

الاستثمار كابيتال
Alistithmar Capital



RESPONSIBLE INVESTMENT POSITION STATEMENT

RIPS_V3_2020

DATE & STAMP OF BOARD
APPROVAL



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1. Introduction

This position statement has been authorized and approved by the Board of Directors (“BoD”) of Alistithmar for Financial Securities and Brokerage Company (“Alistithmar Capital” or “ICAP” or the “Company”). It represents an enforceable document related to its position on Responsible Investment.

1.1 Purpose

Alistithmar Capital Responsible Investment Position Statement sets out the overall philosophy that guides our sustainability efforts and describes our responsible and ethical investing program - the strategies, procedures and lines of accountability towards our sustainability goals.

1.2 Scope

While the Responsible Investment Position Statement applies across our family of Shariah compliant funds, approaches will vary by fund. In all cases, Alistithmar Capital’s Investment Policies (IPs) remain the sole documents that dictate the investment goals, objectives, and strategies of Alistithmar Capital funds.

1.3 Definitions

- **Responsible investing:** For Alistithmar Capital, responsible investing means investing in an ethical manner in line with the objectives embedded in Islamic ethical finance.
- **Shariah compliant investing:** A subset of responsible and ethical investing. Investments which are in accordance with the Islamic Principles are called Shariah compliant.
- **Exclusions:** Excluding companies that are involved in negative criteria such as Alcohol, Gambling, Pornography, and Tobacco.
- **ESG factors:** ESG factors are a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues.
- **Engagement:** Direct communication between investors and companies- on environmental, social and governance matters.

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2. Reference to Regulations and Other Internal Documents

- ICAP Internal Policies as applicable

3. Policy Statements

3.1 Philosophy

Alistithmar Capital central premise to our investment process is to analyse each investment's ability to create, sustain and protect value that it can deliver returns in line with our clients' objectives. In line with this premise, we strive to invest in Shariah compliant and ethical companies that meets the social objectives found in Shariah compliant and ethical investing.

3.2 Exclusions

For all funds, Alistithmar Capital adopts the principles which are an ethical approach to responsible investing by excluding companies that have specific types of involvement in:

- Alcohol
- GMOs
- Gambling
- Pornography
- Tobacco

3.3 Integration

Alistithmar Capital follows a very professional investment process which is based on active management and fundamental research. Alistithmar Capital uses a combination of top-down and bottom-up approaches in building and managing the portfolio. Our selection of holdings and decision to under or over weight is done based on extensive research and a research-integrated environment. Performance attribution and evaluation is performed on regular periodic basis, and facilitates adaptations in the strategy based on market conditions and outlook. Each fund managed by Alistithmar Capital has its own Terms & Conditions approved by the regulator and comply with the applicable rules and regulations; where the adoption and implementation of the Principles for Responsible Investment (PRI) will serve as general guidance to the fund managers to inform decision making with no implications that might alter the investment mandate of each fund.

Alistithmar Capital strives to complement fundamental research with ESG insights. Alistithmar Capital uses an external ESG research provider - ESG Invest - which evaluates and quantifies the ESG performance of all companies listed in the Middle East based on best in class international standards including: OECD, ILO, UN Global Compact, GRI, SASB, PRI, UNEPFI, Equator principles. The ESG rating methodology also addresses regional challenges embedded in the Saudi Vision 2030.

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3.4 Engagement

Alistithmar Capital strives to engage with the listed companies via its ESG Research provider. ESG Invest provides every single listed company in the Middle East with a free assessment of their ESG performance identifying gaps in reporting and provide recommendations for adopting sustainability reporting.

Alistithmar Capital also strives to engage with companies during analyst calls, meeting with management, and visits to the companies' facilities and operations.

3.5 Proxy Voting

Alistithmar Capital's has a Proxy Voting Policy which formally includes Environmental, social and Governance issues and Alistithmar Capital will take voting decisions as per its Proxy Voting Policy.

4. Responsibilities

To apply sound implementation of PRI, Alistithmar Capital has identified three ESG champions:

Oversight – Led by Alistithmar Capital Head of Assets Management: Championing the idea of ESG integration both internally at Alistithmar Capital and externally representing Alistithmar Capital and promoting ESG in conferences and media events.

Research – Led by Alistithmar Capital Head of Research – Asset Management: Developing the ESG integration strategy leveraging the ESG information provided in the ESG assessments of third party ESG service providers.

Compliance – Led by Alistithmar Capital Head of compliance and AML, CTF: Maintaining compliance of Alistithmar Capital with processes and maintain conformity with the PRI.

Governance – Led by Alistithmar Capital Head of Corporate Governance: Oversight of the PRI implementation at Alistithmar Capital.

4.1 Reporting

Alistithmar Capital is committed to report to the PRI on an annual basis highlighting our ESG efforts.

4.2 Affiliations

Alistithmar Capital is an active member of the Principles for Responsible Investment (PRI). The PRI works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. <https://www.unpri.org/>

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5. Authority

Authority refers to the Delegation of Authority Policy and Matrix.

6. Amendment to the Statement

This statement document will be reviewed and updated at least once a year or if there is a need during the year, and the owner of the statement has to follow the procedures mentioned in the “Standard process for Amendment to Policies Documents” for any amendments or updates.

7. Annexures

None

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