



TANTALUM CAPITAL'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

Background to the Firm

Tantalum Capital was established as a boutique asset manager in June 2005 with the support of key clients. The initial focus of the business was on 1 hedge fund product. As the business matured a broader product set was adopted across both hedge and long only products, all being centred around the same idea engine. Capital protection is key to our investment process and we have a wide tool box at our discretion, investing across the capital structure where suitable.

Tantalum's ESG guidelines

The Tantalum ESG guidelines draw on the key elements of the UN PRI, the requirements under Regulation 28 of the Pension Funds Act and of the Code for Responsible Investing in South Africa (CRISA). Tantalum is a supporter of CRISA which recognises the importance of integrating sustainability issues into the long term investment strategies of retirement funds. The 5 key principles are:

- An institutional investor should incorporate sustainability considerations, including ESG, into its investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries.
- An institutional investor should demonstrate its acceptance of ownership responsibilities in its investment arrangements and investment activities.
- Where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors.
- An institutional investor should recognise the circumstances and relationships that hold a potential for conflicts of interest and should pro-actively manage these when they occur.
- Institutional investors should be transparent about the content of their policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.

Tantalum's approach to ESG

We are appointed by our clients as an investment manager with a fiduciary responsibility to safeguard their assets and to help them achieve their investment objectives over the long term. Generally our clients' objectives are to maximise the financial return of their portfolios within appropriate risk parameters. We attempt to do this through our investment process, which is underpinned by a strong fundamental proprietary research edge, which has been developed over many years. We have a defined research universe and evaluate our investments on a multi-year basis. We try to capitalise on

ideas where a significant margin of safety exists, preferably with limited correlation to equity markets. We take significant positions in high conviction ideas, which tend to have a catalyst driven value unlock.

Our assessment of whether a company is a good quality company or not, covers many different areas and amongst other things considers environmental, social and corporate governance issues, in terms of how they may impact the long term value of a company. In analysing financial statements, engaging actively with the company and its management and voting on shareholder issues we are actively considering ESG issues. As an investor we expect companies to disclose not only financial data but also ESG related data. We are cognisant of the fact that every company operates under significantly different conditions and a one size fits all approach is not appropriate. We are therefore reasonable and pragmatic in applying standards, giving due consideration to each company's specific circumstances and the market in which it operates.

In analysing companies, we consider at least the following things from an ESG standpoint:

- Environment - A company should continually seek to improve its environmental performance by:
 - working to reduce and control its direct negative environmental impacts;
 - promoting awareness of its significant direct and indirect impacts;
 - working to use natural resources in a sustainable manner;
 - committing to risk reduction, reporting and auditing
- Society - A company should demonstrate a commitment to social sustainability and good stakeholder relationships by:
 - treating all stakeholders with dignity, fairness and respect and recognising their rights to freedom from discrimination;
 - employ good HR practices to actively promote the development and empowerment of its employees and the community and ensuring equal opportunity;
 - ensuring that core labour standards are met and good employee and union relations maintained;
 - working to promote the health and safety of its employees
- Governance - A company should:
 - uphold and support good corporate governance practices as the foundation for its business policies and practices, while implementing sound ethical practices;
 - ensure that it meets all regulatory requirements and that there is full transparency, disclosure and audit procedure in place;
 - work towards long term growth and sustainability by assessing and managing the risks to sustaining its business while adapting to changing demands, trends and macro-economic driving forces;

- ensure that the board operates independently with due skill and care to ensure that shareholder rights are protected.

We seek to engage with companies we invest in where we feel it is necessary and where we believe we can be effective and promote change. Our primary concern is the potential impact of any issues on a company's long term valuation. We are not activist investors and we do not wish to actively interfere with a company if possible, as we believe that management of the company is best placed to manage the company's affairs. However, we will discuss issues where we have concerns or require greater clarity. Where we are unhappy with company management and don't feel they are addressing issues appropriately, we may do one of the following:

- Enter into active dialogue (verbal or written) with company management
- Vote against company management
- Not invest with the company
- Sell our holding

In terms of being a responsible custodian of assets, we will effectively exercise our shareholder rights on behalf of our clients. Our guiding principle is to make proxy voting decisions which favour proposals designed to maximise a company's shareholder value and are free from the influence of conflicts of interest. We will cast votes in a manner other than in line with recommendations, where we have good reason to believe it is in the best interest of the shareholders to do so.

Tantalum's commitment to ESG going forward

Tantalum is committed to continuing to integrate ESG considerations into our investment management processes and ownership practices in the belief that these factors form an important consideration in a repeatable and sustainable investment process. ESG factors are an input into our investment process, not an objective. Our objective remains to make financial judgments on the risk and rewards of investments. We do not look to exclude companies or sectors from our investable universe but rather to analyse and monitor the ESG issues that may have an impact on the financial performance of a company.

We will continue to develop our capacity to engage on ESG issues. We will continue to engage third party providers for assistance on ESG analysis. We will continue to utilise the services of ESG experts, where appropriate, to assist with educating the team, developing a system to further integrate ESG into our investment-making decision as well as measuring ESG performance. We have developed a formal ESG score card. Prospective investments are evaluated against our ESG scorecard at initiation. Subject to materiality, either in our fund or in the companies' shareholding, we will maintain a formal scorecard. Companies will continuously be evaluated in terms of our ESG process and this scorecard. This will contribute to documenting our ESG approach.