LOFTUS PEAK

Change. The way you should invest.

Climate Change Policy

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Purpose & Scope

Overview

Loftus Peak believes that human-induced climate change presents profound environmental, social, economic and geopolitical risks, is a defining challenge for society and global markets, and directly affects the long-term sustainability of companies.

Climate considerations are integral to our long-term investment philosophy and our understanding of structural economic change. As a fund manager investing in disruptive global equities, we recognise climate change is both a material investment risk and a source of significant opportunity.

This Climate Change Policy outlines how climate-related considerations are integrated into our investment philosophy, portfolio construction, stewardship activities and business operations. It applies to all funds and portfolios managed by Loftus Peak and is reviewed at least annually.

Feedback

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 +612 9163 3333 with any comments or questions.

Climate Beliefs

Climate change is a systemic financial risk	Human-driven greenhouse gas emissions are altering natural systems and increasing the frequency and severity of climate-related events, creating material risks to company operations, supply chains, asset values and long-term economic stability. We recognise the interdependence between climate change, biodiversity and natural-capital risks, and consider these where they are material to long-term value. As long-term investors, we must incorporate these risks into our investment decisions.
The global transition to a low-carbon economy is underway	Electrification, decarbonisation, digitisation and resource efficiency align closely with Loftus Peak's disruptive investment strategy. Many of the world's most transformative companies are enabling or accelerating this transition.
Science-based climate targets provide an appropriate long-term framework	We support the objectives of the UN Framework Convention on Climate Change and the Paris Agreement, including limiting global warming to well below 2°C and achieving net-zero emissions by 2050. These targets provide a credible basis for assessing transition readiness and long-term sustainability.
Allocation of capital is a powerful force for change	Investment decisions influence the cost of capital for companies and can support the growth of climate-positive technologies.

Climate Integration in Investment Decisions

Overview	Climate considerations are embedded throughout our investment process as outlined in our Responsible Investment Policy.
Qualitative assessment	Climate-related themes are a major source of disruptive opportunity. Companies whose products and services contribute to climate solutions often carry a disruptive edge. This includes companies spanning electrification, renewable energy, energy storage, automation and efficiency improvements, digital infrastructure and climate-adaptation technologies. Where climate-positive thematics act as growth drivers, they are reflected in our valuation models. Companies fundamentally misaligned with a low-carbon future are less likely to enter our investable universe.
Negative screens	Loftus Peak applies revenue thresholds to fossil fuel extraction and power generation as outlined in our Responsible Investment Policy. This includes: • **Coal Extraction** (5% threshold) • **Coal 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)
Transitional activities	We recognise that certain activities may play a transitional role in decarbonisation. Transitional exposure within a single company is assessed case-by-case and must be:

	• Smaller than the part of the business currently supporting climate transition • Declining over time This approach ensures we remain aligned with our negative screens while acknowledging the practical realities of global energy transition.
Quantitative integration	Climate risk is incorporated into our proprietary Discounted Cash Flow (DCF) model. Companies with high emissions, weak transition planning or exposure to physical climate hazards receive higher discount rates, reducing valuations and portfolio weights. Companies with strong climate credentials may receive lower discount rates, reflecting their long-term resilience and opportunity. For the funds and portfolios that we manage, we aim: • For Scope 1 & 2 carbon intensity (emissions owned or controlled by company holdings) to be less than that applying to the MSCI All Countries World Index, and publish this monthly. • We measure Scope 3 emissions where data is available. Scope 3 data remains variable in quality; we incorporate it into risk assessments where it is decision-useful.

Stewardship and Engagement on Climate Issues

Expectations	We expect companies to: a) Disclose emissions and climate risks transparently b) Set credible, time-bound decarbonisation targets c) Align capital expenditure with transition pathways

	d) Demonstrate strong climate governance at board level Climate-related engagement is integrated into our broader stewardship framework, as detailed in our Responsible Investment Policy, and is recorded and published in our annual Stewardship Report.
Climate Governance and Accountability	
Governance	Climate oversight is embedded in Loftus Peak's governance structure. The Investment Risk Committee reviews climate-related risks and ESG scores quarterly. The investment team integrates climate considerations into research, valuation and portfolio construction. The Board and senior management oversee climate commitments and ensure alignment with strategic objectives.
Transparency and Reporting	
Disclosures	We disclose portfolio carbon intensity, climate-related ESG metrics, engagement activities, positive-impact holdings and progress against climate objectives in our Sustainability and Stewardship Reports.
Operating Our Business Sustainably	
Statement	Loftus Peak seeks to act as a good corporate citizen. We recognise the significance of our own emissions profile and the risks posed by a warming climate. Loftus Peak seeks to minimise its environmental footprint by reducing operational emissions, improving energy efficiency, minimising waste and fostering a culture of environmental responsibility.

We view this as an ethical obligation and a reflection of our broader commitment to sustainability.

Policy Review & Disclaimer

This Climate Change Policy is reviewed annually or more frequently if required by regulatory, scientific or market developments. Updates are approved by senior management and communicated to stakeholders.

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.