Bell
ASSET MANAGEMENT

Stewardship Policy

Incorporating United Nations Principles for Responsible Investing (UN PRI), Environmental, Social and Governance (ESG) Investment, and Proxy Voting policies.

Approved by the Governance Committee

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Background

This Policy sets out Bell Asset Management Limited's ("BAM", "we", "us") approach to Responsible Investing, Stewardship and Proxy Voting. It is a firm wide policy and relates to all funds and portfolios where BAM acts as investment manager.

ESG Investment

ESG Introduction and Belief Statement

BAM employs a robust and ongoing commitment towards integrating Environmental, Social and Governance (ESG) issues within our investment process. We employ a disciplined investment framework combined with Stewardship and ESG specific activities including ESG screening, ESG analysis, active engagement and proxy voting with companies in all of our portfolios.

We believe that integrating ESG factors into our investment process will deliver superior long term returns to our clients. We believe that as stewards of our client's capital, active ownership and engagement is in the best interests of our investors.

ESG Investment Characteristics

BAM's approach to ESG investment incorporates a number of characteristics:

UNPRI

BAM has been a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2014 and complies with its obligations as a signatory.

Fiduciary Obligation

BAM's fiduciary obligations to investors are of paramount importance, and include strict compliance with government regulation, constituent documents and client facing agreements. Application of this policy must be in a way which is consistent with these overarching obligations.

We believe our integrated ESG Investment approach discussed in this Policy is consistent with our fiduciary duties.

Client Primacy and Client Instructions

Where BAM has been appointed under an investment management agreement or similar mandate, client instructions in respect of ESG and/or proxy voting matters are regarded as direct instructions from the beneficial owner of the underlying assets and are actioned on that basis. These client instructions will be integrated into both the portfolio construction and order management processes and overseen by Compliance.

Sustainable Development Goals (SDGs)

BAM supports the United Nations Sustainable Development Goals (SDGs) and aligns itself to various SDGs that are most representative of our investment philosophy. Our stewardship and research efforts take into account both positive and negative effects and are primarily focused on ensuring that our investments are aligned with our investment philosophy in that they: generate sustainable profits over the long-term, have a lean environmental footprint, provide empowerment and equality both within their workforce, supply chain and within the community in which they operate in and are committed to making a meaningful contribution to society's well-being.

We have chosen seven SDGs to support and promote that align to our integrated investment philosophy and ESG approach. These are related to either the environment, social issues, or good governance, where we believe companies can make a meaningful difference in both their actions and in their disclosure. We have also utilised various UN SDG related targets and indicators (and in some cases in combination with our own internal indicators) to measure and monitor progress. These have been chosen because there is adequate data and disclosure from portfolio companies (and peers) that enable us to undertake meaningful analysis. This framework also enriches our engagements and stewardship and can make a meaningful impact to the sustainability of their profit growth.

These priority goals are promoted through engagement with investee companies, collaboration with other investors, active investment/divestment decisions, and active ownership incorporating proxy voting.

Environment

SDG 7 – Affordable and Clean Energy
SDG 12 – Responsible Consumption and Production
SDG 13 – Climate Action

Social
SDG 3 – Good Health and Well-Being
SDG 8 – Decent Work and Economic Growth

Governance
SDG 5 – Gender Equality
SDG 10 – Reduced Inequalities

BAM monitors alignment by mapping all portfolio investments to the 17 SDGs.

BAM has identified several metrics to use as KPIs where we measure portfolio and company performance relative to the seven SDGs we are promoting. More information regarding the KPI's we utilize to measure and track the above seven SDGs is available on our website at www.bellasset.com.au.

Modern Slavery

As a practice of sound corporate citizenship and consistent with our approach to all ESG matters in our investment process, BAM has elected to implement a Modern Slavery program that generally conforms to the requirements of Australia's Modern Slavery Act.

Our Modern Slavery program addresses both BAM's own supply chain and the supply chain of companies in our portfolios. Our approach to address Modern Slavery focuses on risk assessment, employee training, engagement, and proxy voting.

Mandatory Modern Slavery training has been specified for all investment management staff and for staff who oversee material outsource service provider relationships.

The program is being led by our CEO and the progress of the program is overseen by both BAM's Board of Directors and BAM's Governance Committee.

Climate Change

Bell Asset Management supports the goals of the 2015 Paris Agreement, which aims to limit global warming to below 2ºc. This requires reaching net-zero carbon emissions no later than 2050. BAM has adopted climate-related financial disclosures which are aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Similar to our overall Stewardship Governance framework, BAM's TCFDs are overseen by BAM's Governance Committee. Please refer to the "Targets" section for further information on Governance Committee reporting.

Portfolio managers and the ESG representative of the investment team are accountable for the monitoring of all strategies' carbon emissions and carbon intensity. Carbon portfolio reports are produced on a monthly basis by our performance team.

Climate Change - Risk Management

This policy sets out how we integrate ESG issues, including climate change, within our investment process.

Consequently, we continuously analyse our investments exposure to climate change risks and opportunities.

We analyse both transition risks, as the global economy transitions towards a low and ultimately zero carbon economy, and physical risks that companies could face from climate change.

Climate Change - Metrics

We utilise the following tools to analyse our strategies exposure to carbon risk:

- Weighted average Carbon Dioxide or equivalent (CO2e) emissions and CO2e intensity (measured in tons of CO2e per million of USD revenues generated) of our portfolios and benchmarks on a quarterly basis.
- The investment team analyses our portfolio exposure to global warming annually using The 2° Investing Initiative portfolio scenario analysis tool.
- On an annual basis, the investment team documents the quantitative and qualitative climate change scenario analysis for all strategies.

Climate Change - Engagement

We engage both directly and collaboratively with numerous companies on various ESG topics on a consistent basis. When relevant, BAM will advocate to our investee and potential investee companies to also adopt the TCFD framework.

To align our proxy procedures with our Climate Change principles, BAM votes in favour of all shareholder resolutions regarding carbon reporting. (See "Stewardship and Engagement" below for a broader assessment of the engagement policy.)

Investment Process

ESG principles must be effectively embedded in the investment management process. The BAM investment process is highly structured and repeatable. It has a number of specific phases which every stock must pass to be considered for investment.

Phase 1	Establish Universe
Phase 2	Idea Generation
Phase 3	Quality Test
Phase 4	Valuation
Phase 5	Portfolio Construction

ESG is integrated throughout the Investment Process with the management of all funds and accounts through:

Screening – incorporated into Phase 1 where screening results in certain companies being excluded from the investment universe.

Research, financial analysis and engagement - incorporated into Phases 2-4, is where mandatory consideration and a materiality assessment of ESG issues are undertaken by the investment team. This includes:

- Direct engagement with companies, in addition to engagement through collaboration and via proxy voting
- The use of specialist external ESG research in stock evaluation
- Incorporating the assessment into financial analysis, modeling and valuation of stocks
- Feedback from proxy voting engagement and research is also provided to analysts

Portfolio construction – incorporated into Phase 5. We use ESG specific portfolio analytical tools from an external provider to determine the ESG score and carbon intensity of each fund and portfolio to ensure they comply with the targets of this policy. Integration of screening at account level is built into the Bloomberg compliance module.

BAM also purchases ESG specific proxy voting research and integrates this with the investment process.

ESG Screens

BAM has established ESG Screens in respect of securities within the tobacco, controversial weapons, conventional weapons, nuclear weapons, small arms (civilian firearms), adult entertainment, international norms (such as failure of UN Global Compact or sanction listed), coal, uranium nuclear power, gambling and unconventional oil and gas sectors that are applied on a firm-wide basis. (See "ESG Exclusions List" below for complete definitions of each category.)

This is in addition to specific screens or mandate restrictions agreed with clients.

ESG Exclusion Lists

In accordance with the Stewardship Policy, BAM has established an ESG Exclusion List in respect of BAMs ESG Screens and are applied to all BAM fund investment portfolios and to accounts managed under an investment agreement or similar mandate.

As a standard practice BAM will apply its ESG Exclusion List across all separate account mandates in addition to any existing Client ESG instructions to BAM but note that clients appointing BAM under an Investment Management Agreement have authority to direct BAM on such matters. For all new mandate clients on-boarded after the date of this Policy, the application of the BAM ESG Exclusion List will be confirmed with the CIO and the confirmation included as part of the BAM onboarding checklist.

The ESG Exclusion List consists of listed securities derived from BAM's investible universe of securities for each strategy that are excluded from eligible portfolios due to identified ESG Screen characteristics. The ESG Exclusion Lists are determined from a range of sources including, but not limited:

- GICs and other industry standard categorisations;
- Third party ESG research; and
- Internal research undertaken by the BAM investment team

Where there is change to one or more BAM ESG Screen categories (including the addition of further categories) this Policy will be updated for approval by the Governance Committee.

In Appendix 1, BAM applies the listed ESG screen definitions from which the ESG Exclusion List is determined.

Apply ESG Screens to Securities

Once a security has been identified for investment, screening is applied during the portfolio construction phase, at three stages:

1. In portfolio manager construction, portfolio managers may only add stocks to the portfolio which are not subject to screens.
2. In order management, Bloomberg has an integrated compliance management module set up with integrated screens to: (i) prevent the purchase of stocks which are subject to screening, or (ii) flag for independent post-trade review and assessment of, any acquired securities which may be subject to screening.
3. Compliance monitor portfolio compliance with the ESG Exclusion List via the daily portfolio compliance report.

The assessment of inclusion/exclusion of securities within the ESG Exclusion List is performed half yearly by the investment team (usually the ESG investment analyst in conjunction with the CIO) on a company by company basis in consideration of the BAM Exclusion List methodology definition in Appendix 1. The updated ESG Exclusion List for each ESG category is subject to approval by the CIO prior to implementation into the Bloomberg compliance module CMGR. Any individual exceptions to the BAM Exclusion List category definitions must be approved by the CIO and notified to Compliance, the CEO and Governance Committee.

The maintenance of the ESG Exclusion List is the responsibility of the ESG investment analyst. The ESG investment analyst will highlight any security that has been added to or removed from the ESG Exclusion List to ensure there are clear instructions to the Compliance Manager in respect of the proposed changes to the ESG Exclusion List. The ESG investment analyst is responsible for arranging CIO approval and providing appropriate evidence of approval to the Compliance Manager and the Head of Equity Operations at the time the updated ESG Exclusion List is provided.

The portfolio managers are responsible to sell any investment holding in its entirety that is added to the ESG Exclusion List within 30 business days after the updated Exclusion List is entered into the Bloomberg compliance module.

ESG Exclusion Lists are implemented and monitored in Bloomberg by the Compliance Manager. When an updated ESG Exclusion List is updated in Bloomberg, the Compliance Manager will inform the CIO, ESG Officer (CEO) and ESG investment analyst confirming the update process is now complete.

Processes relating to mandate compliance and compliance with screening requirements are maintained in the Mandate Compliance Policy and Matrix which is reviewed annually and monitored by Compliance.

Training

ESG relevant training is mandatory for all portfolio managers and investment analysts. The CIO in consultation with the ESG officer and the ESG Investment Analyst assesses ESG training needs on a bi-annual basis. The ESG training requirements are set and monitored by the Governance Committee. ESG training is also monitored by Compliance as part of overall annual training requirements.

Acceptable training includes but is not limited to:

- Kaplan online training
- Other external courses/subjects relating to ESG (such as CFA Institute)
- UNPRI Academy
- Webinars or seminars by service providers such as MSCI, Sustainalytics, CGI Glass Lewis
- On-site training

Targets

BAM has two ESG specific targets that all portfolios must observe at all times. It is our policy commitment to manage all of our equity portfolios in such a way that:

1. They maintain a superior overall ESG score – as measured by MSCI – which exceeds that of their benchmark.
2. They have a low carbon footprint – where the weighted average carbon intensity – as measured by MSCI – is at least 25% below their respective benchmark.

These two targets are monitored on a monthly basis using data and analytics from our independent ESG data providers by the Investment team. Both of these outcomes are reported to and monitored by the Governance Committee via the Annual ESG Report and the Annual Qualitative Climate Change Scenario Analysis Report.

Stewardship and Engagement

BAM will engage with investee companies directly in order to seek and obtain sufficient ESG disclosure to meet's BAM's investment process requirements. This could potentially include engaging with independent researchers and our proxy provider.

It is the responsibility of every investment team member to identify relevant ESG factors for all investee and potential investee companies. The prioritization of ESG factors is overseen by the Chief Investment Officer (CIO) and discussed regularly within the investment team, as ESG priorities change constantly.

As an active signatory member of the UNPRI Community, BAM participates in engagements via UNPRI forums and functions. BAM will always participate in at least one UNPRI Sponsored Collaborative Engagement Program. The programs in which we participate in will be prioritized and selected by the CIO.

BAM also engages and influences companies through the proxy voting process.

BAM believes continuous engagement (both direct and through collaboration) and escalation can influence positive ESG disclosure and change. We monitor and document our engagements in order to identify successful strategies.

Our engagements are overseen by the ESG Officer and the Governance Committee. It is our policy to publish an annual ESG Engagement Report that is available publicly on our website.

Engagement with Policymakers

It is BAM policy to ensure that our contribution to the development of public and industry policy is aligned with our commitment to the six key Principles of UNPRI and Sustainable Finance. BAM implements our policy influence through several approaches. Examples of types of approaches are:

- Engagement with industry bodies in the development and setting of industry standards and templates
- Membership and engagement of industry bodies and participation in industry research
- Direct engagement, or engagement via collaborative industry responses, with government consultation processes.
- Co-signing investor statements
- Media commentary

The Governance Committee monitors all engagements with key public and industry Policymakers through the Annual ESG Report to ensure alignment is consistent with our commitment to the six key Principles of UNPRI and Sustainable Finance.

Escalation Strategies

At times, initial stewardship approaches with companies in BAM's investible universe have been deemed unsatisfactory by the investment team. When this occurs, BAM has several escalation strategies with those companies permitted and encouraged in order to achieve an acceptable outcome. Examples of such escalation strategies are as follows:

- Engage with other members of management or specialists within the company being researched (e.g. the ESG officer)
- Collaboratively engaging the entity with other investors
- Filing, co-filing or submitting a shareholder resolution or proposal
- Voting against the re-election of one or more board directors

- Voting against the Chair of the Board
- Voting against the annual financial report
- Divesting or implementing an exit strategy

All escalation engagements are documented and published in our internal investment database in order to keep track of the success of our escalation strategies.

Responsibility and Accountability

The overall Stewardship Governance framework incorporates the Governance Committee as the governing body which oversees compliance with the individual responsibilities of nominated staff. The Governance Committee is a Board subcommittee and its minutes are provided to the Board.

An ESG Officer has been appointed. The ESG Officer is a permanent member of the Governance Committee and reports on ESG matters as a permanent agenda item of that Committee.

The CIO is responsible for ESG research, implementation, prioritisation and monitoring.

In addition, portfolio managers are accountable for the compliance with ESG restrictions and the achievement of portfolio ESG targets.

Compliance is responsible for the mandate compliance processes and for monitoring mandatory training requirements.

The ESG investment analyst is also responsible for the operation of Proxy Voting and the publication of proxy voting records.

Monitoring and Reporting

The Investment Management function is required to:

- Take ESG components into account in the management assessment phase of the fundamental research phase of the investment process.
- On a quarterly basis, report ESG-related portfolio information to our clients
- Periodically monitor the relative MSCI ESG scores and carbon intensity of the portfolio versus the relevant index
- At least quarterly confirm to Compliance that the ESG performance targets have been met on all accounts.
- Periodically monitor the Portfolio Composition by ESG Ratings (AAA (best) > CCC (worst).
- Provide periodic reviews of the ESG Exclusion List and advise all changes to the Head of Equity Operations and Compliance after approval by the CIO.

Proxy Voting

BAM's proxy voting procedures are designed to protect and enhance the investment value of our clients' assets. We regard the exercise of voting rights as an essential Stewardship tool. Although we tend not to become involved in day-to-day management issues, we recognise that the exercise of voting rights can be used to influence company policy on matters of corporate governance and enhance investment value.

We also recognise the authority of clients to direct us in the casting of votes relating to their assets.

BAM's overriding objective as an investment manager is to act in the best interests of our clients and to maximise portfolio returns in line with client objectives, subject to an acceptable level of risk.

The exercise of voting rights is an important aspect of BAM's investment management process. BAM also participates in and influences corporate decision-making in other ways. For example, it may communicate with the senior management of companies to discuss matters affecting investment performance.

BAM's aim is to vote on issues where it has the authority to do so and where the exercise of voting rights does not block the resultant holding from being sold.

As this is a specialised and complex area of investment we have appointed an independent external proxy voting adviser to conduct research on proposed resolutions and corporate governance issues. The terms of the advisory appointment include the provision of research and recommendation for all resolutions at all meetings of companies where we are entitled to vote.

We retain the authority to deviate from the recommendations of our external proxy voting adviser. Other than on client direction, any deviation from external proxy voting adviser policies is reported to the Governance Committee.

Proxy Voting Reporting

The ESG investment analyst reviews monthly reports from our independent proxy adviser of exercised proxy votes by entity and resolution level. Information on votes cast is annually reported to the Governance Committee and monthly and annual proxy voting reporting are publicly available on our website. Proxy voting reporting is also available on request from investors in respect of their own portfolio.

Client Instruction and Consultation

Clients need to ensure that their custody arrangements require the custodian to inform BAM's external proxy voting service of resolutions on a timely basis.

The proxy voting guidelines (along with any ESG specific policy guidelines) from BAM's external proxy voting adviser, as updated from time to time, are reviewed annually by the ESG investment analyst and are incorporated into this policy by reference. The outcome of the external proxy voting adviser review is tabled to Governance Committee annually.

Policy Version History

The BAM Stewardship Policy was originally issued on 11 October 2011 as the BAM ESG Investment Policy. On 6 May 2021, the BAM ESG Investment Policy and the BAM Proxy Voting Policy were merged to establish the BAM Stewardship Policy. The Policy Version history below reflect the date of revision of the BAM ESG Investment Policy (later the BAM Stewardship Policy) since 11 October 2011.

Version	Issue Date
1	11 October 2011
2	5 March 2014
3	27 November 2015
4	15 March 2018
5	24 April 2019
6	6 May 2021
7	1 November 2021
8	18 November 2022
9	31 October 2023

BAM Proxy Voting Policy was established on 1 January 2008 and revised and updated on 10 occasions when it was incorporated into the Stewardship Policy on 6 May 2021

Appendix 1 – BAM ESG Screen Definitions

ESG Category Title	ESG Category description	Technical Exclusion and Thresholds Rule
Tobacco	Exclude all tobacco, nicotine alternatives and tobacco-based producers.. Secondary exposure (distribution, licensing, retailing or supplying / packaging) limited to a 10% revenue** threshold	Exclude GICs classification code "Tobacco" (GICS sub-industry code: 30203010) and MSCI ESG {TOB_PRODUCER cannot be T}, {TOB_PROD_ECIG cannot be T} and MSCI ESG {TOB_MAX_REV_PCT < 10}
Controversial Weapons	Exclude all companies with ties to controversial weapons. Definition of controversial weapons = Companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.	MSCI ESG {CWEAP_TIE cannot be T}
Conventional Weapons	Limit exposure to conventional weapons to 10% revenue** threshold	MSCI ESG {WEAP_CONV_MAX_REV_PCT < 10}
Nuclear Weapons	Exclude all companies that have an industry tie to nuclear weapons	MSCI ESG {NWEAP_TIE cannot be T}}
Small Arms – Civilian Firearms	Limit exposure to small arms or civilian firearms to 10% revenue** threshold	MSCI ESG {FIREARM_MAX_REV_PCT < 10}
Adult Entertainment	Exclude all adult entertainment producers. Secondary exposure (distribution or retailing) limited to 5% revenue** threshold	MSCI ESG {AE_PRODUCER cannot be T} and MSCI ESG {AE_MAX_REV_PCT < 5}
International Norms	Exclude all companies that fail UN Global Compact compliance and exclude companies listed of various monitored sanction lists *	MSCI ESG {UNGC_COMPLIANCE cannot be FAIL} and exclude if listed on sanction lists *
Coal – Mining, Generation and Transportation	Exclude all coal companies (as a primary business) as per GICS sub-industry. Also a 10% revenue** threshold on any other exposure to coal via mining, power generation (utilities) or transportation (excludes met coal).	Exclude GICs classification code "Coal & Consumable Fuels" (GICS sub-industry code: 10102050) and MSCI ESG {THERMAL_COAL_MAX_REV_PCT < 10} and MSCI ESG {GENERAT_THERMAL_COAL_PCT < 10} and 10% max revenue threshold to coal transportation
Uranium – Nuclear Power	Limit exposure to uranium mining to 5% revenue threshold	MSCI ESG {NUC_MINING_MAX_REV_PCT < 5}
Nuclear Power – Supplier and Power Generation	Limit exposure to nuclear power generation and nuclear power suppliers to 10% revenue threshold	MSCI ESG (NUC_SUPPL_MAX_REV_PCT < 10} and MSCI ESG (NUC_UTIL_MAX_REV_PCT < 10}
Gambling	Limit exposure to gambling operators to 10% revenue** threshold	MSCI ESG {GAM_OPER_MAX_REV_PCT < 10}
Unconventional Oil and Gas extraction	Limit exposure to unconventional oil and gas extraction to 5% revenue** threshold. Definition = oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore.	MSCI ESG (FEBELFIN_UNCONV_OIL_GAS_MAX_REV_PCT < 5)}

Source: MSCI, MSCI ESG Research

* Sanction lists screened as at the date of this policy include: European Union, OFAC (Office of Foreign Assets Control), OFAC Non-SDN Iranian, OFAC Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (the "CAPTA List"), United Nations Security Council, Swiss, Japan, Australia, Canada, Hong Kong, Singapore, and United Kingdom

** Revenue thresholds are calculated using revenue from the prior year financial statements, as supplied by our external service provider.