



**PUBLIC TRANSPARENCY REPORT**

**2023**

**Bell Asset Management**

Generated 15-12-2023

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Bell Asset Management (BAM) engages in responsible investment by integrating ESG-related research and engagement into our investment process because we believe it will assist us in delivering superior long term returns to our clients. We feel it is our responsibility to form our own opinions regarding ESG specific issues and as such, it is the responsibility of our investment team to proactively engage with company management on responsible investment issues.

BAM employs a robust and ongoing commitment towards integrating Responsible Investment 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.

ESG criteria is a critical part of our security selection process and we believe it is our responsibility to form our own opinions regarding ESG specific issues and as such our investment team proactively engage with company management on all aspects of ESG. As ESG is integrated into our fundamental 'quality test' for all considered companies, we actively avoid owning companies whose ESG credentials are considered poor. In doing so, we feel that we are simultaneously eliminating a financial risk and enhancing the likelihood of a better return outcome for our clients.

All companies considered for investment have been analyzed incorporating Responsible Investment considerations as per our investment process.

Our investment process is a 5 stage process. An ESG assessment is one of our six quality factors when we conduct our qualitative fundamental company analysis, and as such we incorporate our own ESG research and have an ESG opinion on all companies.

At Step 1 of our investment process we implement exclusionary screening whereby we apply a negative/exclusionary screen for our investable universe relating to: tobacco, controversial weapons, conventional weapons, nuclear weapons, small arms (civilian firearms), adult entertainment, international norms (such as UN Global Compact), Coal, uranium, nuclear power, gambling and unconventional oil and gas extraction.

This screen generally uses flags and classifications provided by our third party ESG data providers.

At Step 3 of our investment process, part of conducting our bottom-up fundamental analysis includes ESG (since it is one of our six quality factors). It is the responsibility of all analysts, through direct and collaborative engagements, to form a view on the ESG characteristics of each company which includes an ESG risk and materiality assessment, analysis of alignment to the UN SDGs, as well as net zero and climate related targets. Even if a company passes Step 1 of our process, if it fails our ESG assessment, then we will not consider the company for investment.

Ultimately, there are around 250 companies that pass our Step 3 Qualitative Assessment. In addition to the materiality assessment, our alignment to specific UN SDGs also gives a framework for deeper and more meaningful engagements. By having ESG integrated into the fundamental 'quality' test, we have a selection bias for companies with positive ESG attributes and we actively avoid owning companies that have material ESG risks – for example, our biases lead us away from investing companies that are heavily reliant on unskilled and/or off-shore labour, or environmentally unfriendly sectors, such as energy, materials and utilities. We are simultaneously eliminating a financial risk and enhancing the likelihood of a better return outcome for our clients. Through positive selection, we identify high quality businesses that exhibit high return on equity, low leverage, strong free cash flow yields and superior ESG characteristics. We use both internal research, company filings etc. and external third-party ESG research providers such as MSCI ESG Research and CGI Glass Lewis.

This qualitative ESG analysis and views feeds into quantitative valuation outcomes in Step 4 of our research process. For example if positive ESG features and tailwinds are contributing to positive sales growth and superior profitability attributes (relative to peers) then this will be reflected in our financial models. Additionally, these tailwinds may also result in applying a higher target multiple.

Finally, ESG factors influence position sizing and portfolio construction in Step 5 of the investment process. This is defined by the following Responsible Investment commitments that must be adhered to at a portfolio level at all times: (i) the portfolio must have a superior ESG score relative to the benchmark and (ii) a carbon intensity at least 25% below the benchmark.

## Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

BAM continues to meet our Responsible Investment Commitments with all of our portfolios and strategies. We have also 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 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.

In order to formalise our support and alignment to the seven UN SDGs, we have published our selected specific targets and indicators for each SDG. This assists us in measuring and monitoring progress over time relative to a baseline of June 2020. We have published our Core Fund's most recent KPI performance relative to the benchmark in our most recent Annual ESG Engagement Report which is available on our website. ([www.bellasset.com.au](http://www.bellasset.com.au))

BAM continues to seek ways to improve our own ESG disclosure and alignment. Below are examples of the most significant ESG enhancements we have made over the past year.

### Environmental

We have begun publishing our core portfolio's Scope 1-3 carbon emissions on an annual basis so we can track our overall investment holdings emissions over time.

## Social

We have published our first company D&I Statement

We understand the value of attracting and retaining employees from a range of diverse backgrounds and appreciate the contribution each individual brings to our workplace. We believe that such a workforce contributes to business success and benefits everyone – our clients, employees, stakeholders, and shareholders.

We define Diversity as the mix of employees in the workplace from a variety of differing backgrounds.

We define Inclusion as ensuring that all employees are provided equal access to opportunities and resources and can genuinely do work that they find rewarding without limitations.

We have actively sought to build a boutique funds management business that has a diverse and inclusive culture. The makeup of the BAM team and service providers demonstrates this. We have several females in senior leadership roles and team members from many cultural backgrounds.

Since the beginning of 2020, we have taken specific actions aimed at achieving our D&I principles, particularly regarding gender diversity, across the following areas: recruitment, career progression, job design & flexible working, performance management, equitable remuneration, external benchmarking, and promoting a mutual commitment amongst employees to foster a diverse and inclusive workplace.

## Governance

BAM has updated several internal governance policies including our Personal Dealing Policy, GIPS Policy, Code of Conduct Policy and our Stewardship Policy over the past year.

We have updated our Personal Dealing Policy in March 2023.

The primary change was further clarification in respect to trade requests for securities in BAM's investible universe and the application of our 30-business day minimum holding rule.

We have updated our Code of Conduct Policy in January 2023. In the updated policy version, we have included additional disclosure which by all staff comply with all anti-bribery and corruption laws.

We have reviewed and updated our Stewardship Policy in November 2022.

The policy was reviewed and amended primarily to reflect the actual responsibilities of BAM stakeholders and the processes applied. We have also included a policy version history indicating when we have made changes. BAM issued our first Stewardship Policy in 2011 and we released our 8th version in November 2022.

We have also reviewed and revised our proxy policy. We have added firm-wide shareholder proposal categories in which it will be BAM's policy by default to vote in favour of.

More information can be found in our Annual ESG Engagement Report.

### Collaborative Engagements:

We have joined three new UN PRI sponsored collaborations. We have joined the PRI Circular Economy Reference Group. This collaboration began in March 2023 and is a continuation of an existing collaboration called the PRI Plastics Working Group, which we were also members of.

We have been members of the PRI Tax Reference Group since its inception in June 2022, and prior to this a similar PRI-sponsored collaboration regarding global corporate tax since 2018.

We have been members of the PRI Global Policy Reference Group (GPRG) since July 2022. The GPRG is the PRI's primary forum to engage with signatories on the challenges and opportunities presented by existing responsible investment policies.

### Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We are continually refining our investment process and the integration of ESG as part of our philosophy.

We have two priority Environmental goals which we believe will advance our commitment to responsible investment over the next two years.

1. We want to formalise our net zero targets and goals at a portfolio level for each strategy
- 2.

At a business level, we want to formalise our commitment of reaching carbon net zero.

BAM supports the goals of the 2015 Paris Agreement, which aims to limit global warming to below 2°C. Also, as part of the European Green Deal, BAM supports the EU's commitment to reaching net-zero carbon emissions by no later than 2050. BAM has also adopted climate-related financial disclosures which are aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

BAM is currently in the process of formalising net zero targets and goals at a portfolio level for each strategy.

At a business level, BAM has undertaken a Corporate Sustainability Assessment and has committed to reaching carbon net zero. This review included strategies to reduce carbon emissions which are primarily generated from our office footprint and corporate travel. BAM is in the process of having our assessment certified by an independent third party and will also increase reporting to disclose metrics and targets.

We also are now publishing our core portfolio's Scope 1-3 carbon emissions on an annual basis so we can track our overall investment holdings emissions over time.

We also want to be able to promote our funds positive portfolio attributes, but unfortunately there is not enough company disclosure in order for us to make any formalised commitment.

Therefore we are and will continue to engage with investment holdings to promote further disclosure in these positive attributes in the futures. We also expect that we will continue to improve our ESG related assessment of companies, engagement (direct, collaborative and through proxy voting), portfolio outcomes and reporting (both internal and external/public reporting).

### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

Matt Saddington

Position

Senior Equity Analyst

Organisation's Name

Bell Asset Management

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

(A) Yes

(B) No

## ASSETS UNDER MANAGEMENT

### ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 3,334,898,362.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

### ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>75%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity	0%
(B) Active – quantitative	0%
(C) Active – fundamental	>75%

(D) Other strategies 0%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

### AUM in Emerging Markets and Developing Economies

(A) Listed equity (1) 0%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

### (1) Listed equity - active

(A) Yes, through internal staff

(B) Yes, through service providers

(C) Yes, through external managers

(D) We do not conduct  
stewardship

○

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

### (1) Listed equity - active

(A) Yes, through internal staff	<input type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

### Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active	(12) 100%
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## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



## ESG STRATEGIES

### LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone

0%

(B) Thematic alone

0%

(C) Integration alone

0%

(D) Screening and integration

>75%

(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

**What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?**

**Percentage coverage out of your total listed equity assets where a screening approach is applied**

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	0%
(C) A combination of screening approaches	>75%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

## LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

## POLICY, GOVERNANCE AND STRATEGY (PGS)

### POLICY

#### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

We also discuss our approach to Modern Slavery and ESG Training,

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

**Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?**

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We discuss our Modern Slavery program in our Stewardship Policy

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

- (A) Overall approach to responsible investment

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

- (E) Guidelines on sustainability outcomes

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

- (G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(H) Specific guidelines on other systematic sustainability issues**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(J) Guidelines on exclusions**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(K) Guidelines on managing conflicts of interest related to responsible investment**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(L) Stewardship: Guidelines on engagement with investees**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(M) Stewardship: Guidelines on overall political engagement**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(N) Stewardship: Guidelines on engagement with other key stakeholders**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(O) Stewardship: Guidelines on (proxy) voting**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

**(P) Other responsible investment aspects not listed here**

Add link:

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)

**(Q) No elements of our formal responsible investment policy(ies) are publicly available**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

(A) Yes

Elaborate:

In our Stewardship Policy, we have a section titled "ESG Introduction and Belief Statement" which states:

"Bell Asset Management (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."

We also have a section titled " Fiduciary Obligation" which states:

"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."

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?**

(A) Overall stewardship objectives

(B) Prioritisation of specific ESG factors to be advanced via stewardship activities

- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other

Specify:

Modern Slavery Program and mandatory ESG-related training is also discussed in our Stewardship Policy

- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

**Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?**

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

### AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

# GOVERNANCE

## ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

**Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?**

- (A) Board members, trustees, or equivalent
  - (B) Senior executive-level staff, or equivalent**
- Specify:

Our CEO is also our ESG Officer. The ESG Investment Officer is a permanent member of the Governance Committee and reports on ESG matters as a permanent agenda item of that Committee. The Governance Committee is a Board sub-committee and its minutes are reported to the Board. The Chief Investment Officer has overall responsibility for ESG research, engagement, escalation, implementation and monitoring. The CIO is also part of the governance committee and is a director of BAM.

- (C) Investment committee, or equivalent
- (D) Head of department, or equivalent
- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

**Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?**

**(2) Senior executive-level staff, investment committee, head of department, or equivalent**

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>

(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

**Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?**

**(A) Yes**

Describe how you do this:

As stated in our Stewardship Policy:  
"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."

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

**In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?**

**(A) Internal role(s)**

Specify:

The Chief Investment Officer is responsible for ESG research, implementation, prioritization and monitoring. In addition, Portfolio Managers are accountable for the compliance with ESG restrictions and the achievement of portfolio ESG targets.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

(1) KPIs are linked to compensation

- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

Both the CEO and CIO have KPIs involving ESG targets and their remuneration is linked to ESG targets.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?**

**(2) Senior executive-level staff, investment committee, head of department or equivalent**

(A) Specific competence in climate change mitigation and adaptation

(B) Specific competence in investors' responsibility to respect human rights

(C) Specific competence in other systematic sustainability issues

(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?**

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?**

- (A) Yes, including all governance-related recommended disclosures
  - (B) Yes, including all strategy-related recommended disclosures
  - (C) Yes, including all risk management-related recommended disclosures
  - (D) Yes, including all applicable metrics and targets-related recommended disclosures
  - (E) None of the above
- Add link(s):

<https://www.bellasset.com.au/about-us/how-we-manage-global-equities#esg>  
[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2\\_Stewardship%20Policy%2018%20November%202022.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6375b266da17814b00e448b2_Stewardship%20Policy%2018%20November%202022.pdf)  
[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8\\_12-month-rolling-proxy-reporting.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8_12-month-rolling-proxy-reporting.pdf)  
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[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585c736cbeab44106adfa2\\_PACTA-2021-Climate-Alignment-Report-Bell-Global-Equities-Fund.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585c736cbeab44106adfa2_PACTA-2021-Climate-Alignment-Report-Bell-Global-Equities-Fund.pdf)  
<https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-equities-platform/68041761>  
[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/644f4a485dc70445a5dc3774\\_BGEF%20Fund%20Holdings.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/644f4a485dc70445a5dc3774_BGEF%20Fund%20Holdings.pdf)  
[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?**

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) **Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year**

## STRATEGY

### CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**Which elements do your organisation-level exclusions cover?**

- (A) **Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services**
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) **Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact**
- (D) **Exclusions based on our organisation's climate change commitments**
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

**How does your responsible investment approach influence your strategic asset allocation process?**

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns

- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

## STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

### (1) Listed equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?**

We only manage one asset class, listed equities. Our Chief investment Officer (CIO) has overall responsibility for ESG research, engagement, escalation, implementation and monitoring. While it is the responsibility of every investment team member to identify relevant ESG factors for all investee and potential investee companies under their primary coverage, the prioritization of our stewardship efforts is overseen by the CIO and discussed regularly within the investment team, as ESG priorities change constantly.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?**

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.**

As stated in our Stewardship Policy, 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 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 Investment Officer and the Governance Committee. It is our policy to publish an annual ESG Engagement Report that is available publicly on our website.

The current collaborative engagements that we are currently involved in are:

- KnowTheChain
- PRI's Circular Economy Reference Group
- PRI's Tax Reference Group
- PRI's Global Policy Reference Group.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Rank the channels that are most important for your organisation in achieving its stewardship objectives.**

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**  
Select from the list:  
 1
- (B) External investment managers, third-party operators and/or external property managers, if applicable**  
Select from the list:  
 5
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**  
Select from the list:  
 4
- (D) Informal or unstructured collaborations with investors or other entities**  
Select from the list:  
 3
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**  
Select from the list:  
 2
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

## How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

BAM employs 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. ESG criteria is a critical part of our security selection process and we believe it is our responsibility to form our own opinions regarding ESG specific issues and as such our investment team proactively engage with company management on all aspects of ESG. As ESG is integrated into our fundamental 'quality test' for all considered companies, we actively avoid owning companies whose ESG credentials are considered poor. We identify and define the materiality of all ESG risks and opportunities for all investee and potential investee companies in our proprietary ESG materiality assessment.

Our materiality assessment was built using the SASB framework to help us identify and define the key risks that are most relevant for each company and the industry that they operate in. In addition to the assessment, our alignment and targets related to our seven priority SDGs help us prioritise our stewardship activities including: (i) direct engagements with companies, (ii) our proxy voting decisions and our (iii) collaborative engagements. Other elements with respect to our stewardship approach include our escalation strategy (detailed within our Stewardship Policy) and our engagement milestones we have with respect to monitoring the progress of ESG related engagements.

A more detailed way in which we integrate ESG throughout our process is detailed below:

From a research perspective, we have an integrated approach to ESG within our investment process and portfolio construction; therefore it is the responsibility of all members of the investment team to identify, monitor and engage with management all 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. Ned Bell, as CIO, has overall responsibility for ESG research, engagement, escalation, implementation and monitoring.

At Step 1 of our investment process we implement exclusionary screening whereby we apply a negative/exclusionary screen for our investable universe relating to: tobacco, controversial weapons, conventional weapons, nuclear weapons, small arms (civilian firearms), adult entertainment, international norms (such as UN Global Compact), Coal, uranium, nuclear power, gambling and unconventional oil and gas extraction.

This screen generally uses flags and classifications provided by our third party ESG data providers.

As part of our conducting bottom-up fundamental analysis at Step 3 of our investment process, it is our responsibility to form our own opinions regarding ESG specific issues and risks. It is the responsibility of all analysts to form a view on the ESG characteristics of each company which includes an ESG risk and materiality assessment and direct and collaborative engagements. Our alignment to specific UN SDGs also gives a framework for deeper and more meaningful engagements. By having ESG integrated into the fundamental 'quality' test, we actively avoid owning companies that have material ESG risks – for example, our biases lead us away from investing companies that are heavily reliant on unskilled and/or off-shore labour, or environmentally unfriendly sectors, such as energy, materials and utilities.

We are simultaneously eliminating a financial risk and enhancing the likelihood of a better return outcome for our clients. Through positive selection, we identify high quality businesses that exhibit high return on equity, low leverage, strong free cash flow yields and superior ESG characteristics. We use both internal and external third-party ESG research providers such as MSCI ESG Research and CGI Glass Lewis.

This qualitative ESG analysis feeds into our quantitative valuation outcomes in Step 4 of our research process. For example positive ESG features will feed into positive sales growth and profitability attributes.

Plus, it may also result in applying a higher target multiple.

Finally, ESG factors influence position sizing and portfolio construction in Step 5 of the investment process. This is defined by sustainability goals and outcomes that must be adhered to at a portfolio level - superior ESG score relative to the benchmark and a carbon intensity at least 25% below the benchmark.

In our annual ESG Engagement Report we publish the most recent 10 year attribution report where we analyse the contribution of performance from the highest ESG rated companies (according to MSCI ESG research). In our most recent report we have shown that we have generated alpha from our overweight with more highly rated companies over the past ten years.

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes

Select from the below list:

(1) in all cases

(2) in a majority of cases

(3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

(D) We do not review external service providers' voting recommendations

(E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How is voting addressed in your securities lending programme?**

(A) We recall all securities for voting on all ballot items

(B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting

(C) Other

(D) We do not recall our securities for voting purposes

(E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes

Add link(s):

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8\\_12-month-rolling-proxy-reporting.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8_12-month-rolling-proxy-reporting.pdf)

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?**

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?**

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(1) for all votes	(1) for all votes
(B) Yes, we privately communicated the rationale to the company	(2) for a majority of votes	(2) for a majority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

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(A) Yes, we publicly disclosed the rationale - Add link(s):

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8\\_12-month-rolling-proxy-reporting.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/64a21bbe6eca503f932feaf8_12-month-rolling-proxy-reporting.pdf)

## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

### (1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one

(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal

(C) Publicly engaging the entity, e.g. signing an open letter

(D) Voting against the re-election of one or more board directors

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting	<input checked="" type="checkbox"/>
(G) Litigation	<input type="checkbox"/>
(H) Other	<input type="checkbox"/>
(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	<input type="radio"/>

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
  - (B) We responded to policy consultations
  - (C) We provided technical input via government- or regulator-backed working groups
- Describe:

We regularly engage with policymakers using various methods. We are members of the Financial Services Council (FSC) in Australia, a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. We have provided technical input on various issues such as ESG-related Product Labeling and Greenwashing. We participated in sign on letters regarding Modern Slavery disclosures. We have responded to policy consultations such as Australia's Mandatory Climate-related financial disclosures and barriers to effective outcomes-focused stewardship in Australia,

- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?**

**(A) We publicly disclosed all our policy positions**

Add link(s):

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585bd11f58e70084608523\\_annual-esg-engagement-report.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585bd11f58e70084608523_annual-esg-engagement-report.pdf)

**(B) We publicly disclosed details of our engagements with policy makers**

Add link(s):

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585bd11f58e70084608523\\_annual-esg-engagement-report.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/63585bd11f58e70084608523_annual-esg-engagement-report.pdf)

(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

**Has your organisation identified climate-related risks and opportunities affecting your investments?**

**(A) Yes, within our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

We have assessed that our portfolios do not hold any companies that would be subject to any material physical asset write down or stranded asset risk. All of our strategies are tested using the 2° Investing Initiative scenario analysis tool on an annual basis which also confirms our assessment.

Given our portfolio already has a low carbon footprint and low carbon intensity (more than 75% lower than the index), we believe the portfolio is in a leading position to be carbon neutral (or potentially carbon negative) by 2030.

We have identified many portfolio companies that have already set the target to become carbon neutral/negative by 2030 and have shown good progress over recent years. We anticipate that any change we may need to make would be absolutely minimal.

Since the portfolio has so little exposure to carbon relative to the index, we don't believe there would be a negative impact on alpha generation to have the portfolio being carbon neutral by 2030. Conversely, we already have investments in companies that are providing solutions to various environmental issues and reducing carbon and these companies have contributed in a positive way to alpha generation.

When assessing our exposure to relevant climate-related risk, we have analysed the short-term (within 1 year), medium-term (1-3 years) and the long term (3 to 10 years).

- (B) Yes, beyond our standard planning horizon
- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

**● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

As a part of our investment process, qualitative ESG research must be undertaken by the investment team in the initial and ongoing assessment of every company. This analysis is performed in the context of determining if a company is investable or not by understanding the key ESG risks as well as looking for ESG related factors that can influence the overall investment case. As such, we continuously analyse our investments' exposure to climate change risks and opportunities. Almost all companies that we invest in have an ESG policy/sustainability report which typically outlines how they address climate change risk.

Within our portfolios, climate related risks are more pertinent to companies within the following sectors: industrials, technology and consumer staples.

Risks include: food security, water scarcity, electricity production etc. which we discuss during our engagements. We do not typically invest in commodity, energy or utility companies or sub sectors such as auto manufacturers and airlines. We perceive these industries/sectors to be the leading contributors to climate change and most at risk with the move to carbon neutrality.

We analyze 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-related risks do have an influence on our buy/sell decisions. These risks are incorporated into our ESG research and ultimately the valuation.

For example a company may pass our initial investment (Step 1 and Step 2 of the investment process) universe screen and negative ESG filters. For a company to pass Step 3 of our process, we perform our own qualitative analysis examining our six quality factors where all six must be met. Climate change risks are analyzed when we assess the ESG quality factor. If these risks are deemed significant a company would fail our ESG quality factor and would not be considered for investment (for example fossil fuel distributor/retailer such as Ampol and internationally, Sunoco that have structural headwinds and we believe the risks they face in transitioning their businesses towards a net zero economy are too risky, so we exclude them).

This is also where positive influences on the overall investment case are identified (for example Novozymes which produces enzymes used in production of ethanol fuel).

Where we identify climate related risk/opportunities these would be factored into our valuation assessment (Step 4). These would be analyzed using various scenario analysis/outcomes. These risk/opportunities would generally impact the valuation through either (or a combination of) future earnings power, growth rates, profitability margins and also the valuation multiple applied in determining our price target.

Finally, in Step 5, portfolio construction this may impact the size of a position within the portfolio.

Over the past 12 months, we have consistently monitored the portfolios and underlying companies exposure to all climate change risks and have consistently had portfolios with carbon intensity scores well below their respective benchmarks as well as having aligned portfolios with the Paris agreement's goal of limiting global mean temperature to below 2°C according to MSCI ESG research.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios**

Specify:

We analyse all portfolios on an annual basis using the 2° Investing Initiative's PACTA Climate Scenario analysis. The analysis highlights that our portfolios have virtually nil direct risk under various scenarios run by the analysis. Additionally, we utilise MSCI's Implied Temperature Rise portfolio analysis tool. This analysis also shows that our portfolios are in line with the Paris agreement's goal of limiting global mean temperature to below 2°C. This analysis is publicly available on MSCI's website.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

- (A) Yes, we have a process to identify and assess climate-related risks**

## (1) Describe your process

As a part of our investment process, qualitative ESG research must be undertaken by the investment team in the initial and ongoing assessment of every company. This analysis is performed in the context of determining if a company is investable or not by understanding the key ESG risks as well as looking for ESG related factors that can influence the overall investment case. As such, we continuously analyse our investments' exposure to climate change risks and opportunities. Almost all companies that we invest in have an ESG policy/sustainability report which typically outlines how they address climate change risk.

Within our portfolios, climate related risks are more pertinent to companies within the following sectors: industrials, technology and consumer staples.

Risks include: food security, water scarcity, electricity production etc. which we discuss during our engagements. We do not typically invest in commodity, energy or utility companies or sub sectors such as auto manufacturers and airlines. We perceive these industries/sectors to be the leading contributors to climate change and most at risk with the move to carbon neutrality.

We analyse every company's carbon footprint and carbon intensity trends.

We analyze 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-related risks do have an influence on our buy/sell decisions. These risks are incorporated into our ESG research and ultimately the valuation.

For example a company may pass our initial investment (Step 1 and Step 2 of the investment process) universe screen and negative ESG filters.

For a company to pass Step 3 of our process, we perform our own qualitative analysis examining our six quality factors where all six must be met. Climate change risks are analyzed when we assess the ESG quality factor. If these risks are deemed significant a company would fail our ESG quality factor and would not be considered for investment (for example fossil fuel distributor/retailer such as Ampol and internationally, Sunoco that have structural headwinds and we believe the risks they face in transitioning their businesses towards a net zero economy are too risky, so we exclude them). This is also where positive influences on the overall investment case are identified (for example Codan in mining safety and internationally Novozymes which produces enzymes used in production of ethanol fuel).

Where we identify climate related risk/opportunities these would be factored into our valuation assessment (Step 4).

These would be analyzed using various scenario analysis/outcomes. These risk/opportunities would generally impact the valuation through either (or a combination of) future earnings power, growth rates, profitability margins and also the valuation multiple applied in determining our price target.

Finally, in Step 5, portfolio construction this may impact the size of a position within the portfolio.

Over the past 12 months, we have consistently monitored the portfolios and underlying companies exposure to all climate change risks and have consistently had portfolios with carbon intensity scores well below their respective benchmarks as well as having aligned portfolios with the Paris agreement's goal of limiting global mean temperature to below 2°C according to MSCI ESG research.

## (2) Describe how this process is integrated into your overall risk management

As a part of our investment process, qualitative ESG research must be undertaken by the investment team in the initial and ongoing assessment of every company. This analysis is performed in the context of determining if a company is investable or not by understanding the key ESG risks as well as looking for ESG related factors that can influence the overall investment case. As such, we continuously analyse our investments' exposure to climate change risks and opportunities. Almost all companies that we invest in have an ESG policy/sustainability report which typically outlines how they address climate change risk.

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These would be analyzed using various scenario analysis/outcomes. These risk/opportunities would generally impact the valuation through either (or a combination of) future earnings power, growth rates, profitability margins and also the valuation multiple applied in determining our price target.

Over the past 12 months, we have consistently monitored the portfolios and underlying companies exposure to all climate change risks and have consistently had portfolios with carbon intensity scores well below their respective benchmarks as well as having aligned portfolios with the Paris agreement's goal of limiting global mean temperature to below 2°C according to MSCI ESG research.

**(B) Yes, we have a process to manage climate-related risks**

(1) Describe your process

As a part of our investment process, qualitative ESG research must be undertaken by the investment team in the initial and ongoing assessment of every company. This analysis is performed in the context of determining if a company is investable or not by understanding the key ESG risks as well as looking for ESG related factors that can influence the overall investment case. As such, we continuously analyse our investments' exposure to climate change risks and opportunities. Almost all companies that we invest in have an ESG policy/sustainability report which typically outlines how they address climate change risk.

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Where we identify climate related risk/opportunities these would be factored into our valuation assessment (Step 4).

These would be analyzed using various scenario analysis/outcomes. These risk/opportunities would generally impact the valuation through either (or a combination of) future earnings power, growth rates, profitability margins and also the valuation multiple applied in determining our price target.

Over the past 12 months, we have consistently monitored the portfolios and underlying companies exposure to all climate change risks and have consistently had portfolios with carbon intensity scores well below their respective benchmarks as well as having aligned portfolios with the Paris agreement's goal of limiting global mean temperature to below 2°C according to MSCI ESG research.

## (2) Describe how this process is integrated into your overall risk management

As a part of our investment process, qualitative ESG research must be undertaken by the investment team in the initial and ongoing assessment of every company. This analysis is performed in the context of determining if a company is investable or not by understanding the key ESG risks as well as looking for ESG related factors that can influence the overall investment case. As such, we continuously analyse our investments' exposure to climate change risks and opportunities. Almost all companies that we invest in have an ESG policy/sustainability report which typically outlines how they address climate change risk.

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Risks include: food security, water scarcity, electricity production etc. which we discuss during our engagements. We do not typically invest in commodity, energy or utility companies or sub sectors such as auto manufacturers and airlines. We perceive these industries/sectors to be the leading contributors to climate change and most at risk with the move to carbon neutrality.

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Climate-related risks do have an influence on our buy/sell decisions. These risks are incorporated into our ESG research and ultimately the valuation.

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Where we identify climate related risk/opportunities these would be factored into our valuation assessment (Step 4). These would be analyzed using various scenario analysis/outcomes. These risk/opportunities would generally impact the valuation through either (or a combination of) future earnings power, growth rates, profitability margins and also the valuation multiple applied in determining our price target.

Over the past 12 months, we have consistently monitored the portfolios and underlying companies exposure to all climate change risks and have consistently had portfolios with carbon intensity scores well below their respective benchmarks as well as having aligned portfolios with the Paris agreement's goal of limiting global mean temperature to below 2°C according to MSCI ESG research.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?**

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions
- (E) Weighted average carbon intensity**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - (1) Metric or variable used
    - (2) Metric or variable used and disclosed
    - **(3) Metric or variable used and disclosed, including methodology**
  - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)**

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
  - (1) Metric or variable used
  - (2) Metric or variable used and disclosed
  - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-equities-platform/68041761>

- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?**

**(A) Scope 1 emissions**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

**(B) Scope 2 emissions**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

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**(C) Scope 3 emissions (including financed emissions)**

- (1) Indicate whether this metric was disclosed, including the methodology
  - (1) Metric disclosed
  - (2) Metric and methodology disclosed
- (2) Provide links to the disclosed metric and methodology, as applicable

[https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379\\_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf](https://uploads-ssl.webflow.com/61009b51dbefd53113bfe3dd/6507e55d114d17efc3d29379_Bell%20Asset%20Management%20ESG%20Engagement%20Report%202022-2023.pdf)

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

**Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?**

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

## LISTED EQUITY (LE)

### OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

### (3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?**

**(3) Active - fundamental**

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(B) Yes, we have a formal process, but it does not include scenario analyses

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

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(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

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**(A) Yes, we have a formal process that includes scenario analysis - Specify: (Voluntary)**

We have an integrated approach to ESG within our investment process and portfolio construction, with ESG included as one of the six key quality factors that we test for every company being considered for the portfolio. It is therefore the responsibility of all members of the investment team to research, analyse and engage with management on any ESG related risks and opportunities for all companies in the portfolio and those being considered for investment. As ESG issues are constantly changing, it is the responsibility of the investment team to regularly monitor and changes to our ESG Materiality Assessment. We will also conduct scenario analysis for all of our investments if required.

**PRE-INVESTMENT**

**ESG INCORPORATION IN RESEARCH**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?**

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?**

### (3) Active - fundamental

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(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(1) in all cases

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(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(1) in all cases

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(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(1) in all cases

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(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(2) in a majority of cases

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(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.**

Croda International plc – Strong ESG characteristics, feeds into higher valuation, currently held in portfolios:

ESG related investment considerations:

Franchise: World leading manufacturer of oleochemicals (i.e. chemicals made from plant or animal-based oils or fats) which are largely replacing fossil fuel-based products

Passes all stages of our investment process, held in client portfolios since 2012

Profitability: Industry leading margins and ROIC > 12% since 2010

Growth: Industry leading EPS growth, from £1.25 at the time of purchase in 2012 to our forecast of £2.50 in 2025

Financial Strength: Net Debt/EBITDA @ 0.5x in 2022

Management: Committed and aligned to various sustainability factors

ESG considerations:

AAA rated by MSCI since 2016 (one of two AAA rated Specialty Chemical peers)

Listed in the FTSE4Good since 2008

Key Strengths: Water Stress, Corporate Governance & Chemical Safety (Top Quartile vs Peers – MSCI)

Over 70% of raw materials come from natural, renewable resources

Croda is also acutely aware of being aligned to the UN's SDG's

Their 2030 business strategy will look to unlock new business potential and include KPI's directly related to SDG's

Recent examples include vaccine ingredients (e.g. lipids for Pfizer's COVID-19 vaccine) and improving crop resilience.

Environmental:

Understanding oleochemical products vs. fossil fuel- based alternatives

Health and personal care companies are demanding environmentally friendly, sustainable ingredients to suit consumer demand

Incl. the use of palm oil derived inputs which have been reduced over time and what remains is 99% certified sustainable palm oil (CSPO)

Waste reduced by 70% since 2007 and emission down 32% since 2006

Water usage halved in 10 years

Non-fossil fuel energy usage 24% up from 4% in 2007

Social/Governance:

Strong management team who have been instrumental in transforming Croda into a sustainable specialty chemicals company  
 Management's alignment which includes many 'sustainability' factors.

The 3 KPIs are part of the "One Croda" culture:

- Sustainability – LTIs including increasing use of non-fossil fuels and employee safety
  - Innovation – NPP (new and protected product sales), now >28% of sales
  - Growth – Return on Sales (or margins), EPS and TSR
- Extensive sustainability report can be found on the Croda website

Valuation:

We value Croda at a high premium to peers and a 75% to the broader market (MSCI World)

The strong ESG attributes that we identified contribute in a significant way as to why Croda's franchise is so strong, its growth is stable and its profitability significantly above peers

Revenue and growth:

Secular tailwind as customers (primarily consumer staples, health and personal care companies) transition away from many fossil fuel based ingredients, to oleochemicals contributes to their strong growth rate

Additionally, in Croda's Life Sciences division, our estimates well ahead of market given the growth in lipids which are becoming more widely used in new vaccines (including Pfizer's COVID-19 vaccine)

Profitability:

Croda is also an industry leader in terms of R&D investments and innovation and the company and employees are aligned through various KPIs

This results in superior margins.

Additionally, the process to manufacture its products is not overly capital intensive and extremely scalable

Peer comparison:

When we compare to peers, most commodity bulk chemicals companies have very little pricing power, have volatile revenues due to being driven by commodity prices and also have significantly lower and more volatile operating lower margins which barely exceed 10%.

This compares to Croda, being a Specialty Chemical company that has good pricing power, stable revenue and operating margins above 20%

Valuation:

Given these strong characteristics, our upside price target is derived by applying a 75% P/E premium relative to the market (MSCI World)

This is currently a P/E multiple of 33x applied to our EPS estimates 24 months ahead, to give us our 12 month expected return.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?**

### (3) Active - fundamental

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(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

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(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

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(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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## POST-INVESTMENT

### ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

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(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

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(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

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(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

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(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

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(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

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(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

**Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.**

In our Annual ESG Engagement Report, we publish a 10 year attribution analysis of our fund's performance based on MSCI ESG ratings. The analysis demonstrates that BAM has allocated the majority of our funds to the highest rated ESG companies (rated AAA, AA or A by MSCI Research). The focus on having portfolio companies with strong ESG characteristics has contributed positively to the outperformance of the core strategy:

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

**For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?**

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

# CONFIDENCE-BUILDING MEASURES (CBM)

## CONFIDENCE-BUILDING MEASURES

### APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

#### How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
  - (H) We did not verify the information submitted in our PRI report this reporting year

## INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

#### What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
  - Select from dropdown list:
    - (1) Data internally audited
    - (2) Processes internally audited
    - (3) Processes and data internally audited
- (C) Listed equity
  - Select from dropdown list:
    - (1) Data internally audited
    - (2) Processes internally audited
    - (3) Processes and data internally audited