## SGHiscock Investment Management Environmental, Social and Governance Policy

### Introduction

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

SGHiscock Investment Management is founded on the values of Responsibility, Insight, Service and Excellence. 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.

### Commitment and approach

As an investment manager, SGHiscock recognises the role we can play in supporting and influencing the impact of ESG issues in our investment process. We expect that over time, good ESG practice delivers both direct and indirect impacts on shareholder value.

As part of our commitment to incorporate ESG principles into our investment process, SGHiscock 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.

### 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 returns[1]". SGHiscock is committed to embed 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 ownership 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. The following outlines how our investment teams apply ESG integration in practice. While the overarching approach is consistent, differences may exist depending on the strategy of the fund, individual portfolio or client mandate.

[1] *UNPRI*

Further information on our approach to ESG integration is available in the SGHiscock Investment Management approach to ESG Integration.

## SGHiscock 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 greater weight on certain factors and similarly, effort in analysis will shift where issues are identified.

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

| Environmental | Social | Governance |
|---|---|---|
| • Climate change<br>• Environmental degradation<br>• Water management<br>• Waste disposal and pollution | • Human rights<br>• Community impact<br>• Occupational Health & Safety<br>• Diversity and inclusion<br>• Corporate culture and conduct | • Board structure, tenure and effectiveness<br>• Management acumen<br>• Governance and risk oversight<br>• Corporate culture and conduct<br>• Board and Executive remuneration<br>• Cyber security |

In recent years, the PRI has identified a range of systemic sustainability issues (i.e. 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.

## Climate Change

SGHiscock supports the United Nations Paris Agreement to limit global warming to well below 20C 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.

SGHiscock 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.

### Human Rights

As a signatory to the UN Principles for Responsible Investment, SGHiscock 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 SGHiscock 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 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 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.

## 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 company long term returns.

Companies identified for engagement are informed by fundamental research at the product level and monitored by investment teams over time. SGHiscock prioritises engagement with companies that:

- Present potential material ESG risks or opportunities
- Represent a significant portfolio holding or long-term exposure
- Exhibit ESG performance gaps with potential for improvement
- Are accessible to influence either directly or collaboratively

Engagement plans are reviewed annually by ESG Champions and monitored by the ESG Committee for progress and impact.

Further information on our approach to company engagement is available in our Stewardship policy.

## 4. Reporting and review

As part of our commitment to implement the UN-supported Principles for Responsible Investment, we report on an annual basis our activities and progress made during the year towards implementing the Principles.

## ESG Governance at SGHiscock

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

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| **SGHiscock Board of Directors** | • Oversees and is ultimately responsible to the Company Risk Management Framework including ESG integration.<br>• Has overall responsibility for ensuring that the business complies with its mandatory PRI reporting requirements as well as all internal policies and procedures that govern responsible investment activities. |
| **ESG Committee** | • Assists the SGHiscock Board in fulfilling its oversight responsibilities with regard to the responsible investment activities of SGHiscock. This Committee works with other Board Committees to assist the Board in fulfilling these responsibilities. General responsibilities of the ESG Committee include:<br>• Consideration of emerging ESG issues to understand materiality regarding long term value creation.<br>• Oversight of SGHiscock's ESG policies, practices and performance |
| **Head of ESG** | • Leads enhancements to integration of responsible investment across the SGHiscock business and oversees the company engagement plan<br>• Responsible for co-ordination of annual PRI reporting<br>• Publishes annual Company ESG and Sustainability report |
| **Proxy Voting Officer** | • Ensures votes have been lodged<br>• Monitors upcoming AGMs and voting themes |

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| | • Compiles voting statistics and thematic commentary for external disclosure purposes |
| **Investment teams** | • Have ultimate responsibility for identifying, integrating and assessing the impact of ESG risks and opportunities in the investment process. |
| **ESG Champions (within Investment team)** | • Progress the ESG integration process within individual investment teams<br>• Work with the Portfolio Manager to ensure current ESG themes are assessed and their impact on portfolio holdings determined<br>• Monitor and update engagement plans<br>• Report on activity to the ESG Committee |

## Memberships and Initiatives

### Principles of Responsible Investment (PRI)

SGHiscock is a signatory to the Principles of Responsible Investment (PRI). For further information please refer to PRI website.

### Climate Action 100+

SGHiscock 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 to CA100 website.

### Application of this policy

This policy applies to all SGHiscock products as disclosed in the Product Disclosure Statement or Information Memorandum, and Individual Portfolio clients where agreed within the client mandate.

### Policy review

This policy was first issued in 2010 and has been updated over time to reflect ESG best practice.

The policy is reviewed annually or more frequently as required by the SGHiscock ESG Committee and approved by the SGHiscock Board.

Date of Board review: 18 September 2025