



Redwheel Climate Beliefs & Commitments

June 2024
redwheel.com

1. Context

- 1.1 Our business model is one of investor autonomy and independence, we believe this is aligned with our clients' best interests. The model underpins our belief that the best outcome for clients is one which gives investors (i.e. our portfolio managers) the freedom and flexibility to develop their own investment strategies and their own stewardship approach, based on their experience. To impose a top-down solution could undermine the best attributes of the model and deliver a suboptimal outcome for our clients. Our focus on achieving the best outcomes for our clients is reinforced through our emphasis on co-investment.
- 1.2 This document reflects Redwheel's climate beliefs and commitments as at June 2024, and is to be read in conjunction with the Redwheel Policy on Responsible Investment and the Redwheel Stewardship Policy.

2. Our Climate Beliefs

- 2.1. When it comes to climate change, we share some common beliefs, namely that climate change poses a systemic risk to our clients' capital, to Redwheel as a business and the societies in which we live, work and invest.
- 2.2. As a fiduciary of our clients' capital, it is critical that climate-related risks and opportunities – both from climate change itself and the deep system transitions required to mitigate it – are identified and actively managed.
- 2.3. The investment management industry has an important role to play in advocating for an ambitious, consistent, and credible policy environment to enable and incentivise issuers to decarbonise with confidence and minimise their exposure to both physical and transition risks.
- 2.4. The world is not currently on track to meet the goals of the Paris Agreement and every fraction of a degree counts, so high ambition must be maintained.
- 2.5. We cannot afford to underestimate the speed of the transitions that are already underway in many sectors and geographies, and the implications for companies and their investors.
- 2.6. The physical risks from climate change already baked into natural systems due to historic man-made emissions have – in our view – been under appreciated by the investment community.
- 2.7. A transition that is just and mindful of wider social and environmental goals will be complex to navigate and there will be trade-offs. As the transition unfolds, we will continually review our beliefs as evidence and experience around these trade-offs

develop. Our approach is informed by in-depth research in this space undertaken by our in-house thematic sustainability research team “Greenwheel” and our involvement with organisations of which we are a member such as the Institutional Investors Group on Climate Change and the “Financing a Just Transition” Alliance coordinated by the Grantham Research Institute on Climate Change.

2.8. While we are aware that many of our peers have adopted various climate-related commitments, we feel our approach is reflective of our understanding of the complexity of the issues we are dealing with and the responsibility we feel we have for the ultimate outcome in the real world.

3. Our Climate Commitments

3.1. We want to commit to something we are confident we can deliver. At the firm level our approach to climate change has four principal pillars:

- Be transparent and clear in our communications – provide clarity in terms of our starting point, rationale (what we are trying to do and why) and components of our approach.
- Build capacity internally – enhance and strengthen climate knowledge and expertise, including in relation to data and systems, to:
 - Facilitate capital flow into companies and teams that develop and deliver solutions to a range of sustainability challenges i.e. growing our sustainable fund franchise
 - Facilitate capital flow into companies that are willing and able to decarbonise i.e. leveraging our teams’ experience engaging robustly with portfolio companies
 - Engage with companies to help ensure commitment, feasible roadmaps and acceptable timelines for decarbonisation
 - More effectively and efficiently monitor climate-related risks and support and challenge their management
- Collaborate externally – with our clients, investee companies, the bodies of which we are members (in particular the IIGCC, CA100+, Nature100 and the Investor Forum), policy makers and other stakeholders (where collaboration offers a better avenue to achieve our strategic goals).
- Attend to our own operations – Run our own organisation and manage climate risk in a way that is consistent both with the expectations of our clients and the challenge being put to investee companies by our investment teams

4. Support tangible, real-world decarbonisation

- 4.1. We are more interested in driving real world decarbonisation than 'paper decarbonisation'.
- 4.2. We are in the process of identifying and understanding our climate risks and opportunities at the firm, strategy, product and issuer level and recognise the need to measure and mitigate risks through setting meaningful targets.
- 4.3. Throughout 2023 with the support of a third-party we assessed the merits and methodologies underpinning a number of climate related investor initiatives (including Net Zero Asset Managers initiative, 'NZAMI'). In doing so, we not only gave careful consideration to the intention and ability of these initiatives to deliver on commitments as currently framed in practice, but also to how such a commitment could realistically work in the context of our business model.
- 4.4. One of Redwheel's core strengths is that our business model supports the autonomy and diversity of our investment teams. Time and care must therefore be taken to reflect each team's distinctive investment process and philosophy in developing an overarching commitment by the business; consideration must also be given to the needs of investment teams that we might hope would join our business in future and help support our continued growth.
- 4.5. We are now working in partnership with our investment teams to set targets using the primary levers at their disposal as active investment managers, namely:
 - Stewardship
 - Investment in climate solutions
 - Portfolio level emissions reduction
 - Client engagement
- 4.6. Once targets and metrics are agreed, we envisage progress will be monitored as a routine part of annual business reviews (conducted by our Head of Business Development) and investment process reviews (conducted by our Head of Investments), with oversight provided by our Sustainability Committee and ultimately the Redwheel Board.

Disclaimer

Redwheel ® is a registered trademark of RWC Partners Limited (“RWC”). The term “Redwheel” may include any one or more Redwheel branded entities including RWC and RWC Asset Management LLP, each of which is authorised and regulated by the UK Financial Conduct Authority and, in the case of RWC Asset Management LLP, the US Securities and Exchange Commission (“SEC”); RWC Asset Advisors (US) LLC, which is registered with the SEC; RWC Singapore (Pte) Limited, which is licensed as a Licensed Fund Management Company by the Monetary Authority of Singapore; Redwheel Australia Pty Ltd is an Australian Financial Services Licensee with the Australian Securities and Investment Commission; and Redwheel Europe Fondsmæglerselskab A/S (“Redwheel Europe”) which is regulated by the Danish Financial Supervisory Authority.

Redwheel may act as investment manager or adviser, or otherwise provide services, to more than one product pursuing a similar investment strategy or focus to the product detailed in this document. Redwheel seeks to minimise any conflicts of interest, and endeavours to act at all times in accordance with its legal and regulatory obligations as well as its own policies and codes of conduct.

This document is directed only at professional, institutional, wholesale or qualified investors. The services provided by Redwheel are available only to such persons. It is not intended for distribution to and should not be relied on by any person who would qualify as a retail or individual investor in any jurisdiction or for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to local law or regulation.

This document has been prepared for general information purposes only and has not been delivered for registration in any jurisdiction nor has its content been reviewed or approved by any regulatory authority in any jurisdiction.

The information contained herein does not constitute: (i) a binding legal agreement; (ii) legal, regulatory, tax, accounting or other advice; (iii) an offer, recommendation or solicitation to buy or sell shares in any fund, security, commodity, financial instrument or derivative linked to, or otherwise included in a portfolio managed or advised by Redwheel; or (iv) an offer to enter into any other transaction whatsoever (each a “Transaction”). Redwheel bears no responsibility for your investment research and/or investment decisions and you should consult your own lawyer, accountant, tax adviser or other professional adviser before entering into any Transaction. No representations and/or warranties are made that the information contained herein is either up to date and/or accurate and is not intended to be used or relied upon by any counterparty, investor or any other third party.

Redwheel uses information from third party vendors, such as statistical and other data, that it believes to be reliable. However, the accuracy of this data, which may be used to calculate results or otherwise compile data that finds its way over time into Redwheel research data stored on its systems, is not guaranteed. If such information is not accurate, some of the conclusions reached or statements made may be adversely affected. Any opinion expressed herein, which may be subjective in nature, may not be shared by all directors, officers, employees, or representatives of Redwheel and may be subject to change without notice. Redwheel is not liable for any decisions made or actions or inactions taken by you or others based on the contents of this document and neither Redwheel nor any of its directors, officers, employees, or representatives (including affiliates) accepts any liability whatsoever for any errors and/or omissions or for any direct, indirect, special, incidental, or consequential loss, damages, or expenses of any kind howsoever arising from the use of, or reliance on, any information contained herein.

Information contained in this document should not be viewed as indicative of future results. Past performance of any Transaction is not indicative of future results. The value of investments can go down as

well as up. Certain assumptions and forward looking statements may have been made either for modelling purposes, to simplify the presentation and/or calculation of any projections or estimates contained herein and Redwheel does not represent that any such assumptions or statements will reflect actual future events or that all assumptions have been considered or stated. There can be no assurance that estimated returns or projections will be realised or that actual returns or performance results will not materially differ from those estimated herein. Some of the information contained in this document may be aggregated data of Transactions executed by Redwheel that has been compiled so as not to identify the underlying Transactions of any particular customer.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return from, or the tax consequences of, an investment in a Redwheel-managed fund.

This document expresses no views as to the suitability or appropriateness of the fund or any other investments described herein to the individual circumstances of any recipient.

The information transmitted is intended only for the person or entity to which it has been given and may contain confidential and/or privileged material. In accepting receipt of the information transmitted you agree that you and/or your affiliates, partners, directors, officers and employees, as applicable, will keep all information strictly confidential. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information is prohibited. Any distribution or reproduction of this document is not authorised and is prohibited without the express written consent of Redwheel.

The risks of investment are detailed in the Prospectus and should be considered in conjunction with your investment adviser. Please refer to the Prospectus, Key Investor Information Document (UCITS KIID), Key Information Document (PRIIPS KID), Summary of Investor Rights and other legal documents as well as annual and semi-annual reports before making investment decisions; these documents are available free of charge from RWC or on RWC's website: <https://www.redwheel.com/> and available in local languages where required. RWC as the global distributor has the right to terminate the arrangements made for marketing Redwheel Funds in certain jurisdictions and to certain investors. Redwheel Europe is the sub-distributor of shares in Redwheel Funds in the European Economic Area ("EEA") and is regulated by the Danish Financial Supervisory Authority. This document is not a solicitation or an offer to buy or sell any fund or other investment and is issued in the UK by RWC and in the EEA by RW Europe. This document does not constitute investment, legal or tax advice and expresses no views as to the suitability or appropriateness of any investment and is provided for information purposes only. The views expressed in the commentary are those of the investment team.

Funds managed by Redwheel are not, and will not be, registered under the Securities Act of 1933 (the "Securities Act") and are not available for purchase by US persons (as defined in Regulation S under the Securities Act) except to persons who are "qualified purchasers" (as defined in the Investment Company Act of 1940) and "accredited investors" (as defined in Rule 501(a) under the Securities Act).

This document does not constitute an offer to sell, purchase, subscribe for or otherwise invest in units or shares of any fund managed by Redwheel. Any offering is made only pursuant to the relevant offering document and the relevant subscription application. Prospective investors should review the offering memorandum in its entirety, including the risk factors in the offering memorandum, before making a decision to invest.