies and controls in place that are aimed at detecting and preventing activities of employees that could cause conflicts. Twelve Capital's investment team members may from time to time be in a position to receive material non-public information from companies or their advisers (e.g., through "market soundings" of potential transactions

in a company's securities). Twelve Capital continuously builds upon its trade surveillance framework to monitor the internal use of material non-public or confidential information.

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