

## ADM Capital Stewardship and Engagement Policy

# General Statement

Our stewardship commitments are an integral part of our approach to our investment activities and contribute to our ability to deliver returns for our clients. ADM Capital, through its lending, engagements and by example, strives to foster good corporate governance, respect for the environment, responsible labour policies and ethical business practices. We believe these sustainability practices will benefit the local communities in which we operate, as well as ultimately improve business efficiency and performance of the companies we finance so that we can achieve our ultimate goal of optimising returns for our investors.

We thoroughly evaluate each company prior to investing and continue to monitor performance, including on E&S compliance matters, on a regular basis once an investment has been made. Prior to an investment, we carry out detailed due diligence, and we seek to have regular dialogue on financial, operational and governance issues with all of our companies. We believe that constant and effective monitoring of companies and their performance is an integral part of our investment process

We implement our stewardship policy based on the materiality of ESG factors on financial and/or operational performance, specific ESG factors with systemic influence, and specific ESG factors based on input from clients. We consider the extent to which companies are:

- Setting strategic objectives that build a long-term sustainable business plan or financial covenant mode
- Implementing high quality business practices
- Managing risk effectively, as seen from the perspective of multiple stakeholders
- Implementing an appropriate capital structure, including the structure of our ADM Capital loan within the overall capital structure
- Promoting good corporate governance, including strong corporate cultures, management information reporting systems and appropriate policies in respect of matters such as human resources, environmental and social governance, accounting and audit oversight, etc
- Communicating transparently and producing high quality disclosures and reporting

We also assess the industry in which a company operates as we recognize that it exposes companies to risks and structural limitations that are specific to each such industry.

ADM Capital requires external E&S due diligence (including site visits) and development of an Environmental Social Action Plan (ESAP) as a condition precedent to entry into all private credit investments (unless otherwise agreed by the IAC based on exceptional

circumstances) and reporting on compliance with ESAPs is maintained throughout the life of each portfolio company investment unless a default, restructuring or other deviation subsists. We set targets for engagement through our ESAPs, which highlights the ESG risk profile of each transaction. ESAP compliance is included in our loan documentation as conditions precedent or conditions subsequent.

We seek to take a board of directors or board observer-status with our financing whenever possible and define these in our negotiations and financing documentation. To facilitate collective engagement, we are also members of the Principles for Responsible Investment and the Hong Kong Green Finance Association.