



ESG Policy

Adopted by the board on 23 July 2021

ESG Policy

Zeta Resources Limited and its subsidiaries ("Zeta" or the "Company")

1. Scope of this policy

- 1.1 This policy applies to all the Company's investments as approved by the board of directors of the Company ("the board") and as managed by the investment management company, ICM Limited ("Investment Manager").
- 1.2 The policy directs the Investment Manager to adequately consider Environmental, Social and Governance ("ESG") risks and opportunities as part of the investment process in accordance with Company's investment mandate.
- 1.3 This document sets out the general approach to incorporating responsible investment into the Company's investment decision making; it does not provide in-depth details of the processes applied to implementation.

2. Purpose of this policy

- 2.1 The purpose of this policy is to outline the Company's commitment to ESG. This policy is important because the Company believes in being a responsible and ethical business. Zeta believes that successful investing requires consideration of sustainable business practices, as well as traditional financial risk and return assessments.
- 2.2 This policy is designed to:
 - (a) record the Company's commitment to managing environmental, social and governance ("ESG") risks and opportunities within its portfolio; and
 - (b) describe the approach to addressing ESG reporting and disclosure for investments.

3. Identifying and integrating ESG

- 3.1 Integration of responsible investing is the systematic and explicit inclusion of ESG considerations into financial analysis and decision making. This enables ESG risks and opportunities to be identified and factored into the risk-return assessment for an investment.
- 3.2 Zeta recognises that relevant and material ESG issues can meaningfully affect investment performance, and it thereby seeks to include these considerations in the integrated research analysis, decision-making, and ongoing monitoring of its portfolio.
- 3.3 Zeta seeks to draw its own conclusions based on objective, ascertainable facts. The Company believes that each investment should be considered on its own merits, and that intentions and actions are important considerations.
- 3.4 The stage of development of, and relevance of ESG issues to, each investment will depend on the investment. There may also be limitations on data availability for some investments, particularly outside public markets. Subject to these constraints, the Company:
 - (a) aims to identify and manage significant ESG investment related risks;
 - (b) will consider ESG issues (in addition to traditional investment criteria) when considering investments; and
 - (c) aims to measure and monitor ESG issues for investments where those factors may impact the Company business, reputation or the communities in which it operates.

4. United Nations Principles for Responsible Investment

- 4.1 The United Nations-supported Principles for Responsible Investment ("PRI") organisation was launched in 2006 and is mandated to:
 - (a) understand the investment implications of environmental, social and governance (ESG) factors;
 - (b) support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

PRI acts in the long-term interests of its signatories and the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

As at 31 March 2020, there were over 3038 PRI signatories worldwide responsible for over US\$103.4 trillion in assets under management.

- 4.2** The Investment Manager is a signatory to PRI, and is committed to adhering to the organisation's six Principles for Responsible Investment:
- (a) incorporate ESG issues into investment analysis and decision-making processes;
 - (b) be active owners and incorporate ESG issues into ownership policies and practices;
 - (c) seek appropriate disclosure on ESG issues by investee entities;
 - (d) promote acceptance and implementation of the Principles within the investment industry;
 - (e) work together to enhance our effectiveness in implementing the Principles; and
 - (f) report on activities and progress towards implementing the Principles.

5. Application

- 5.1** The Investment Manager's Responsible Investing policy governs how it takes into consideration ESG issues in conjunction with the financial, macro and political drivers when making an investment. [append ICM's policy document or hyperlink to it from ICM's website]
- 5.2** The Investment Manager has developed its own processes to assess a company's approach to ESG criteria rather than relying entirely on third-party ratings or data providers. It looks for sound investments based on a bottom-up approach where there are strong financial fundamentals and attributes such as political stability, economic development, an acceptable legal framework, and an encouraging attitude to foreign investment.
- 5.3** At the investment stage, ESG factors are integrated into the research, analysis and decision-making processes. Zeta are active owners, working with investee companies to incorporate stronger ESG principles. As shareholders, the Company votes in a considered manner and works with investee companies to drive positive change.
- 5.4** ESG issues will be approached in the following three ways:
- (a) **Understanding:** in depth analysis and understanding of the key issues that face potential and current holdings, as well as a deep understanding of the industry in which they operate in.
 - (b) **Integration:** incorporate the output of the 'Understanding' component detailed above into company analysis to ensure a clear and complete picture of the investment opportunity is obtained.
 - (c) **Engagement:** work with investee companies on the key issues on a regular basis, and where possible hold face-to-face meetings to help them understand and guide them towards an improved ESG position.
- 5.5** **Environmental & Social:** for each investee company, questions identifying key risks and value drivers will be assessed, ranking for each of the following three areas:
- (a) **Strategy:** is there a strategy in place to manage this risk and is it suitable and/or sustainable?
 - (b) **Disclosure:** how clear and effective is the policy around these issues and what disclosure has been provided?
 - (c) **Performance:** are they meeting their objectives to manage this risk?
- 5.6** **Governance:** The Company believes corporate governance is paramount to any investment, as it is important for the investee company's management to be aligned with all stakeholders. The ESG assessment process includes questions covering shareholders rights; transparency; related parties; audit and accounting; board composition and effectiveness; executive oversight and compensation.
- 5.7** **Proxy Voting:** The Company has discretion to determine the best course of action to maximise shareholder value. Proxies and shareholder proposals of an ESG nature will be reviewed carefully and the voting decision will take into consideration the following principles:
- (a) board of directors to be suitably skilled, diverse and independent;
 - (b) remuneration policies to be sensible and focused on the long-term;

- (c) capital allocation to be disciplined and value accretive;
- (d) be respectful of minority shareholders interests, e.g. use of related party transactions, voting rights and royalties; and
- (e) strong corporate culture which reflects the interest of wider stakeholders.

6. Negative exclusion

- 6.1** Zeta believes that ESG risks and opportunities are best managed via an integrated approach, although there are certain areas where it believes exclusion criteria are justified.
- 6.2** The Company will not knowingly invest in companies:
 - (a) that deliberately and systematically do not respect basic human rights;
 - (b) that deliberately harm the local population or the elected form of government, either in their country of domicile or the countries where they operate;
 - (c) that directly produce or sell weapons of mass destruction, land mines and cluster bombs, chemical/biological weapons, depleted uranium weapons and nuclear weapons as part of their business;
 - (d) that have a material part of their business operations in tobacco or pornography; or
 - (e) involved with the financing, trading and promoting of poaching and trafficking of endangered species.
- 6.3** We will seek to avoid investments in:
 - (a) companies that through a substantial part of their activities appear likely to incur significant and uncalculated liabilities related to health-related claims or environmental abuse; and,
 - (b) companies that appear to be in breach of international standards through systematic corruption and bribes and show no signs of improving this behaviour.

7. ESG resourcing and governance

- 7.1** Oversight and management of the responsible investment process ultimately forms part of the board's responsibilities for Zeta. The board has delegated operational responsibility to the Investment Manager to use their expertise, as they are best placed to make the valuation and portfolio construction decisions.
- 7.2** As ESG issues are regional and sometimes differ between countries and sectors, with varying regulations and practices, the responsibility for this specialised research lies with the Investment Manager to best manage this for their respective jurisdictions, and to adhere to relevant corporate policies.

8. Transparency

- 8.1** Zeta commits to transparent reporting on the implementation, monitoring and progress of this policy through disclosures contained within the annual report, including synopsis of its top holdings.
- 8.2** The Investment Manager, as a PRI signatory, will provide an annual Transparency Report which will be available to view on the PRI website: <https://www.unpri.org/signatories/reporting-and-assessment/public-signatory-reports>

9. Administration and compliance

- 9.1** The board is responsible for administering this policy and will collectively implement and monitor the effectiveness of this policy.
- 9.2** The policy will be reviewed periodically to check that it is operating effectively, and the board will approve any changes that may be required.