SGHiscock
Investment Management

Stewardship Report

FY2025

Chief Investment Officer Message

SG Hiscock & Company Limited, trading as SGHiscock Investment Management (SGHiscock) is pleased to deliver our FY2025 Stewardship Report. This is our second annual report and builds upon the foundation established in our inaugural 2024 report. It reflects a year of continued investment in our ESG capabilities, active stewardship of our portfolio companies and progress against our responsible investment commitments.

FY2025 has seen the continued application and development of our ESG integration framework, improvements to our company engagement and proxy voting program, and enhancements to our policy framework across the investment strategies set out in this report.

We are proud of the progress made and remain committed to the continuous improvement of our ESG practices, reflecting our view that stewardship is a critical component of responsible investment.

We will continue to enhance the depth and transparency of our disclosures in future reports. If you have any feedback on this report please contact us at enquiries@sghiscock.com.au.

Rob Hogg
Chief Investment Officer

Lucinda McGrath
Head of ESG

SGHiscock
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About SGHiscock

SGHiscock is a multi-award-winning Australian boutique investment manager, specialising in actively managed, high-conviction investment strategies and bespoke individual portfolios designed to deliver meaningful long-term outcomes.

Our Investment Stategies

Australian Equities

SGH High Conviction Fund

ICE Fund

SGH Emerging Companies Fund

SGH Medical Technology Fund

SGH Australian Small Companies Fund

Wholesale / Institutional

SGH Opportunities Fund

Property Securities – Australian

SGH Property Income Fund

Income

SGH Enhanced Income Trust

SGH Individual Portfolios

Individual managed accounts.*

Our People

At SGHiscock Investment Management we pride ourselves not only on our investment expertise and experience, but also on the highly personalised service we provide to every client. Approachable and professional, our team puts our clients' needs first, working closely with them to identify investment opportunities best aligned with their goals.

*Wholesale investors only where stated in the mandate.

Principles of Responsible Investment (PRI)

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

SGHiscock is a PRI signatory which provides the framework for our approach to responsible investment and comprises the following principles:

- 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

PRI 2024 Results

The results of the PRI 2024 Assessment Framework are provided in Figure 1. These results are based upon our core competencies:

- Policy, Governance and Strategy
- Direct Listed Equity – Active fundamental
- Confidence Building measures.

No score is provided for Direct Fixed Income – Corporate and Direct – Fixed Income Securitised as these represent less than 10% of our total FUM.

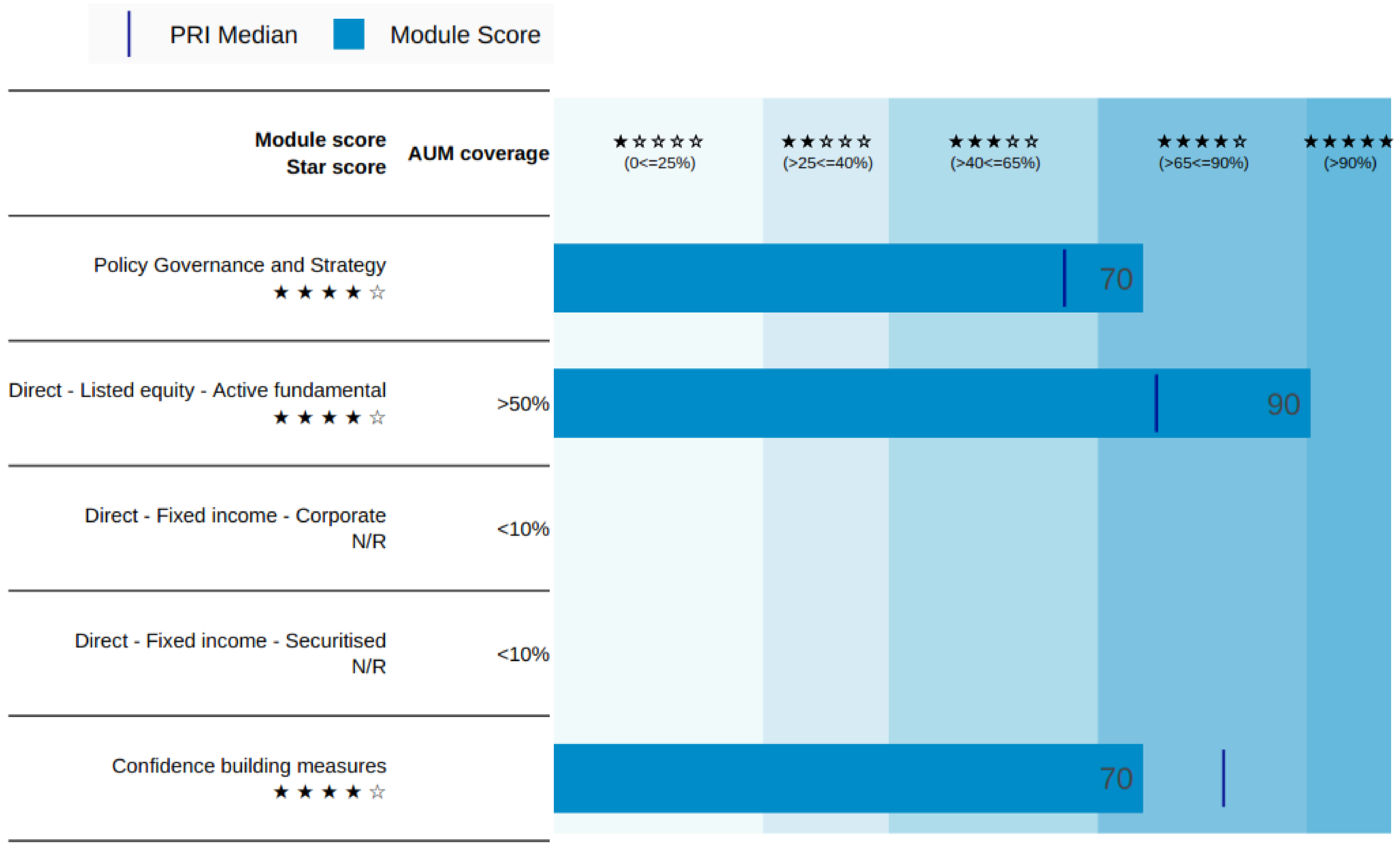


Figure 1

ESG Policy Framework

SGHiscock has a formal board-endorsed Environmental, Social and Governance (ESG) policy implemented since 2010. SGHiscock is a responsible investor, and we take an active approach to integrating ESG considerations into our investment decision-making process. Our policy framework is reviewed annually by the ESG Committee and approved by the SGHiscock Group Board.

SGHiscock Group ESG Policy

This policy articulates our approach to responsible investment and describes how ESG risks and opportunities are appropriately considered as part of our investment practices. Further, the policy describes the principles by which environmental, social and governance factors are incorporated into investment analysis and decisions, ESG governance structure and material ESG factor framework.

SGHiscock Group Stewardship Policy

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.

During the year, this policy was updated to describe the way companies are prioritised for engagement as well as guidelines on the approach we take when exercising proxy voting rights on resolutions related to governance such as board structure, director re-election and executive remuneration.

All three policy documents are publicly available on the SGHiscock Investment Management website at sghiscock.com.au.

ESG Governance at SGHiscock Investment Management

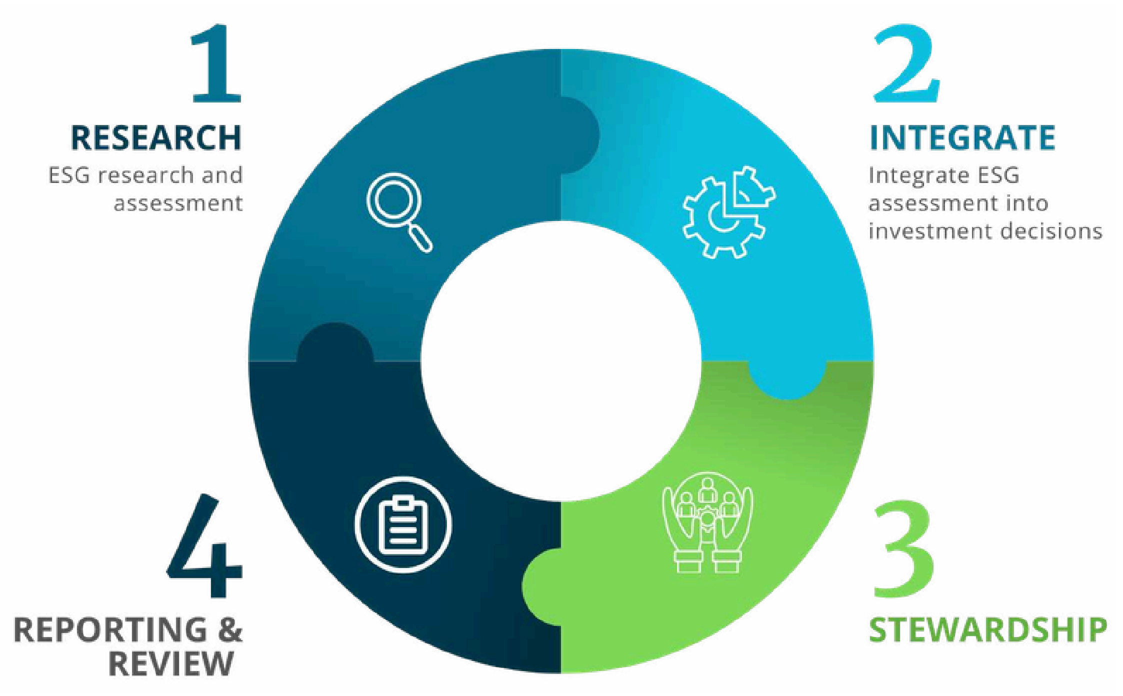
To ensure the effective implementation of our responsible investment commitments, SGHiscock Investment Management maintains accountability and oversight via the following governance framework:

SGHiscock Board of Directors	• Oversees and is ultimately responsible for the Company Risk Management Framework including ESG integration. • Has overall responsibility for ensuring that the SGHiscock business complies with its mandatory PRI reporting requirements and all internal policies and procedures that govern responsible investment activities.
ESG Committee	• Chaired by the Chief Investment Officer. Assists the SGHiscock Board in fulfilling oversight responsibilities with regard to responsible investment activities of the SGH Group, including: • Oversight of ESG policies, practices and performance and; • Consideration of emerging ESG issues to understand materiality regarding long-term value creation.
Head of ESG	• Leads enhancements to integration of responsible investment across the SGHiscock business, oversees the company engagement plan • Responsible for co-ordination of annual PRI reporting
Proxy Voting Officer	• Ensures votes are lodged on behalf of SGHiscock funds • Monitors upcoming AGMs and provides Group voting statistics for disclosure purposes
ESG Champions (within Investment team)	Progress the ESG integration process. • Work with Portfolio Managers to ensure current ESG themes are assessed and impact on portfolio holdings determined • Monitor and update engagement plans • Report on activity to the ESG Committee.
Investment teams	Have ultimate responsibility for identifying, integrating and assessing the impact of ESG risks and opportunities in the investment process.

SGHiscock's Approach to ESG Integration

We apply the PRI definition of ESG integration: the process of including ESG factors in investment analysis and decisions to better manage risks and improve returns. We apply a four-step integration process across the investment lifecycle.

While the overarching approach is consistent across our strategies, differences may exist depending upon the strategy of the fund, individual portfolio or client mandate.



1. ESG Research & Assessment

Identify material ESG risks and opportunities through fundamental research, company disclosure, ESG data providers and direct engagement.

Each investment team can place varying weights on different factors and consequently, the focus in analysis may shift where issues are identified. In summary however, SGHiscock currently considers the following ESG factors most relevant to this process:

Environment	• Climate change • Environmental degradation • Water management • Waste disposal and pollution
Social	• Human rights • Community impact • Occupational health and safety • Diversity and inclusion • Corporate culture and conduct
Governance	• Board structure, tenure and effectiveness • Management acumen • Governance and risk oversight • Board and executive renumeration • Cyber security

2. Integrate into Investment Decision

Reflect ESG assessment in quality scores, earnings, valuations and portfolio positioning. May result in position sizing, exit or avoidance of a company.

3. Stewardship

Company engagement, collaborative engagements and proxy voting to encourage good practice and improve long-term company sustainability.

4. Reporting & Review

Annual reporting on progress in implementing PRI objectives. ESG assessments reviewed at least annually or upon material changes.

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Stewardship

At SGHiscock, stewardship is integral to our investment philosophy. As active managers, we acknowledge that we may influence the impact of ESG issues through our investment process. Our stewardship activity encompasses company engagement, collaborative engagements (where appropriate) and proxy voting.

The majority of our stewardship activity is focused on governance. This reflects both the fully active nature of our equity portfolio management approach and our focus on listed companies at the lower end of the market capitalisation spectrum, which are more likely to have less-developed corporate governance structures and processes.

Company Engagement

Company engagement is a key element of our fundamental research process, providing a framework for dialogue between SGHiscock and our portfolio (investee) 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 share price returns.

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 takes place one-on-one. We find this to be the most effective way to articulate our views to a company's management. When formulating our engagement approach, we consider frequency of engagement, appropriate stakeholders (ranging from management through to Chairs and Boards), and realistic timeframes for achieving change.

Escalation

If circumstances arise where we believe engagement outcomes are inadequate, we may consider escalating the matter to a more senior level (e.g. Board) or consider the impact of executing voting rights by voting against a resolution. Consideration may also be given to reducing exposure or exiting the position. A decision to escalate will depend on the company's responsiveness to engagement and the potential impact of the escalation option.

SGHiscock Investment Management

Engagement Case Studies

The following case studies highlight selected engagements from our FY2025 program. They have been chosen to illustrate the breadth and depth of our engagement activity across different ESG themes.

Governance
Health Care
Australian-based medical device company

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company to advocate for improved board governance.	SGHiscock met with the company and its advisors to discuss a potential sell-down of the Executive Chairman's majority shareholding, the appointment of independent directors, and refinement of company strategy.	SGHiscock will continue to monitor the company for progress on the proposed sell-down and engage with the company as required.

Governance
Industrials
ASX-Listed integrated freight and logistics operator

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company to advocate for improved corporate governance and capital structure including board independence, and alignment of management ownership.	Engagement focussed on related party transactions and capital structure, including dividend policy and share buyback arrangements. An independent expert report on company property leases is to be released to shareholders and voted on at an EGM.	SGHiscock has offered to provide contact details for industry experts who may assist the company. SGHiscock will continue to engage with management.

Governance
Health Care
Medical imaging technology provider

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company to understand the strategy being implemented by the new CEO following concerns over the previous management team, company culture, sales pipeline and competitive positioning of technology.	SGHiscock met with the new CEO to discuss the legacy issues facing the company, plans to transform the company culture, and the strategy for achieving the medium term sales objectives. The new CEO is meeting one-on-one with every employee, removing business unit silos and working to embed cultural alignment and broad understanding of the company's value proposition.	The indicative timeline for material impact from these initiatives and embedded organisational change is 12 months. SGHiscock will continue to engage with the CEO and track progress against the objectives outlined in previous meetings.

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Engagement Case Studies

Governance

Health Care

ASX-listed medical healthcare provider

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company to advocate for improved governance and risk management, following historical procedural failures within the company's clinical operations, including incidents involving embryo misidentification.	Engagement focused on management's response, remediation measures, and the strengthening of governance controls and culture across the organisation.	SGHiscock was not satisfied with the risk management protocols across the organisation, given the failures occurred multiple times. Recent clinic acquisition presents ongoing challenges for ensuring adequate oversight at every clinic. SGHiscock has removed the company from the portfolio and will continue to monitor the company for implementation of further risk controls over time.

Environment

Infrastucture

New Zealand-headquartered, dual-listed (NZX & ASX) infrastructure investment company

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company to understand how it is managing growing community concerns regarding data centre demand for scarce resources such as electricity and water, given exponential growth expectations for data centre buildout.	SGHiscock met with company management to discuss the company's approach to electricity and water consumption in the context of community alignment. • Electricity: The company acknowledged the growing regulatory and community scrutiny of data centre energy use as AI workloads surge. • Water: The company operates a proprietary closed-loop system to avoid evaporative water loss.	SGHiscock was satisfied with the company's commitment to balance the need for rapid data centre buildout with managing community expectations. SGHiscock will continue to engage as required.

Engagement Case Studies

Social

Aged Care

New Zealand retirement village and aged care operator

Objectives	Comments	Outcomes & Monitoring
SGHiscock engaged with the company in response to accelerating demographic trends. SGHiscock sought to understand two recent decisions: • the ratio of independent living unit (ILUs) to care beds • the removal of dementia care from new villages and • their implcations for the company's continuity of care committments to prospective residents.	SGHiscock met with management to discuss the rationale behind the decisions. Management noted the decisions were demand rather than commercially driven, and were informed by experience at existing mature villages. Average care bed tenure, including respite and hospital care, was used to estimate demand from existing residents with sufficient buffer. The removal of dementia care reflects a fundamental decline in resident demand, driven by improvement in medical treatment.	SGHiscock considered the engagement to be satisfactory and made no change to its current investment. SGHiscock will continue to monitor the company for resident Net Promoter Score (NPS) and other disclosed metrics, and engage with the company as required.

Proxy Voting

We consider proxy voting rights to be an important form of influence which can enhance client returns over the long term. SGHiscock's policy is to vote wherever possible and practical on every resolution put to shareholders. Our primary objective when voting is acting in the best long-term interests of our clients.

Proxy Voting Guiding Principles

During FY2025 the SGHiscock Stewardship Policy was updated to include formalised voting guidelines. When assessing resolutions, SGHiscock considers the following principles:

Board Structure & Governance

- Majority of independent directors on the board
- Separation of Chairperson and Chief Executive Officer roles
- Non-executive directors free of material related-party dealings
- Directors able to dedicate sufficient time given other commitments
- Strong attendance record at board and committee meetings

Remuneration

- Appropriate quantum including short-term and long-term incentives
- Sufficiently challenging and adequately disclosed performance targets
- Financial performance of the company reflective in outcomes
- Withhold votes for remuneration committee members where arrangements are excessive or unduly dilutive

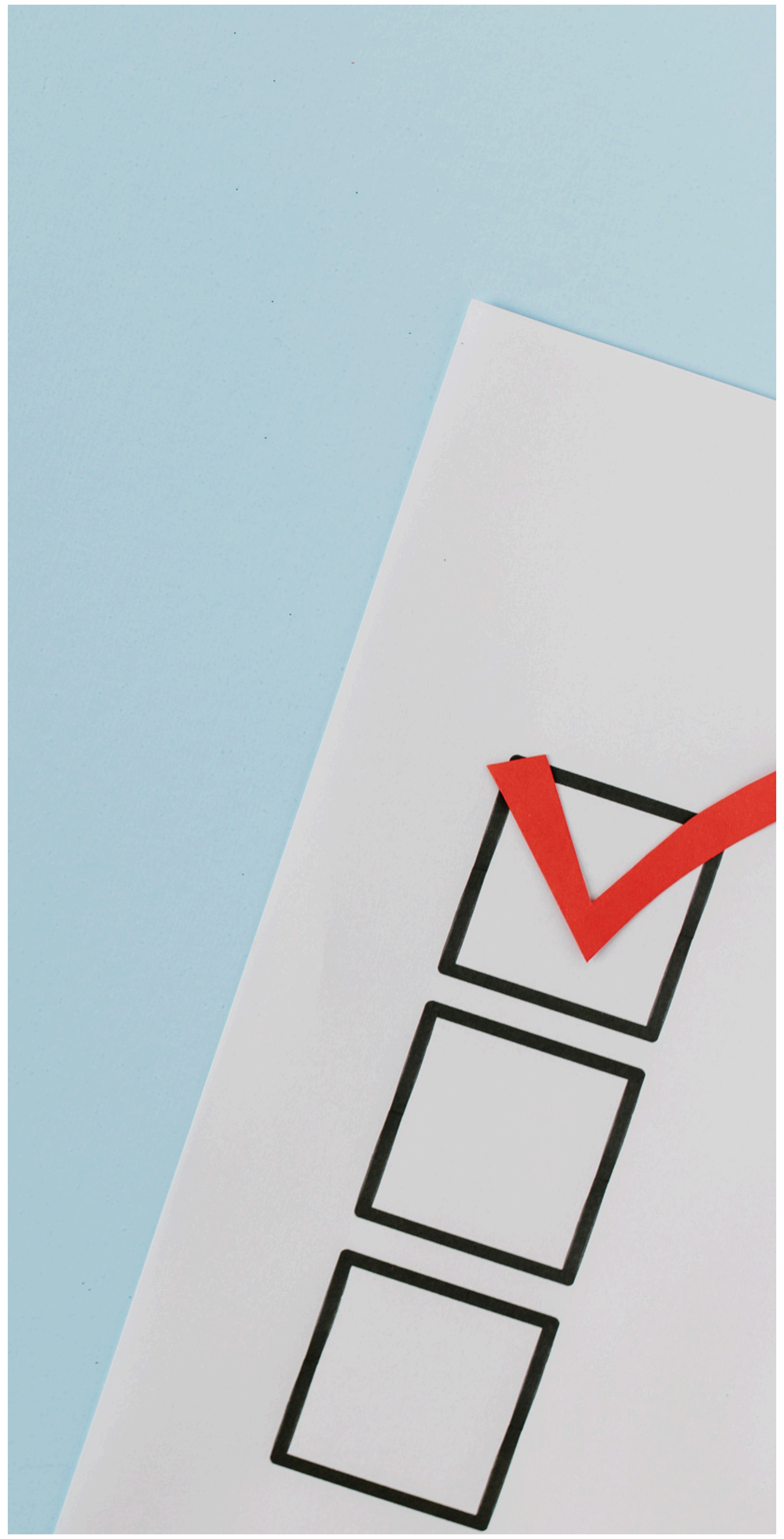
FY2025 Proxy Voting Outcomes

For the financial year to 30 June 2025, SGH voted on resolutions as follows:

Resolutions	For	Against	Abstain
3566	3230	274	62
	91%	8%	2%

Our proxy voting activity was largely focused on governance with a larger proportion of resolutions skewed toward board composition (approx. 26%) and executive remuneration and incentives (approx. 24%). For a manager with our active approach and our weighting toward smaller listed companies, this concentration on governance is both expected and appropriate.

Our full Proxy Voting Report for the period 1 July 2024 – 30 June 2025 is on the SGHiscock website at sghiscock.com.au.



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Proxy Voting Case Studies

Governance

Property Developer

Owner and developer of Australian property, most notably in the office sub-sector

Objectives

SGHiscock engaged with board representatives as part of a panel of investors to discuss the upcoming AGM resolutions and business strategy, with a particular focus on remuneration and incentive structures

Comments

Given the headwinds the office sector has experienced since 2022 (increased supply, work-from-home dynamics, challenges within its funds management business, pipeline funding and higher interest rates), the Company's security price has struggled. SGH was invited, as part of a panel of institutional investors, to discuss the AGM resolutions with the Independent Chair and additional Non-Executive Directors. Discussions focused predominantly on the remuneration and incentive structures as the company received an initial strike in 2023 on remuneration. The proposal was put to investors that a long-term incentive plan (LTIP) comprising options to the CEO be issued. SGHiscock had concerns on the LTIP resolution due to:

•The testing period of 15 days within the performance testing period being inadequate, as temporary security price increases or volatility could result in vesting despite longer-term unitholder return experience.
•The option price set was significantly below the most recent Net Tangible Asset (NTA) per security, and ascribed no value to the funds management business.
•SGHiscock's preference for Total Shareholder Return (TSR) to include NTA plus distribution rather than security price, which can be subject to volatility. The lack of a relative peer TSR benchmark.

Outcomes & Monitoring

SGHiscock elected to vote FOR the remuneration report, noting the Group has been operating in a tougher environment and incentive outcomes were reduced appropriately. In addition, the new CEO maximum potential outcome is 17% below the prior CEO. SGH elected to vote AGAINST the proposed LTIP to the CEO.

Following the investor panel and proxy adviser discussions, the board elected to remove the LTIP as a resolution citing concerns about aspects of its design.

SGHiscock will continue to monitor and engage with management and board members as required.

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Proxy Voting Case Studies

Governance

Industrial – Building Materials

Global leader in building products, with significant manufacturing operations across North America, Europe and Asia-Pacific

Objectives

SGHiscock engaged with management and Board representatives to discuss the acquisition of a US-listed (NYSE) building products manufacture, forthcoming AGM resolutions and business strategy with a particular focus on remuneration and board governance.

Comments

In March 2025 the company announced it had entered into a merger agreement with a US-listed (NYSE) building products manufacturer, one of the largest acquisitions in the company's history. Under the merger, the company issued new shares representing approximately 35% of its pre-transaction issued capital as scrip consideration. Despite this extraordinary level of dilution, the company did not seek approval from its shareholders and the ASX granted the company a waiver from Listing Rule 7.1 (which ordinarily caps share issuances without shareholder approval at 15% of issued capital), treating the US-law merger as equivalent to an Australian takeover or scheme of arrangement.

Had the company been primarily listed on a US exchange, a shareholder vote would have been mandatory under NYSE rules. Australian shareholders, who bear the full economic and dilutive consequences of the transaction, were afforded no equivalent right.

Further, as a condition of the transaction, three of the targets former affiliated directors, (CEO, Chair and director), were appointed to the company board effective 1 July 2025 without shareholder approval. The professional history shared between two of these appointees and the company's CEO, who had held senior executive roles at a common former employer during periods that overlapped with the CEO's own tenure there. We considered that these pre-existing relationships raised questions about independent oversight of the CEO, particularly in the context of a transformative transaction negotiated under their leadership. In the context of the transaction and a period of material share price underperformance, we had reservations about the appropriateness of executive pay outcomes for FY2025. We were concerned that the Remuneration Committee had not adequately balanced pay outcomes against the broader shareholder experience and the governance failings associated with the transaction process.

Outcomes & Monitoring

At the 2025 AGM SGHiscock elected to vote AGAINST the Remuneration Report. This reflects our opinion that executive pay outcomes were misaligned with the shareholder experience and did not reflect adequate accountability for the governance failings of the target transaction process. We also Voted AGAINST the election of the target's former Chair, a former director, two incumbent directors and the Board Chair on concerns of board independence and oversight of the target transaction.

At the 2025 AGM:

·the Remuneration Report was defeated, with approximately 66% of votes cast against. This was a decisive first strike, noting that the company, as a foreign-domiciled issuer, is not formally subject to Australia's two-strikes rule and was not required to hold a board spill resolution despite exceeding the 25% threshold.

·The Board Chair failed to secure re-election, an outcome that resulted in their immediate departure from the board, Two other incumbent directors also failed to be re-elected.

Our decision to vote against director re-elections and the remuneration report contributed to AGM outcomes that held the board accountable. Escalation through proxy voting proved the most effective tool available to us.

We are supportive of proposed ASX reforms to reduce the dilution threshold above which shareholder approval is required (from 100% to 25% of pre-deal capital for large listed companies).

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