

AHAM Capital's Responsible Investing Policy Statement

Introduction

AHAM Asset Management ("AHAM Capital") is a licensed fund management company regulated by the Securities Commission Malaysia. Responsible investing is an extension of our core mission to deliver long-term, sustainable returns for our clients. By integrating Environmental, Social, and Governance ("ESG") considerations into our investment decisions, AHAM Capital seeks to mitigate risks and capture opportunities in managing our clients' assets. The Responsible Investment Policy outlines and governs AHAM Capital's approach to integrating ESG considerations into its investment process.

Scope of Application

This Policy Statement applies to AHAM Capital and its wholly owned subsidiary, AIIMAN Asset Management Berhad ("AIIMAN"), across all internally managed asset classes. The Policy covers all internally managed portfolios, including dedicated funds and third-party mandates, unless otherwise directed by the client.

ESG Reporting Structure



AHAM Capital's broader corporate ESG strategy is guided by the Group Sustainability Management Committee. The Investment Sustainability Committee oversees the implementation of the Responsible Investing Policy, while the ESG Team drives ESG integration within the Investment Department and ensures alignment with AHAM Capital's ESG investment principles.

Responsible Investment Philosophy

Responsible investment is an integral and evolving part of the investment process at AHAM Capital. We integrate ESG factors into our research and decisions to strengthen risk management and drive sustainable, risk-adjusted returns. We believe companies that effectively manage sustainability issues are better positioned for resilient, long-term performance. At the same time, we acknowledge our stewardship duty as an asset manager. We strive to increase engagement dialogues with our investee companies on issues pertaining to ESG and encourage best practices. We want to play a bigger role in diffusing and facilitating information exchange, especially when it comes to communicating our expectations and long-term ESG objectives.

ESG Investment Strategies

Our primary ESG investment strategy is ESG integration, which we apply to all our internally managed funds, regardless of whether the fund has a sustainability mandate. To cater to different investor objectives and requirements, we may provide customised solutions which apply other ESG investment strategies (such as screening and thematic investing). Our ESG investment strategies are grouped into three broad categories of ESG investing.

1. ESG Integration

ESG Integration is the systematic inclusion of Environmental, Social and Governance issues in investment decision making and portfolio construction process. Within the initial idea generation phase, ESG helps us identify potential tail risks and/or best-in-class practices. This provides a more holistic fundamental research process, subsequently guiding our thoughts on stock valuations and trading. Once a portfolio is constructed, ESG becomes an additional portfolio risk management tool by increasing awareness about the portfolio's exposures to certain negative ESG risk factors. These risk factors are dynamic and ever-evolving, thus regular engagement activities with the investee companies are necessary to facilitate information and knowledge exchange.

Available Resources

Our ESG integration process is built on a structured framework that combines external research with internal expertise to ensure a thorough assessment of environmental, social, and governance factors:

a. Independent Third-Party Research

AHAM Capital's investment team utilises a range of external research sources in addition to our internal assessment to better evaluate and analyse ESG risks and opportunities. We use information from company disclosures, sell-side research, public databases, and various ESG rating providers. Rather than relying on a single source, we combine multiple inputs to form our own independent view. While external ratings serve as helpful references, our final investment decisions are guided by our own analysis and judgment.

b. Internal ESG Rating

We have developed an internal ESG rating scorecard to help our fund managers and analysts identify material ESG risks and assess each investee company's ESG performance relative to its industry peers. The scorecard covers key themes across the Environmental, Social, and Governance pillars, with weights assigned at the industry level to focus on factors with the greatest potential financial impact. These internal ratings complement traditional financial analysis and are reviewed annually, or sooner if material events or controversies arise.

In addition, we have established an Internal Sovereign ESG Ratings Framework to measure and compare a country's ESG performance against its peers. Like our company ratings, this framework evaluates criteria across the Environmental, Social, and Governance pillars, focusing on issues material to climate resilience, human capital, and long-term economic prosperity. The assessment uses quantitative indicators sourced from credible organizations and data providers, such as the World Bank and IMF, combined with our internal research.

All the Internal ESG Ratings shall be reviewed on an annual basis or as and when there are material events or controversies.

2. Screening

Negative screening can be applied as a primary or supplementary ESG investment strategy for AHAM Capital's internally managed Sustainable and Responsible Investment ("SRI") funds. It may incorporate value-based or norms-based screening methods:

• Value-based Screening

Companies that derive a portion of their earnings from non-ESG-compliant activities may be excluded. Selection of criteria and restrictions on industry, business involvement and revenue threshold shall be driven by the ESG investment objective of a portfolio/mandate. As a result, exclusion criteria may vary from one portfolio to another.

• Norms Based Screening

Companies that violate global norms and standards of practice may be excluded. Screening criteria are guided by:

- Specific investment mandates and objectives;
- International standards such as the United Nations Global Compact ("UNGC") and other global controversy frameworks.

The UNGC is a global voluntary corporate sustainability initiative for businesses to align strategies and operations with ten universal principles across four areas: human rights, labour, environmental responsibility, and anti-corruption.

Both value-based and norm-based screening serve as guiding frameworks rather than rigid rules for our analysts and fund managers.

3. Other ESG Investment Strategies

AHAM Capital's funds and mandates may also adopt other ESG investing strategies such as thematic investing, impact investing, and positive screening. These approaches generally focus on securities or companies aligned with specific sustainability goals or themes and are intended as guiding frameworks rather than strict mandates. Thematic investing targets sectors addressing particular sustainability challenges, while impact investing seeks to achieve

measurable social and environmental outcomes alongside financial returns. Positive screening identifies companies that excel in ESG performance relative to their peers. While these strategies provide valuable insights into potential investment opportunities, they are meant to serve as a guiding framework.

Portfolio Construction

We begin our investment process with sector- and issuer-specific ESG research, identifying material ESG factors and integrating them into fundamental financial analysis. While ESG considerations are central to assessing sustainability and resilience, valuation remains a core element of our decision-making. Our approach recognises both companies with strong ESG practices and those actively transitioning toward more sustainable operations. When ESG-themed objectives are defined, we apply tailored ESG strategies aligned with each portfolio's goals, ranging from risk management and long-term value creation to targeted impact and thematic growth. ESG analysis is embedded in portfolio construction and risk management to balance exposures and achieve financial objectives. We continuously monitor ESG risks and opportunities throughout the investment lifecycle and actively engage with companies to drive improvements, refine assessments, and enhance investment outcomes.

Risk Management

Security Level

We regularly assess each investee company's ESG risk profile and progress against stated ESG objectives, focusing on material ESG factors that may impact financial or security performance. Our evaluation incorporates internal ESG scorecards, third-party research, public disclosures, and other credible sources, alongside business fundamentals and valuation. Investment decisions are based on clear rationale and documented deliberation. We maintain a register of companies with significant ESG risks and actively engage with them to drive improvements. Where engagement fails to achieve sufficient progress, positions may be reduced or exited as a last resort.

Portfolio Level

Portfolio ESG risks are managed in line with stated sustainability objectives. Fund Managers periodically review portfolios to ensure alignment with ESG targets, taking remedial actions such as enhanced engagement when ESG ratings fall below required levels. If insufficient improvement is observed within a reasonable timeframe, positions may be reduced or exited. Our commitment to maintaining ESG standards reflects our belief that responsible investing supports sustainable financial performance and broader positive impact.

Stewardship and Active Ownership

As fiduciaries, AHAM Capital is committed to protecting and enhancing long-term value for our clients. We actively engage with investee companies and exercise our voting rights to promote responsible practices and sound governance. We exercise stewardship through two key mechanisms:

- **Corporate Engagement:** We maintain ongoing, two-way dialogue with investee companies to deepen our understanding of material ESG risks and opportunities, and to advocate for responsible business practices.
- **Proxy Voting:** We exercise voting rights to promote sound governance and support outcomes aligned with our clients' long-term interests.

Please refer to **AHAM Capital's Investment Stewardship Policy Statement for details on our engagement framework, proxy voting principles, and approach to managing conflicts of interest.*

Firm Wide Exclusions Policies

In addition to ESG integration, we also apply a distinct set of filters to exclude companies that are involved in business activities that are not aligned with our values. These include:

- **Controversial Weapons**
We support the international treaties and legislations prohibiting involvement in controversial weapons due to the indiscriminate effect and disproportionate harm they cause.
- **Sanctioned Countries**
We do not invest in countries commonly associated with systematic human rights violations, money laundering and terrorism financing, and proliferation of weapons of mass destruction.
- **No New Coal Energy**
To support a just climate transition, AHAM Capital commits to restricting investments into single coal-fired power generation*. AHAM Capital will not knowingly invest in project or asset-specific financing for new or existing coal-fired power plants, unless they employ effective carbon capture and sequestration technology.

Please refer to **No New Coal Policy Statement for more details.*

Net Zero Commitment

At AHAM Capital, we recognise that most greenhouse gas (“GHG”) emissions linked to our business come from the investments we manage on behalf of our clients, rather than from our own operations. These portfolio emissions reflect the impact of the companies and projects in which our clients’ capital is invested, and they bring both risks and opportunities for long-term value creation.

We are committed to supporting the global transition to a net-zero economy by 2050. Our internal Climate Target Assessment Framework is designed to evaluate whether we have a robust and credible climate commitment. Our approach to managing portfolio emissions focuses on portfolios where AHAM Capital has full discretion and control.

For more information, please refer to **AHAM Capital’s Climate Policy Statement.*

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