

Environmental, Social, Governance and Stewardship

Policy Date: October 2024

Applies to the following entities, referred to as the “investment manager” as appropriate:

- Coolabah Capital Investments Pty Ltd (CCI or Company) ACN 153327872;
- Coolabah Capital Institutional Investments Pty Ltd (CCII) ACN 605806059;
- Coolabah Capital Investments (Retail) Pty Ltd ACN 153555867;
- Coolabah Capital (UK) Ltd Company Number 12714422; and
- Coolabah Capital Investments (NZ) Limited.

Together, the **CCI Group**.

1. Introduction

The investment manager is committed to analysing environmental, social and governance (**ESG**) factors in its investment process, with ESG factors providing potentially notable consequences on the value of invested assets. As a signatory of the UN-endorsed Principles for Responsible Investment (**PRI**), it endorses the PRI’s six Principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

The investment manager’s ESG and Stewardship Policy seeks to outline the approach it takes in proactively considering ESG factors to achieve its overarching objective of enhanced investment outcomes over the long term. It also outlines the forms and methods of its stewardship activities that may be undertaken with investees and other stakeholders.

The investment manager views stewardship as the use of influence by exercising rights and responsibilities of asset ownership, either through its voting practices or through direct engagement with investees and other stakeholders. Stewardship aims to maximise the long-term value of assets on clients’ behalf which may include creating change in line with the investment manager’s ESG priorities. Stewardship is a key input to the fiduciary approach of an investment manager when appropriate.

Active engagement with management teams, ESG rating agencies, credit rating agencies, peers, regulators, politicians and other stakeholders is important to the investment manager’s investment process. The investment manager’s belief is that, as an investor, it can encourage investees to improve their behaviour around material ESG issues. The investment manager

recognises the importance of communicating and reporting its engagement activities and results to stakeholders.

2. Integration of ESG and Stewardship Issues into the Investment Process

The investment manager's investment due diligence process involves performing qualitative and quantitative analysis of current or potential investees or securities (**investments**) within its permissible universe under existing investment guidelines or mandates. As an activist investment manager, monitoring ESG risks of investments, and where possible identifying alpha-generating opportunities from ESG factors, forms part of the manager's investment due diligence and portfolio management process.

Internal research reports for investments include specific sections that summarise the investment manager's ESG analysis, which in turn facilitates investment decisions. This includes historical analysis of the investee's ESG risks and opportunities over time, and also performance against ESG-related legislation and other requirements (e.g. Modern Slavery requirements). The output of the ESG analysis is the investment research team assigning an overall ESG rating of 'Poor', 'Sound' or 'Strong'. The investment manager typically holds positions in investments with 'Sound' or 'Strong' ESG ratings; however, it has the flexibility to buy, short-sell or hold positions in investments with a 'Poor' ESG rating in situations where it considers the ESG status to be improving and on a trajectory towards a 'Sound' and 'Strong' rating.

Additionally, the investment manager maintains an exclusion policy on long, direct investment exposures originated by corporate, non-government entities. Refer to Appendix A – ESG Exclusions for details.

ESG issues are explicitly included in the investment manager's ongoing surveillance of investments. The focus of this analysis is whether and how ESG issues have transpired and, also whether ESG ratings for the asset provided by external rating providers appropriately reflect underlying investment risks. Where the investment manager believes that external ESG ratings are not an appropriate reflection of the underlying risks, the investment manager may choose to engage in discussions with the rating provider.

More broadly, the investment manager may engage in stewardship activities at any stage of its investment process when an issue or practice that causes concern is identified. As stewardship outcomes depend also on processes and timelines of external stakeholders, there is no fixed timeframe that defines such engagement activities for the investment manager. The path and length of engagement differ based on the severity of the issue, management or stakeholder responses and how information is assimilated and factored into the overall investment decision.

A commonality across the investment manager's stewardship practices is the documentation of outcomes following dialogues and engagement. Outcomes achieved through stewardship activities may be publicly disclosed on the investment manager's website, in the media or in investor presentations, where possible, for transparency and accountability.

3. Proxy Voting Policies and Procedures

Where the investment manager has voting authority over investments, the general policy is to vote for proxy proposals, amendments, consents or resolutions relating to investments, including

interests in the Funds, if any (collectively, ‘proxies’), in a manner that serves the best interests of the investment manager’s clients, as determined by the investment manager in its discretion, and taking into account relevant factors, including, but not limited to:

- The impact on the value of the investments;
- The anticipated costs and benefits associated with the proposal;
- The effect on liquidity; and
- Customary industry and business practices.

With respect to ESG-specific matters, the investment manager will vote proxies on a case-by-case basis, but will generally vote for any proposals that will reduce discrimination, improve protections for minorities and disadvantaged classes, and increase the conservation of resources and wildlife.

The investment manager will generally vote against any proposals that place arbitrary restrictions on the investee’s ability to invest, market, enter into contractual arrangements or conduct other activities.

The Chief Risk Officer is responsible for the actual voting of all proxies in a timely manner and is responsible for monitoring the effectiveness of the policies.

4. Engagement

The investment manager may choose to supplement its voting practices by engaging with investees as well as other stakeholders such as policymakers or market participants. Engagement is conducted when required and can take many forms. It can include direct contact with investees or other stakeholders as part of the investment manager’s due diligence process, or the advocacy of a particular point of view that the investment manager holds.

Before holding positions in investments originated by corporate, non-government entities, the investment manager may engage with the entity’s leadership and determine whether it can constructively influence their decision-making processes. In most cases, the investment manager will seek direct conversations with management and a subsequent ESG questionnaire may also be undertaken by the investment manager. The investment manager may also engage with an investee after an investment is made if, during the investment manager’s ongoing monitoring of the investment, it believes the investee can improve its business processes or is out of step with accepted best-practice and/or regulatory requirements.

Any activism undertaken by the investment manager, as outlined in Section 5, may be supported by internal, proprietary empirical evidence and/or academic research, and may also be independently or externally verified.

5. ESG Communication Controls and Risk Management

(i) Activist communication

Since its inception, the investment manager’s approach to its ESG activism has been repeatedly vindicated with typically favourable outcomes and results for its investors and portfolios.

The investment manager's ESG communication typically comes from its Chief Investment Officer/Chief Executive Officer, Portfolio Managers, Credit Research Team and Chief Macro Strategist. The investment manager uses various modes of communication with audiences to maximise investment returns and serve the best interests of the investment manager's clients. ESG communication modes may include private discussions with external stakeholders, newspaper articles, LinkedIn, Bloomberg, newswire, email, investor reports, investor articles and other marketing material.

In addition to direct engagement with investees, the investment manager's activist communication may extend to, but is not limited to, the following external stakeholders:

- Domestic and foreign regulators;
- State and Federal ministers, senators, members of parliament, bureaucrats and other government officials/support staff;
- Federal, state and local governments, bodies and authorities;
- Journalists, broadsheets and media and social media outlets;
- Other influential business, industry or social media leaders, or influencers including: CEOs, CFOs, Treasurers, other senior management and corporate governance personnel such as company directors or committee members;
- Subject matter experts across applicable disciplines including finance, economics, legal, politics, regulatory, enforcement and military, geopolitical, cultural, IT, engineering, statistics, science, data science, mathematics and medicine;
- Trade counterparties and other equity and fixed-income market participants;
- Readers of Australian newspapers/broadsheets including: the Australian Financial Review, the Australian, Sydney Morning Herald; and
- Retail and institutional investors through periodic performance reporting or marketing materials/presentations.

(ii) Activist communication controls (General counsel vetting and legal review)

The investment manager utilises risk management and internal controls to manage any adverse reputational risks, legal risks, or other consequences associated with its activist ESG communication. This involves the investment manager's General Counsel reviewing, vetting, commenting, and opining on communication deemed by the Chief Investment Officer/Chief Executive Officer to be sensitive, prior to broadcasting and disseminating such ESG communication.

Additionally, where applicable, the Chief Investment Officer/Chief Executive Officer may also seek external legal advice prior to broadcasting and disseminating such sensitive ESG communication including using its panel of law firms and/or the legal department of applicable Responsible Entities of its funds.

Supplementing these internal or external legal vetting and review controls is discussing sensitive ESG communications with relevant internal boards and committees, where applicable, prior to broadcasting and disseminating such ESG communication.

6. Reporting



To the extent practical, the investment manager discloses qualitative and quantitative ESG-related data to its investors through regular or ad hoc fund reports and other channels of investor communication, such as marketing materials and presentations. Additionally, as previously stated, outcomes from the investment manager’s engagement and activism practices may also be disclosed to investors in the same manner, and also to the public through media and social media outlets.

7. Operating Business – ESG Credentials

The investment manager seeks to maintain and continuously improve its ESG credentials with respect to business operations. Please refer to the following policies for further details:

- Diversity and Inclusions Policy
- Modern Slavery Policy

A. Appendix - ESG Exclusions

The investment manager maintains an exclusion policy on direct, long exposure to investments originated by corporate entities.

For the avoidance of doubt, the investment manager determines the following definitions:

- Direct investments: investments in individual securities whereby the investment manager has full control over investment exposure. Investments in indices and/or other types of baskets of securities are **not** considered direct investments.
- Long exposures: investment exposures whereby the value of the investment manager’s assets will appreciate if the underlying investment appreciates. The exclusion policy does **not** apply to short positions (including those undertaken via repurchase agreements), whereby the investment manager’s assets will appreciate if the underlying investment depreciates, including the covering purchase of the investment.
- Corporate entities: entities that are not considered supranational, sovereigns, semi-sovereigns, or sovereign agency bodies.

The below table details the attributes and application of the investment manager’s ESG exclusions.

Summary	Threshold
<p>Non-democratic states The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in non-democratic states.</p>	<p>Material exposure and/or operations is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 25 per cent of revenue from states the investment manager deems to be non-democratic.</p> <p>The investment manager defines non-democratic states as those that are not recognised as open democracies, where there are concerns regarding the state’s rule of law, property and contract rights.</p> <p>The investment manager maintains full discretion in determining non-democratic states. External research, such as the Economist Intelligence Unit Democracy Index, can inform</p>



	<p>the investment manager’s determination; however, to defer in full to such indices is unfavourable in order to maintain a stable investment universe.</p>
<p>Tobacco The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in tobacco growing and production.</p>	<p>Material exposure and/or operations is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 10 per cent of revenue from tobacco growing and production.</p> <p>The investment manager defines tobacco growing as the agricultural process of cultivating tobacco plants for the production of tobacco leaves.</p> <p>The investment manager defines tobacco production as the post-harvest curing, fermentation aging, processing, and manufacturing of tobacco leaves. The distribution of tobacco is not considered as tobacco production.</p>
<p>Nuclear weapons The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in nuclear weapons manufacturing.</p>	<p>Material exposure and/or operations is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 10 per cent of revenue from nuclear weapons manufacturing.</p> <p>The investment manager defines nuclear weapons manufacturing as the process of designing, producing, and assembling nuclear weapons including:</p> <ul style="list-style-type: none">• Acquisition of fissile materials.• Warhead design.• Weapon assembly.• Non-nuclear components, including arming and fusing mechanisms, guidance systems, and casings.• Testing and validation• Weapon delivery systems, including intercontinental ballistic missiles (ICBMs), submarines (SLBMs), or bombers.
<p>Fossil fuel extraction The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in fossil fuel extraction.</p>	<p>Material exposure is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 10 per cent of revenue from fossil fuel extraction.</p> <p>The investment manager defines fossil fuel extraction as the process of extracting and bringing to the surface coal, oil, and natural gas. This does not include the refinement, processing and transportation of fossil fuels.</p>
<p>Gambling The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in gambling</p>	<p>Material exposure and/or operations is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 25 per cent of revenue from gambling facilities or establishments.</p> <p>The investment manager defines gambling facilities or establishments as venues, either physical or internet-based, where individuals can engage in gambling activities, such as</p>



facilities or establishments.	betting on games of chance or skill with the expectation of winning money or prizes.
Adult Industry The investment manager excludes long direct exposure to corporate entities with material exposure to and/or operations in the adult industry.	Material exposure and/or operations is defined as the entity, as detailed in their last annual report, deriving greater than or equal to 10 per cent of revenue from the adult industry. The investment manager defines the adult industry to be comprised of entities that produce and distribute products and services related to adult entertainment, primarily focused on sexual content or activities intended for a mature audience.