

# AXIOM INTERNATIONAL ETHICAL FUNDS

## RESPONSIBLE INVESTMENT POLICY

### INTRODUCTION AND PURPOSE

Pengana Capital Ltd ACN 103 800 568 (“PCL” or “Responsible Entity”) is a responsible entity and is a fully owned subsidiary of Pengana Capital Group Limited (“PCG” or “Pengana”), an ASX-listed investment management company. This Policy outlines the approach to responsible investment for the following funds:

- Pengana Axiom International Ethical Fund (“PAIE”)
- Pengana Axiom International Ethical Fund (Hedged) (“PAIEH”)

This policy should be read in conjunction with the following Axiom Investors policies:

- Environmental, Social, and Governance Policy;
- Proxy Voting Policy; and
- Engagement Policy.

### SCOPE

This Policy applies to PAIE and PAIEH (“the Portfolios”) and is subject to local laws and regulations in applicable foreign jurisdictions. Local laws and regulations may be stricter than the practices set out in this Policy and may impose additional limitations or requirements on a local business unit. Where local requirements are more stringent than those set out in this Policy, the local legislation will prevail.

### RESPONSIBLE INVESTMENT PROCESS

The Responsible Entity has adopted a Responsible Investment and Environmental, Social and Governance (“ESG”) policy, implemented by the Investment Team with oversight by Pengana.

The Responsible Entity is committed to responsible investing and seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

Utilising a monitoring service provided by Sustainalytics, the Responsible Entity monitors the portfolio for negative screen compliance, portfolio ESG risk, consideration of new and ongoing controversies, review of voting records and engagement and monitoring the sustainability and carbon risk of the portfolios against peers and appropriate benchmarks.

### NEGATIVE SCREENS

The Responsible Entity seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

PAIE and PAIEH do not invest in producers of tobacco, manufacturers of nicotine alternatives and tobacco-based products, or companies involved in the development and production of controversial or nuclear weapons.

The Responsible Entity utilises a negative screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors.

Screened activities	Pengana Axiom International Ethical Fund Pengana Axiom International Ethical Fund (Hedged)
Adult content	5% or more revenue from the production of adult content 15% or more aggregate revenue from the production, distribution and retail of adult content
Alcohol	5% or more revenue from the production of alcohol 15% or more aggregate revenue from the production, distribution and retail of alcohol
Non-medical, non-regulatory animal testing	Excludes companies involved in animal testing for non-medical products where there is no legal requirement
Fossil fuels (GICS 101020)	Nil investment in companies with the global industry classification standard (GICS) 101020 "Oil, Gas and Consumable Fuels" 15% or more aggregate revenue from Thermal Coal, Conventional Oil & Gas Febeffin, Unconventional O&G
Gambling	5% or more revenue from ownership of operation of gambling-related business activities 15% or more aggregate revenue from gambling-related business activities
Genetically modified organisms in agriculture	5% or more revenue from the development or growth of Genetic Engineering – agriculture 15% or more aggregate revenue from the consumption, use or retail of Genetic Engineering – agriculture
Human rights abuses and exploitation	Serious or systematic controversies relating to human rights violations
Mining (GICS 151040)	Companies with the global industry classification standard (GICS) 151040 "Metals and Mining"
Nuclear	5% or more of revenue classified as Nuclear Power Supplier 15% or more aggregate revenue from nuclear power related activities
Palm Oil production	Companies involved in Palm Oil production or Serious or systematic logging related controversies
Securities from issuers on UN sanctions list	
Tobacco	Nil revenue from growers, producers or licensors of tobacco products, nicotine alternatives and tobacco-based products 15% or more aggregate revenue from the distribution and retail of tobacco products, nicotine alternatives and tobacco-based products
Weapons	Nil revenue from the manufacture, development and/or production of controversial weapons (being biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/submunitions and their key components). Nil revenue from the development, production and maintenance of nuclear weapons. 15% or more aggregate revenue from the production, distribution and retail of firearms and ammunitions

## REVIEW AND ASSESSMENT

This Policy is reviewed and updated from time to time to ensure that it remains relevant, current and compliant with all applicable laws, and guidance notes.

**DATED: JULY 2023**