LOFTUS PEAK

Change. The way you should invest.

Responsible Investment Policy

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Overview

Executive Summary	There is a growing appreciation internationally of the environmental, social and governance (ESG) impacts of business activities. This policy outlines Loftus Peak's approach to ESG in both investment philosophy and process, as well as the operation of the business.
Responsible Investment in the Loftus Peak Investment Process	Loftus Peak is a fund manager; it invests client monies in disruptive companies that are expected to outperform global equity markets over the medium- to long-term. The allocation of capital is a powerful force for change; we at Loftus Peak understand that our investment decisions, when taken together with others, can drive positive ESG outcomes. It is important we consider and integrate ESG factors into our investment approach as they have the potential to impact the long-term sustainability of companies in our investment universe.
Responsible Investment in the Loftus Peak Business	The concept of sustainability is core to Loftus Peak's business philosophy. We seek to ensure our environmental impact is minimised or remedied, that we uphold our social contract with stakeholders and act as a good corporate citizen to build and

	maintain trust. We view these principles as an ethical and financial imperative for the success of Loftus Peak. We believe that the incorporation of ESG into our investment and business processes delivers stronger ESG outcomes and is in the best interests of Loftus Peak's stakeholders.
Purpose of Policy	Responsible Investment is a strategy and practice that incorporates environmental, social and governance (ESG) factors in investment decisions and active ownership. This policy outlines how Loftus Peak integrates ESG considerations into our investment process and our business operations. This policy will continue to be developed through time and reviewed at least annually.
Background	Loftus Peak believes a good business is a sustainable business; one that is well-governed and recognises its responsibilities to stakeholders. Such a business avoids significant harm to people and the world such as environmental degradation or the systemic violation of human rights. We believe companies with strong ESG credentials and opportunity often carry a disruptive edge and can even be classified as disruptive by riding on ESG thematics. This disruption makes them more attractive as investments. We look to where the world is heading and position our clients to benefit from that change, selecting investments based on a disciplined valuation process. There are two distinct questions facing responsible investors looking for suitable companies to invest in; what type of business a company is involved in and how a company operates its business. We care about what you think and welcome your insights and feedback about our Responsible Investment Policy. You can contact one of the Loftus

	Peak team at enquiry@loftuspeak.com.au, or call on +61 2 9163 3333 with any comments or questions.

Beliefs

Allocation of capital is a powerful force for change	We consider an investment in a company a "vote" for it and the business model it operates, and so we must be deliberate with the capital we allocate and mindful that investing into a company has implications for its future funding ability and sustainability in the long-term.
Long-term investment must be sustainable to produce long-term value	As long-term investors, we must consider all factors that impact the sustainability of a business model, both endogenous factors like balance sheets as well as exogenous factors like the macro-economic settings and the ESG impact borne by society and the environment.
Disruptive companies are well positioned to deliver strong ESG outcomes	Loftus Peak believes that ESG themes often overlap with our disruptive investment strategy. For example, one of our disruptive thematics is the recategorisation of "Energy as a technology, not a fuel"; energy need not be extracted and burned in the form of fossil fuels but rather is a significant resource which may be harnessed by way of technology in the form of solar, wind, geothermal and hydroelectricity.

Modern Slavery Statement

Statement	Loftus Peak supports the principles of the Modern Slavery Act 2018. While Loftus Peak falls below the threshold for the Act to apply, we recognise that the global companies in which we invest carry modern slavery risks associated with their operations and supply chains. We subscribe to third party resources that examine the companies in our investment universe for evidence of modern slavery. We do not

	invest in companies that fail to report the steps they are taking to combat modern slavery or where those steps are not adequate.

Task Force on Climate-related Financial Disclosures

Overview	Loftus Peak is committed to compliance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, acknowledging the risks and opportunities of climate change. We navigate climate related financial risk through the climate component of our ESG risk ranks score which informs our portfolio weighting. Meanwhile, we give a premium to companies positioned to achieve climate related SDG goals. The risk posed by climate-induced damage to the assets of holdings is considerable. Irrespective of where our holdings are domiciled, they depend on and feed into global supply chains, therefore we support the carbon emission action proposed in the 2015 Paris Agreement and the urgency required to meet the targets as quickly as possible to minimise the impacts of climate change.
Aims	Reflecting this approach, for the funds and portfolios that we manage, Loftus Peak aims to: • **Valuation & Risk Integration:** Incorporate climate considerations into DCF valuations. This includes climate risks as well as the disrupted opportunities represented by technologies such as renewables. • **Negative Screening:** Apply revenue thresholds on fossil fuel extraction, thermal coal power, and support services, permitting exposure to fossil fuel supporting segments up to 25% where the broader business offers clear transitional benefits.

	• **Portfolio Emissions Targets:** Maintain Scope 1 & 2 carbon intensity below the MSCI All Countries World Index based on information provided by third party data providers. • **Active Stewardship:** Engage with portfolio companies to encourage transparent emissions disclosure, credible decarbonisation targets, aligned capital expenditures, and strong board-level climate governance. • **Reporting & Transparency:** Publish monthly carbon intensity metrics and issue annual disclosures on climate metrics, engagement progress, and positive-impact holdings in Sustainability and Stewardship Reports.

Responsible Investment in the Loftus Peak Investment Process

Overview	The Responsible Investment Process reflects our beliefs and involves incorporating qualitative and quantitative ESG considerations in our investment process. This process occurs when first selecting a company. At this stage, we look for disruptive opportunities, which may include ESG thematics, and we also apply negative screens. We construct our investable universe with a proprietary Discounted Cash Flow ("DCF") model, which allows us to factor in ESG quantitatively through the discount rates we select to value companies. After initial investment, we continue to review against negative screens monthly and review changes to quantitative ESG risk, as well as engage in stewardship activities such as company engagement, proxy voting and collaborations.
Qualitative considerations	Loftus Peak looks for disruptive opportunities, which are often furnished by ESG considerations. When the investment team shapes the universe of

	disruptive companies out of the larger universe of global equities, ESG credentials are a strong thematic justification for a company's inclusion.

Negative screens	We apply negative screens based on revenue generated from the following industries and business models:
	• **Alcoholic Beverages:**
	  ○ Retail Revenue (5% threshold)
	  ○ Production Revenue (5% threshold)
	• **Nuclear:**
	  ○ Energy Production (5% threshold, excluding fusion and small modular reactors)
	  ○ Nuclear Supporting Products/Services (25% threshold)
	  ○ Weapons (0% threshold)
	• **Weapons:**
	  ○ Assault Weapon Retail (5% threshold)
	  ○ Non-assault Weapon Retail (5% threshold)
	  ○ Controversial Weapon Production Revenue (0% revenue)
	  ○ Military Contracting Weapon-related products and/or services (25% revenue)
	• **Gambling:**
	  ○ Operations Revenue (5% threshold)
	  ○ Specialised Equipment (5% threshold)
	• **Tobacco (including nicotine alternatives):**
	  ○ Retail Revenue (5% threshold)
	  ○ Product Revenue (0% threshold)
	• **Adult Entertainment:**
	  ○ Production Revenue (5% threshold)
	• **Fur & Specialty Leather:**
	  ○ Retail Revenue (5% threshold)
	  ○ Production Revenue (5% threshold)
	• **Predatory Lending:**
	  ○ Operations Revenue (5% threshold)
	• **Coal:**
	  ○ Extraction (5% threshold)

	○ Power Generation (5% threshold) ○ Coal Supporting Products/Services (25% threshold) • **Oil & Gas:** ○ Production Revenue (5% threshold) ○ Oil & Gas Supporting Products/Services (25% threshold) ○ Arctic Oil & Gas Extraction (5% threshold) ○ Oil Sands Extraction (5% threshold) ○ Shale Energy Extraction (5% threshold) • **Private Prisons:** ○ Operations Revenue (5% threshold)
Why have these thresholds been applied?	Loftus Peak applies 5% thresholds in most of these cases because we recognise that it can be impossible for a company to entirely remove revenues sourced from some of these activities; especially as the world and its supply chains are more interconnected than ever before. Therefore, we must consider the materiality of these revenues. For example, while we do not necessarily support everything that happens online, we invest in the companies providing the components and the infrastructure required for the efficient operation of the cloud. It would be counterproductive to the objective of the negative screen, and detrimental to our clients, if we screened out good, disruptive companies based on a fraction of their revenues. However, some business models pose a more significant ESG risk and are less integrated into company supply chains. Loftus Peak applies a 0% threshold to these business models. Loftus Peak will not invest in any companies with primary business models in, or which generate any revenue from these activities. Loftus Peak also selectively applies a 25% threshold to products and services that may support harmful businesses, but have a role to play in such areas as the transition from fossil fuels to alternative energy.

	We believe that global supply supply chains are increasingly interconnected. As a result, products and services from a given disruptive company may find usage across a growing number of end markets - some of which would be considered harmful. Investment in companies with activities subject to the 25% threshold is assessed on a case-by-case basis, considering whether exposure to harm is declining over time. Where relevant, these considerations are supported by credible transition plans.
Controversial business practices screens	Loftus Peak also screens for controversial business practices that do not underpin revenue segments, but which are nevertheless material ESG issues. These issues include: • **Logging Old Growth Forests** (land use & biodiversity controversies) • **Modern Slavery** (human rights controversies) Loftus Peak will not invest in companies which demonstrate a structural and or systemic exposure to these controversies.
Data source	The negative screens applied to the funds and portfolios we manage are powered by data from third party data providers. Existing holdings are periodically monitored for any changes in sources of revenue in relation to the thresholds applied.
Quantitative considerations	Loftus Peak systematically and explicitly integrates ESG into the investment decision making process to evaluate risk. We believe that ESG risk is not necessarily captured by a traditional Weighted Average Cost of Capital ("WACC") calculation which views the cost of capital as static. You only have to look at the cost of capital

	for Exxon, Shell, BP and other oil companies over time to recognise this fact. Their structural reliance on fossil fuels, combined with the accelerating negative externalities of carbon emissions, has incentivised more agile, sustainable competitors to disrupt the energy market." We use a proprietary DCF model to make valuations of companies. We input discount rates into this model drawn from our own WACC calculations which themselves assign discounts and premiums for factors, including ESG. We standardise our quantitative discounts and premiums around the raw ESG risk score and ESG risk score momentum provided by third party data providers, as well as our own research. This methodology filters through into portfolio construction to the extent that a change to ESG risk changes the discount rate. Companies with high discount rates are penalised in the DCF model and will either be carried at a lower weight or deemed uninvestable. In making an assessment of the impact of ESG risks on an investment, Loftus Peak relies on various external data providers over whom Loftus Peak exerts no control. The third parties providing data as part of this process may change from time to time at Loftus Peak's discretion. While Loftus Peak has systems and controls in place to oversee and review information provided by third parties, there is a risk that errors or undisclosed changes may result in inadvertent exposure to investments which do not meet our ESG policy.
Positive Impacts	In addition to discounting, the investment team seeks to identify companies where Loftus Peak's investment thematics align with environmentally or socially positive impacts. Where this happens, the thematic acts as a growth driver within the company and increases its valuations.

We believe that the following offer positive impacts:

- **Electrification & Decarbonisation** (Electrification & Decarbonisation)
- **Cybersecurity** (digitisation)
- **Life Sciences** (genetics, life sciences)
- **Agricultural Automation** (IoT)

In addition to these positive impacts, we believe that others may result from particular investments.

The holdings which are currently classified as positive impacts are outlined in our annual Sustainability Report.

Role of Stewardship in Responsible Investment

Overview

We believe that stewardship is a vital part of Loftus Peak's social contract with stakeholders and our responsibility as corporate citizens. Direct corporate engagement (communicating with senior management and/or boards) is also a key mechanism by which we can effect change and put pressure on the companies that Loftus Peak holds on behalf of clients.

Monitoring & Escalation

Loftus Peak records the ESG risk scores and carbon intensity of portfolios managed on a monthly basis. Changes in ESG risk scores are reviewed by the Investment Risk Committee. Holdings with high ratings or that have materially increased in risk are selected as targets for engagement.

Holdings are monitored for negative screens on a monthly basis. A holding that breaches a negative screen will be exited and will be a target for engagement. Loftus Peak also reviews news and company announcements in relation to ESG, engaging with companies concerning issues arising from these announcements - especially those that

	are not well covered by data providers such as accounting issues. Loftus Peak formally reviews the portfolio for compliance with its ESG policy quarterly at the Investment Risk Committee, as well as continuous monitoring by the Investment Team. If an investment no longer meets the Loftus Peak's ESG policy, Loftus Peak may choose to avoid or divest of the investment. Where Loftus Peak chooses to divest assets from the Fund due to ESG principles, it will do so within a timeframe it considers reasonable in the circumstances.
Engagement	Loftus Peak is an active owner and engages with selected companies in order to gain a better understanding of the relevant material issue(s) that contribute to an elevated ESG risk score and if the company can demonstrate how it is addressing the material issue(s). Loftus Peak has clear expectations of company disclosures and will seek clarification where it is considered required. Expectations include complete and timely financial filings for all companies as well as industry specific business and ESG concerns where appropriate. For example, Loftus Peak has engaged with semiconductor fabricating companies concerning their water usage. The process of engagement is tracked systematically and recorded for progress. An engagement is successful if the company adequately demonstrates a sound approach to addressing the material issue(s). A successful engagement results in the team being able to attach the appropriate discount rate penalty for ESG risk (which may be higher or lower than previously). If a company cannot provide a sound approach to the issue(s), a higher ESG discount may be applied or the current adverse discount maintained. If a company can provide more accurate and up to date

	revenue data in relation to a screen, it may no longer be considered as breaching our negative screens. Engagements and the progress of engagements are published on Loftus Peak's website.
Proxy Voting	Loftus Peak believes that voting on shareholder resolutions to encourage action on key ESG issues facing companies is the key engagement method for a fund manager of Loftus Peak's size. Votes on shareholder resolutions rely on the ISS proxy voting service and in accordance with the Proxy Voting Policy. The investment team reviews relevant ballots, and the voting record is published on the Loftus Peak website.
Collaboration	In addition, Loftus Peak collaborates on ESG matters with other investors and market participants, including through membership of the Responsible Investment Association Australasia (RIAA) and as a signatory of the UN Principles for Responsible Investment (PRI). Our annual Stewardship Report sets out our engagement policy and practice in more detail.

Responsible Investment in the Loftus Peak Business

Overview	Loftus Peak seeks to act as a good corporate citizen. This is vital to uphold the social contract between our shareholders, management, team, investors, and community. Considering ESG factors ensures we can more accurately reflect changing community expectations and understand our impact on the planet.
Environment	We have designed our business to ensure longevity and minimal environmental impact. We believe businesses that act responsibly and ethically will

	benefit, while those who are environmentally reckless will pay the price. Loftus Peak takes responsibility for the impact our business has on the environment, and where possible seeks to minimise and offset that impact.
Social	Loftus Peak operates to minimise harm to society by respecting community expectations and recognising that societal standards will change through time. We provide an inclusive and positive work environment for staff, with a culture that encourages and facilitates personal and professional growth. The firm's positive culture is fostered by management and ensures a respectful, dynamic, and collaborative workplace which increases staff satisfaction and aids the investment process. Loftus Peak hires staff from highly diverse backgrounds with a wide range of skill sets, which drives the vibrancy of the firm and provides fresh insight into our business performance and investment process. Loftus Peak supports team members by managing with a flat communication structure and culture of inclusion. Loftus Peak encourages and financially supports employees' professional training and development, providing the appropriate tools, and encouraging workplace flexibility so personal commitments can be fulfilled. Loftus Peak remunerates employees at or above market rates with bonuses paid reflective of performance. We also encourage team members to engage with charitable enterprises and accommodate those responsibilities as necessary. For example, we support CEO Rick Steele's role as Chair of CitizenBlue, a community organisation which aims to reduce the amount of waste which

	ends up in Sydney's waterways by utilising the NSW 'Return and Earn' program.
Governance	Strong governance ensures we operate with purpose, honesty, and integrity for the benefit of our shareholders, management, team, investors and community. Maintaining strong corporate governance is a dynamic process requiring input and commitment from all members of the team. Transparency within a flat communication structure fosters a culture of collaboration between business lines to fulfil our corporate governance responsibilities and objectives. Loftus Peak's Board and Board Committees, including the Compliance Committee and the Investment Risk Committee, govern the business from an operational and investment perspective. The Board and Board Committees meet quarterly, while the business-focused Advisory Board seeks to meet three times a year. Central to the compliance framework is the Code of Conduct Policy which is designed to protect stakeholders including shareholders, management, staff, and investors. It requires that the needs of investors are put first, colleagues be treated fairly, openly, and honestly and service providers be selected based on quality, service, and cost. The Compliance Committee is chaired by an external compliance professional and governs Loftus Peak's compliance framework, including adherence with our AFSL obligations. Loftus Peak's investment approach is focused on outcomes over 3 to 5 years. This and a remuneration structure aligned to this investment horizon supports continuous active engagement for better ESG compliance among companies in the portfolio.

Disclaimer

Loftus Peak may revise this policy as it sees fit or at its discretion.

Although Loftus Peak intends to observe this policy at all times, neither Loftus Peak nor any of its entities nor its associated companies is legally bound in any respect by this policy. From time to time, Loftus Peak reserves the right to act outside the policy and may do so, subject only to any statutory rights you have under the Act or other applicable legislation.