

SGH Group Environmental, Social and Governance Policy

Introduction

This policy describes the SGH Group¹ (SGH) approach to ensure Environmental, Social and Governance (ESG) risks and opportunities are appropriately considered as part of our investment practices.

SG Hiscock is founded on the values of Integrity, Respect and Curiosity. We are committed to partnering with our clients to deliver their financial goals through a suite of best-in-class investment solutions. A practical application of our values is the consideration of Responsible Investing and ESG issues in the way we conduct our business and undertake our investment decision making.

Our primary goal is to generate the best long-term outcomes possible for our clients. By embedding ESG analysis into our active equity investment process we aim to enhance potential value for our investors and identify and manage risk.

Commitment and approach

As an investment manager, SGH recognises the role we can play in supporting and influencing the impact of ESG issues in our investment process. We believe that over time, good ESG practice delivers both direct and indirect positive impacts on shareholder value and provides a broader community benefit.

As part of our commitment to incorporate ESG principles into our investment process, SGH is a signatory to the UN-supported Principles for Responsible Investment (PRI). The Principles provide the framework for our approach to responsible investment and comprise the following objectives:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will report on our activities and progress towards implementing the Principles.

¹ SG Hiscock & Company Limited and its subsidiary, DMP Asset Management Ltd (DMPAM or DMP), are collectively the SGH Group (SGH).

ESG Integration

ESG integration has been defined as “the process of including ESG factors in investment analysis and decisions to better manage risks and improve returns²”. SGH is committed to embedding ESG considerations into our investment decision process where the timeframe incorporated in the investment philosophy of the relevant fund is consistent with the medium to longer term nature of ESG factors.

By embedding ESG analysis into our active equity investment process we aim to enhance potential value for our investors and identify and manage risk. As well as better-informed investment decisions we also want our clients to benefit from active management of these assets.

The integration of Environmental, Social, and Governance ESG analysis into our investment process is a fundamental part of the investment and risk assessment process.

SGH ESG Integration Process

1. ESG research and assessment
2. Integrate ESG assessment into investment decision
3. Stewardship
4. Reporting and review

1. ESG research and assessment

Our investment process is driven by fundamental research, combining analysis of relative value and total return potential. As part of this analysis, we identify risks and opportunities that may impact a company’s performance, including environmental, social and governance (ESG) factors. Each investment team may place varying weight on different factors and consequently, the focus in analysis may shift where issues are identified.

In summary however, the following factors are those that SGH currently consider relevant to our approach.

Environmental	Social	Governance
<ul style="list-style-type: none"> • Climate change • Environmental degradation • Water management • Waste disposal and pollution 	<ul style="list-style-type: none"> • Human rights • Community impact • Occupational Health & Safety • Diversity and inclusion • Corporate culture and conduct 	<ul style="list-style-type: none"> • Board structure, tenure and effectiveness • Management acumen • Governance and risk oversight • Board and Executive remuneration • Cyber security

²UNPRI

In recent years, the PRI has identified a range of systemic sustainability issues (ie complex, global scale challenges) including Climate Change and Human Rights. We do not apply a values based approach to addressing these issues, rather we consider them on a case-by-case basis in the context of our fundamental research of the companies in which we invest. Our approach to addressing these issues is summarised below.

1.1 Climate Change

SGH supports the United Nations Paris Agreement to limit global warming to well below 2°C by 2050, compared to pre-industrial levels, and transition the economy to net zero. The Paris Agreement outlines country specific targets for reducing carbon emissions and has been adopted by 196 countries, including Australia.

We consider the risks and opportunities associated with climate change as part of our investment process including physical and transition risks. To the extent that climate change risk is generally longer term, so too are the potential impacts on the sustainability of the companies in which we invest. Where matters require further investigation, we engage with companies to inform our research process and where appropriate, encourage action to mitigate any identified risks.

SGH is also a participant of the Climate Action 100+ initiative. This is an investor led collaborative engagement group focussed on engaging with systemically important greenhouse gas emitters and other companies across the global economy to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

1.2 Human Rights

As a signatory to the UN Principles for Responsible Investment, SGH acknowledges our responsibility to respect human rights. It is widely accepted that companies have a responsibility to respect the human rights of any stakeholders they impact, including their workforce, communities, customers and end-users. This includes respecting the rights of people indirectly affected by our operations - through our investment portfolios and supply chain. Our actions are informed by the United Nations' (UN) Guiding Principles on Business and Human Rights and the Modern Slavery Act 2018 (Cth).

While SGH is not mandated to report under the Modern Slavery Act, we seek to ensure adequate policies and procedures are in place to address modern slavery risks within our own organisation. Further, we take appropriate steps to understand whether our suppliers are considering modern slavery risks in their own organisation and supply chain.

We seek to improve our processes over time and if risks are identified, take appropriate action as part of our ongoing risk assessment process. Similarly, we assess the risks and opportunities posed by human rights within our portfolio companies and engage with companies as required to understand the impact and encourage good practice.

2. Integrate ESG Assessment into investment decision

We assess ESG risks and opportunities for each company to determine how well the company is addressing, embracing and engaged in managing environmental, social and governance issues. This assessment underpins our internal ESG assessment which draws from both qualitative and quantitative factors. This assessment is typically reviewed on an annual basis but may be adjusted more frequently if there are changes in circumstances.



The extent to which an ESG matter impacts investment decision making is dependent upon the nature of the ESG risk or opportunity identified for each Company. In addition, the materiality of ESG issues will vary from one company to another depending on the activities of the company, and different issues will be relevant to different operations.

Our investment decision making process may have consideration of undertaking further research, engaging with the Company based on pre-determined outcomes, exercising voting rights, adjusting portfolio weights or avoiding a company altogether.

The manner in which our approach to ESG integration is applied by our investment team may differ depending upon the strategy of the fund or Individual Portfolio/ Client Mandate.

3. Stewardship

Within the context of our approach to integrating ESG analysis into our investment processes, our stewardship activity involves company engagement, collaborative engagements (where relevant) and proxy voting activity.

Company engagement is an integral part of our fundamental research process, providing a framework for dialogue between us and our portfolio companies. Although engagement objectives specific to a company may change over time, the primary purpose of our engagement is to inform our research, encourage good practice in investee companies and ultimately improve long term company returns.

Further information on our approach to company engagement is available in our Stewardship policy [\[here\]](#).

4. Reporting and review

As part of our commitment to implement the UN-supported Principles for Responsible Investment, we report annually on the progress made during the year in meeting the objectives, commencing 2024.

Further information on our approach to ESG integration is available [\[here\]](#).



ESG Governance at SGH

To ensure the effective implementation of our responsible investment commitments, SGH maintains accountability and oversight via the following framework:

SGH Board of Directors	<ul style="list-style-type: none">• Oversees and is ultimately responsible for the Company Risk Management Framework including ESG integration.• Has overall responsibility for ensuring that the SGH business complies with its mandatory PRI reporting requirements as well as all internal policies and procedures that govern SGH's responsible investment activities.
ESG Committee	<ul style="list-style-type: none">• Assists the SGH Board in fulfilling its oversight responsibilities with regard to the responsible activities of the SGH Group. This Committee works with other Board Committees to assist the Board in fulfilling these responsibilities. General responsibilities of the ESG Committee include:• Oversight of the SGH Group's ESG policies, practices and performance• Consideration of emerging ESG issues to understand materiality regarding long term value creation.
ESG Manager	<ul style="list-style-type: none">• Leads enhancements to integration of responsible investment across the SGH business and oversees the company engagement plan• Responsible for co-ordination of annual PRI reporting• Publishes Company Sustainability and Proxy Voting reports
Proxy Voting Officer	<ul style="list-style-type: none">• Ensures votes have been lodged• Monitors upcoming AGMs and voting themes• Compiles voting statistics for external disclosure purposes
ESG Champions (within Investment team)	<ul style="list-style-type: none">• Progress the ESG integration process within individual investment teams• Work with the Portfolio Manager to ensure current ESG themes are assessed and their impact on portfolio holdings determined• Monitor and update engagement plans• Report on activity to the ESG Committee
Investment teams	<ul style="list-style-type: none">• Have ultimate responsibility for identifying, integrating and assessing the impact of ESG risks and opportunities in the investment process.



Memberships and Initiatives

Principles of Responsible Investment (PRI)

SGH is a signatory to the Principles of Responsible Investment (PRI). For further information please refer [insert PRI website link].

Climate Action 100+

SGH is a participant of the Climate Action 100+ initiative, an investor led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. For further information please refer [insert CA100+ website link].

Application of this policy

This policy applies to all SGH Group products (including Individual Portfolios).

Policy review

This policy was first issued in 2010 and has been updated over time to reflect ESG best practice. The policy is reviewed every two years or more frequently as required by the SGH ESG Committee and approved by the SGH Group Board.

Date of last review: 6 June 2024.