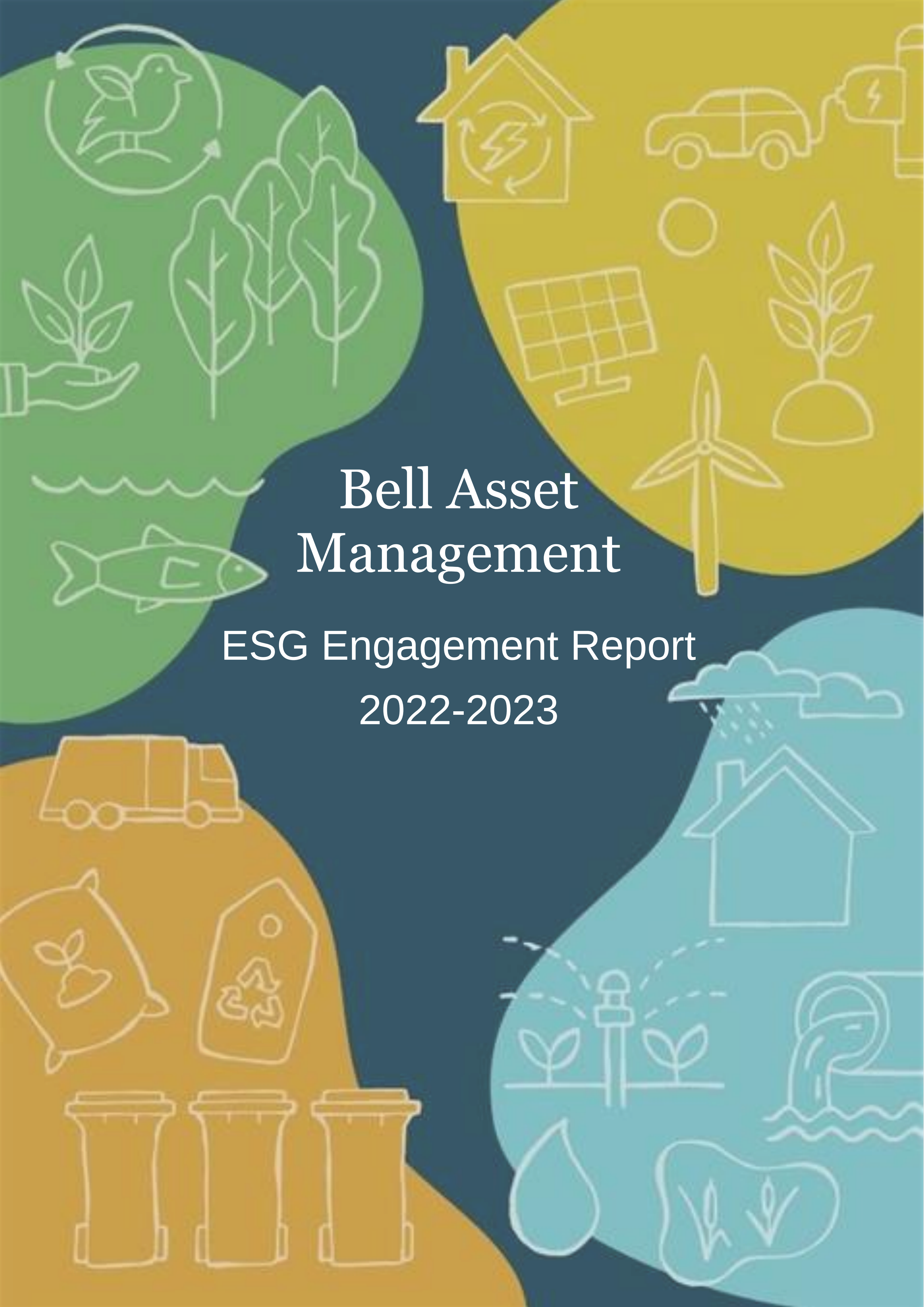

Bell Asset Management

ESG Engagement Report

2022-2023

Bell
ASSET MANAGEMENT

ESG Engagement Report
2022-2023

This document was published by Bell Asset Management on 8 September, 2023 based on information in relation to the year ended 30 June 2023 unless specially stated.

Important Information

Bell Asset Management Limited (BAM) ABN 84 092 278 647, AFSL 231091 is the responsible entity for the Bell Global Equities Fund (ARSN 096 281 300), Bell Global Sustainable Fund (ARSN 654 737 167) and the Bell Global Emerging Companies Fund (ARSN 160 079 541) (the Funds). This presentation has been prepared by BAM for information purposes only and does not take into consideration the investment objectives, financial circumstances or needs of any particular recipient – it contains general information only. Before making any decision in relation to the Fund, you should consider your needs and objectives, consult with a licensed financial adviser and obtain a copy of the product disclosure statement, which is available by calling (03) 9616 8619 or visiting www.bellasset.com.au. BAM has issued a Target Market Determination (TMD) for each Fund discussed in this presentation and each Fund's TMD is available at www.bellasset.com.au

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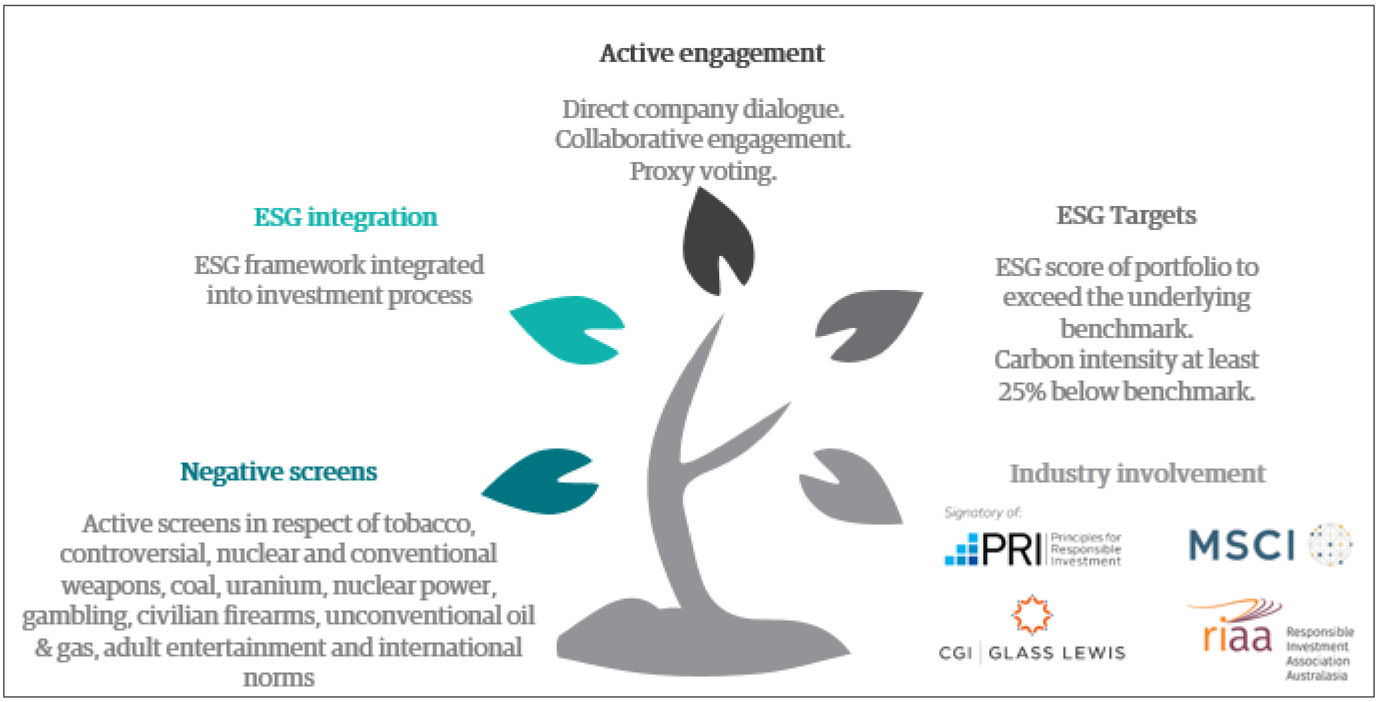
Firmwide ESG Philosophy

Bell Asset Management Ltd ("BAM", "We" "our") employs a robust and ongoing commitment towards integrating 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 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. We believe that as stewards of our client's capital, active ownership and engagement is in the best interests of our investors.



Investment Style

BAM employs a Quality at a Reasonable Price philosophy and uses a well-defined investment process to help build a high-quality portfolio, without paying an excessive share price premium. We are bottom-up stock pickers and believe consistent results can be obtained by having a portfolio of lowly correlated securities and a balance of diversified style tilts.

We define a ‘high quality company’ as one with an attractive combination of these six factors:

- Quality Management
- Consistent Profitability
- Franchise Strength
- Financial Strength
- Favourable Business Drivers
- Environmental, Social & Governance (ESG)

We have an ‘absolute’ approach to risk – ensuring capital preservation and upside participation:

- By being disciplined on valuation - we reduce valuation risk
- By not investing in poor quality companies – we reduce fundamental risk

ESG is integrated throughout the investment process and systematically feed into all investment decisions:

- Step 1 – Negative screening
- Step 3 – Qualitative, bottom-up assessment (ESG Materiality Assessment for each company, overall positive selection favouring companies with strong ESG characteristics and exclusion of companies that fail to meet our assessment)
- Step 4 – Valuation (modelling and valuation premiums/discounts applied)
- Step 5 – Portfolio construction (position sizing) to exceed our stated targets

ESG Negative Screening

The screening criteria below is applied across all portfolios on a firm-wide basis. We also apply additional client specific exclusions when required.

ESG Category	New Thresholds
Tobacco	Exclude all tobacco producers. Secondary exposure (distribution, licensing, retailing or supplying / packaging) limited to a 10% revenue threshold
Controversial Weapons	Exclude all companies with ties to controversial weapons ^
Conventional Weapons	Limit exposure to conventional weapons to 10% revenue threshold
Nuclear Weapons	Limit exposure to nuclear weapons to 10% revenue threshold
Small Arms - Civilian Firearms	Limit exposure to small arms or civilian firearms to 10% revenue threshold
Adult Entertainment	Exclude all adult entertainment producers. Secondary exposure (distribution or retailing) limited to 5% revenue threshold
International Norms-based screening	Exclude all companies that fail UN Global Compact compliance and exclude companies listed of various monitored sanction lists *
Coal - Mining, Generation and Transportation	Exclude all coal companies (as a primary business) as per GICS sub-industry. Also, a 10% revenue limit on any other exposure to coal via mining, power generation (utilities) or transportation (excludes met coal)
Uranium - Nuclear Power	Limit exposure to uranium mining to 5% revenue threshold
Nuclear Power - Supplier and Power Generation	Limit exposure to nuclear power generation and nuclear power suppliers to 10% revenue threshold
Gambling	Limit exposure to gambling operators to 10% revenue threshold
Unconventional Oil & Gas extraction	Limit exposure to unconventional oil and gas extraction to 5% revenue threshold #

See BAMs Stewardship Policy for further details. ESG factors are screened using MSCI ESG Research definitions.

^ Controversial weapons = Excludes companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.

* Sanction lists = European Union, OFAC (Office of Foreign Assets Control), OFAC Non-SDN Iranian, OFAC Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (the “CAPTA List”), United Nations Security Council, Swiss, Japan, Australia, Canada, Hong Kong, Singaporean, United Kingdom.

Unconventional Oil & Gas = Excludes oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore/offshore.

ESG Targets and Outcomes

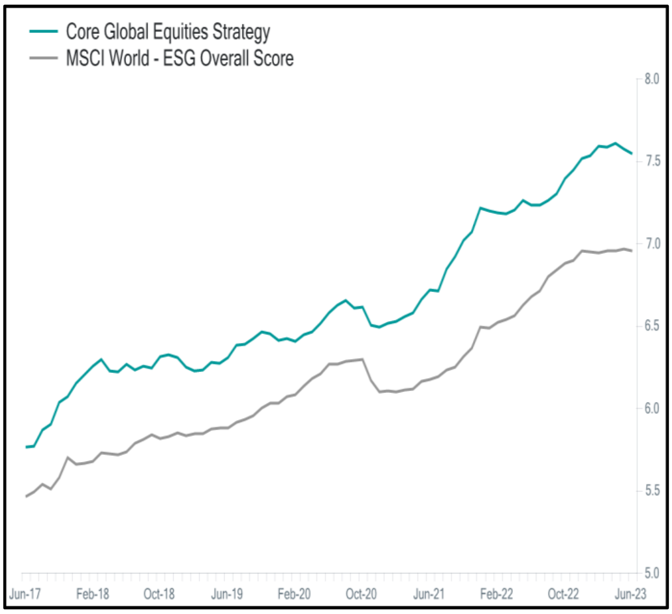
Policy Related ESG Targets and Outcomes

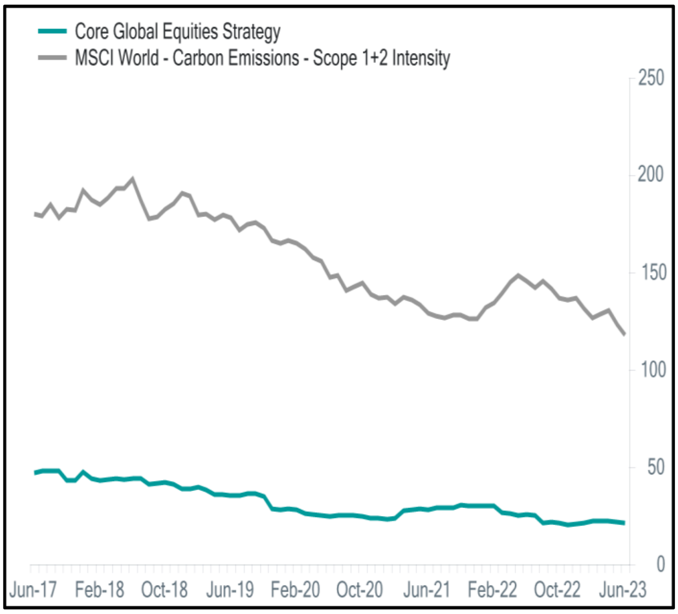
BAM's Stewardship Policy includes two specific ESG targets:

1. All strategy weighted average ESG scores will be consistently above their respective benchmark
2. All strategy weighted average Carbon Dioxide or equivalent (CO2e) intensity (scope 1 + 2, measured in tons of CO2e per million of USD revenues generated) will consistently be at least 25% below their respective benchmark

The outcome of our investment approach and our ESG philosophy has resulted in the carbon intensity (scope 1 + scope 2) of our portfolios being more than 75% lower than the benchmark.

BAM's Global Core strategy is represented below:

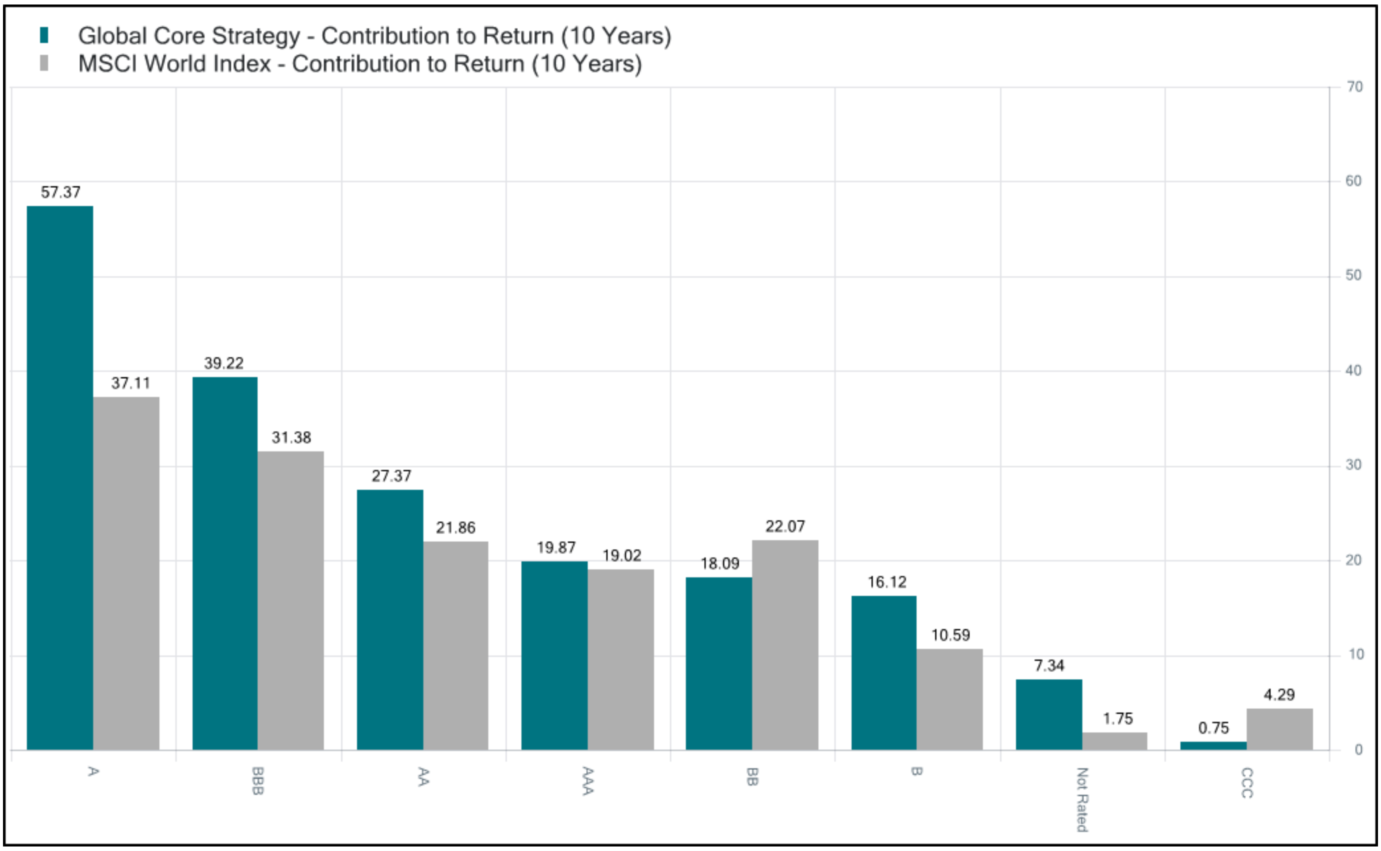




Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

ESG Performance Outcome

Over the last 11 years, BAM has allocated the majority of the global core portfolio holdings 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:



30-June 2013 to 30 June 2023	Core Global Equities (USD)			MSCI World			Attribution Analysis			
	Port. Average Weight	Port. Total Return	Port. Contrib. To Return	Bench. Average Weight	Bench. Total Return	Bench. Contrib. To Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
Total	**100.00**	**186.52**	**186.52**	**100.00**	**148.07**	**148.07**	**-2.52**	**49.34**	**-8.38**	**38.45**
AAA	**11.51**	**176.03**	**19.87**	**9.56**	**245.94**	**19.02**	**3.15**	**-7.62**	**-2.29**	**-6.76**
AA	**22.04**	**144.02**	**27.37**	**17.72**	**122.65**	**21.86**	**-0.21**	**5.18**	**0.96**	**5.93**
A	**22.79**	**272.38**	**57.37**	**24.49**	**167.85**	**37.11**	**0.20**	**21.66**	**-3.49**	**18.37**
BBB	**21.20**	**189.30**	**39.22**	**22.72**	**128.92**	**31.38**	**-0.68**	**15.82**	**0.45**	**15.59**
BB	**10.55**	**139.81**	**18.09**	**14.46**	**130.33**	**22.07**	**1.64**	**1.76**	**-1.27**	**2.13**
B	**5.47**	**285.02**	**16.12**	**7.79**	**60.96**	**10.59**	**2.68**	**10.50**	**-2.95**	**10.23**
CCC	**1.25**	**-3.25**	**0.75**	**2.36**	**163.57**	**4.29**	**0.11**	**-1.58**	**-0.78**	**-2.24**
Not Rated	**1.91**	**359.13**	**7.34**	**0.90**	**56.18**	**1.75**	**-0.87**	**3.61**	**0.99**	**3.74**

Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

TCFD Reporting

In alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we disclose our climate change strategy, risk management, metrics and targets in this section of the report. We discuss how our Governance Committee monitors and oversees our climate change strategy in our Stewardship Policy.

Strategy and Risk Management

As mentioned in our Investment Style discussion above, ESG factors including climate change risks and opportunities are assessed in Step 3 (Qualitative assessment) of our investment process. We discuss the steps BAM is currently actioning in terms of how our organisation is managing our own carbon emissions and climate change strategy in the "Recent ESG Enhancements" section of this report.

From an investment perspective, as part of our fundamental bottom-up investment process, our investment team review all ESG investment issues including climate change risks for all of our investment holdings and potential investment holdings within our ESG Materiality Assessment. This involves our own research and analysis, sourcing reports released by the company and the use of independent ESG research providers that will highlight specific climate change risks and controversies. Although a company may pass our initial investment universe screen and ESG exclusion filters (Step 1 of our Investment Process), it must also pass a "quality test"; should a company not pass all six quality factors, it will be excluded from investment.

We consider relevant climate change risks for various time periods; the short term (less than one year), medium term (one to five years) and the long-term (+five years). Analysis of the short term risks are typically climate change risks the companies are currently facing such as floods, drought, or sudden regulatory actions. Medium term climate change risks and opportunities are issues that the company will be facing within our investment time horizon and can affect our expected company earnings and valuation. Long term climate change risks take into account risks regarding the useful life and/or the value of the company's assets and infrastructure due to climate change risks.

We assess both physical risks and transition risks to climate change. Climate related issues can affect several important aspects of a company's financial performance and position, now and in the future. Climate related issues may have implications for a company's businesses and capital expenditures. In turn, capital expenditures will determine the nature and amount of long-lived assets and the proportion of debt and equity to be funded on a company's balance sheet. Climate related issues may also carry implication for future cash flows (operating, investing and financing activities).

Physical climate change risks typically include any risks that companies either currently or potentially in the future face such as any disruption of operations or destruction of property due to climate change such as major floods or fires. Transition climate change risks include issues such as policy constraints on emissions, impositions of carbon tax, water restrictions, land use restrictions or incentives, and market demand and shifts.

We believe that our strategies have very little exposure to physical climate change risk. The majority of our investments are considered "asset light" and do not have large operating footprints located in high risk areas. The Real Estate sector for example is a sector that we believe has higher exposure to physical climate change risk. Currently, we do not have any exposure to the Real Estate sector. We analyse physical climate change risks within our ESG Materiality Assessment for all of our holdings.

We believe that our strategies also have very little exposure to climate change transition risk. We believe the sectors with the highest exposure to transition risk are the Energy and Utility sectors. These sectors typically extract, refine, store and generate energy from fossil fuels that produce a significant amount of carbon. Other subsectors that are exposed to transition risk would be industries involved in transportation such as the shipping, aviation and auto industries. The Finance sector also has exposure as they have traditionally provided finance to these industries.

In Step 1 of our investment process, we screen out companies that have not generated an ROE greater than 15% over 3 consecutive years. At present, the vast majority of companies within the above-mentioned industries and sectors have been screened out of our investment universe because they have not generated an ROE greater than 15% consecutively over the past three years.

Our strategies are also tested under various climate change scenarios using PACTA's 2° Investing Initiative scenario analysis tool, a quantitative portfolio measurement tool that is supported by UNPRI. The software measurement tool assesses the overall alignment of our strategies with various climate scenarios and with the Paris Agreement. We publish the results of this analysis for our three main investment strategies on our website annually.

All climate change risks are incorporated in our ESG Materiality assessment, and lead to several of our company engagements. We have several climate change engagement examples in this report, but would highlight our discussions regarding our engagements with Neste Oyj and Advanced Drainage Systems as typical climate change engagements where we assess a company's exposure to climate change risks.

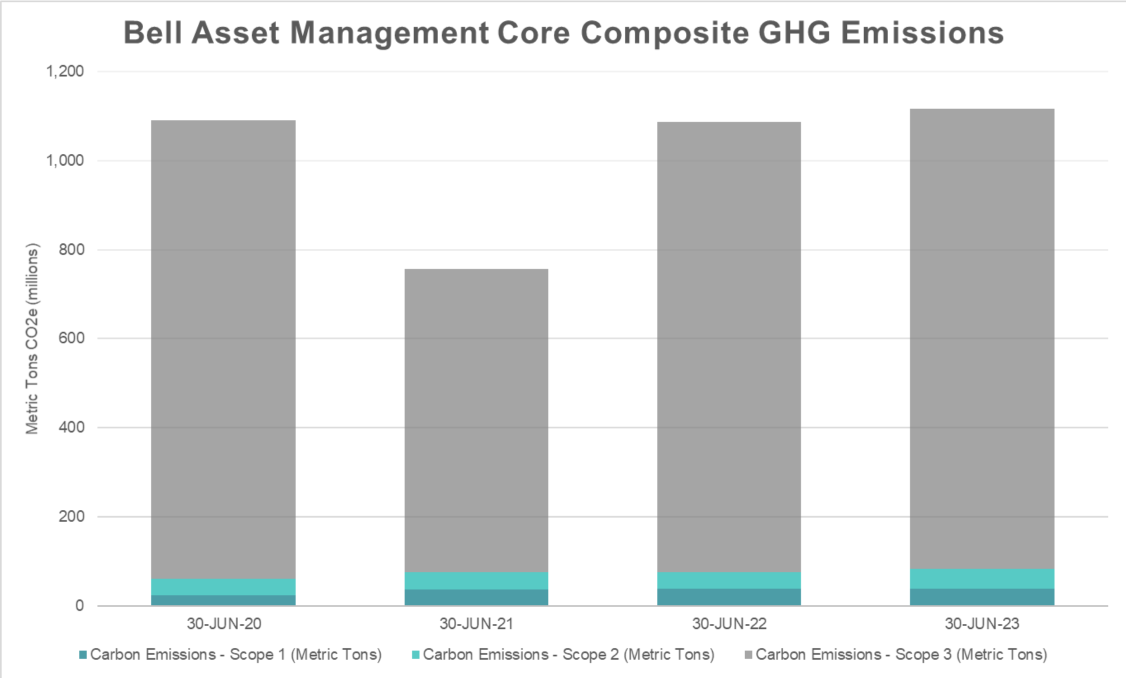
Metrics and Targets

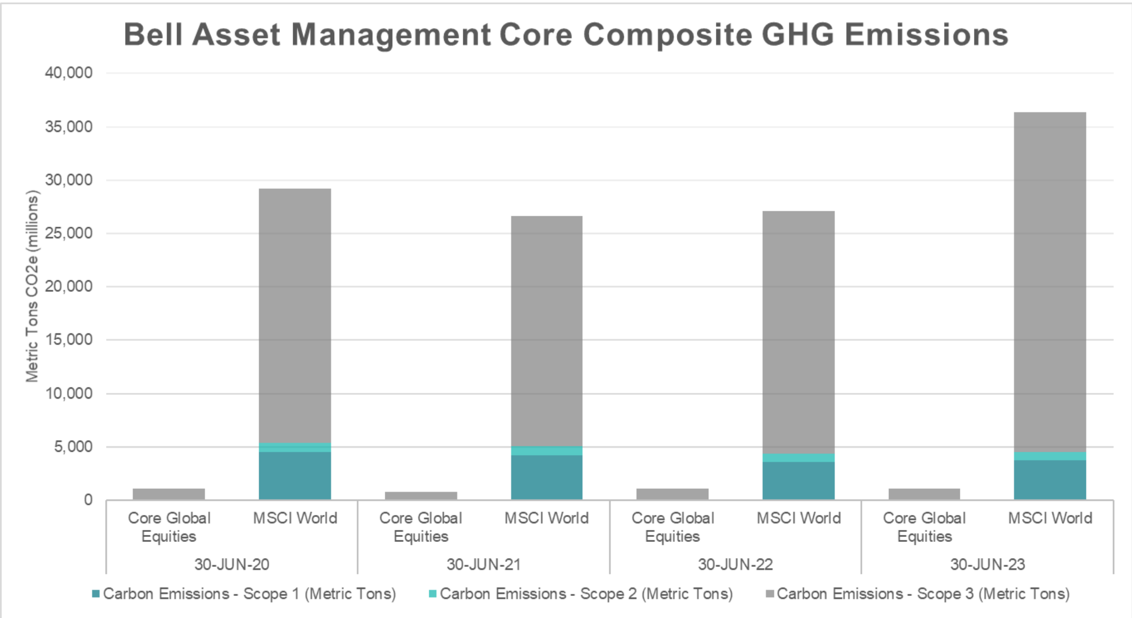
We publish two climate related metrics in order for stakeholders to monitor our progress in managing climate change. It is our policy that all strategies have a weighted average carbon intensity at least 25% below their respective benchmark, and the results have been published in the preceding section of this report. As the world continues to decarbonise, we envision that the carbon intensity of our benchmarks will continue to decline, and therefore our strategies' carbon intensity should continue to decline in a similar or hopefully quicker rate.

We also discuss in the "Recent Enhancements" section of this report how we are currently formalising net zero targets for each investment strategy we manage.

We also disclose our Global Core Composite Greenhouse Gas (GHG) emissions. We have broken down our GHG emissions in line with GHG Protocol standards, which categorise emissions into three scopes.

- **Scope 1 emissions** are the direct GHG emissions that occur from sources that are controlled or owned by the reporting organisation (e.g., emissions that result from fuel combustion in furnaces and vehicles).
- **Scope 2 emissions** are indirect GHG emissions associated with the purchase and use of electricity, steam, heat, or cooling by the reporting organisation.
- **Scope 3 emissions** result from activities and assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain (e.g., transportation and distribution, purchased goods and services).





Core Global Equities (USD) vs. MSCI World

30-JUN-20 to 30-JUN-23	30-JUN-20		30-JUN-21		30-JUN-22		30-JUN-23	
	Core Global Equities	MSCI World	Core Global Equities	MSCI World	Core Global Equities	MSCI World	Core Global Equities	MSCI World
Carbon Emissions - Scope 1 (Metric Tons)	23,291,810	4,514,151,694	36,257,646	4,189,592,445	38,788,541	3,608,731,446	39,101,205	3,720,738,569
Carbon Emissions - Scope 2 (Metric Tons)	37,675,838	886,291,531	39,838,785	838,785,324	37,138,319	737,851,238	44,349,370	763,653,447
Carbon Emissions - Scope 3 (Metric Tons)	1,028,667,298	23,806,209,596	680,512,548	21,625,025,253	1,010,861,431	22,756,398,717	1,032,515,533	31,910,652,563

Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

Methodology

Our emissions data is provided by MSCI ESG Research. The data represents the company's most recently reported GHG emissions. MSCI will also estimate GHG data when reported data is missing. GHGs include carbon dioxide, methane, nitrous oxide and other fluorinated gases. Figures on GHG emissions are expressed in tons of carbon dioxide equivalent (CO2e).

Over the three-year time period, over 95% of our global core portfolio holdings reported annual Scope 1 and Scope 2 carbon emissions data. Reported Scope 3 data for our global core portfolio has improved over the past three years, from 60% in 2020 to 75% in 2023.

Core Global Equities (USD)
Scope 1 Analysis
30-JUN-20 to 30-JUN-23

	30-JUN-20		30-JUN-21		30-JUN-22		30-JUN-23	
	Carbon Emissions - Scope 1 (Metric Tons)	# of Securities	Carbon Emissions - Scope 1 (Metric Tons)	# of Securities	Carbon Emissions - Scope 1 (Metric Tons)	# of Securities	Carbon Emissions - Scope 1 (Metric Tons)	# of Securities
Total	**23,291,810.14**	**94**	**36,257,646.00**	**94**	**38,788,541.00**	**95**	**39,101,205.00**	**101**
Reported	**23,291,810.14**	**92**	**36,257,646.00**	**90**	**38,788,541.00**	**91**	**39,101,205.00**	**99**
Not Reported	**--**	**2**	**--**	**4**	**--**	**4**	**--**	**2**

Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

Core Global Equities (USD)
Scope 2 Analysis
30-JUN-20 to 30-JUN-23

	30-JUN-20		30-JUN-21		30-JUN-22		30-JUN-23	
	Carbon Emissions - Scope 2 (Metric Tons)	# of Securities	Carbon Emissions - Scope 2 (Metric Tons)	# of Securities	Carbon Emissions - Scope 2 (Metric Tons)	# of Securities	Carbon Emissions - Scope 2 (Metric Tons)	# of Securities
Total	**37,675,838**	**94**	**39,838,785**	**94**	**37,138,319**	**95**	**44,349,370**	**101**
Reported	**37,675,838**	**92**	**39,838,785**	**91**	**37,138,319**	**92**	**44,349,370**	**100**
Not Reported	**--**	**2**	**--**	**3**	**--**	**3**	**--**	**1**

Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

Core Global Equities (USD)
Scope 3 Analysis
30-JUN-20 to 30-JUN-23

	30-JUN-20		30-JUN-21		30-JUN-22		30-JUN-23	
	Carbon Emissions - Scope 3 (Metric Tons)	# of Securities	Carbon Emissions - Scope 3 (Metric Tons)	# of Securities	Carbon Emissions - Scope 3 (Metric Tons)	# of Securities	Carbon Emissions - Scope 3 (Metric Tons)	# of Securities
Total	**1,028,667,298**	**94**	**680,512,548**	**94**	**1,010,861,431**	**95**	**1,032,515,533**	**101**
Reported	**1,028,667,298**	**57**	**680,512,548**	**57**	**1,010,861,431**	**63**	**1,032,515,533**	**75**
Not Reported	**--**	**37**	**--**	**37**	**--**	**32**	**--**	**26**

Source: MSCI ESG Research and Portfolio Analytics, Bell Global Equities Core strategy, June 2023

Recent ESG Enhancements

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 period covered by this report.

Environmental

Climate

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.

Waste

Partially due to our participation in the PRI Circular Economy Reference Group but also due to the sheer lack of standardised company data available, in 2023 we embarked on a portfolio-wide engagement with all companies within the global core portfolio regarding waste reporting and waste reduction programs. Our engagement covers (but not limited to) the following topics:

- Disclosure of amount of packaging and waste utilised in operations
- Disclosure of packaging mix
- Have you assessed the risks and opportunities presented by the use of plastics to your business?
- Does the company have any programs in place to reduce, reuse or recycle packaging materials?

Social

Diversity & Inclusion Statement

BAM has published our inaugural Diversity & Inclusion 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 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, Anti Bribery and Corruption 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.

The Anti Bribery and Corruption Policy (ABC Policy) is a new policy designed to address increasing interest from institutional investors and their consultants in BAM's ABC framework.

Our GIPS Policy was also updated in March 2023 which now includes new composites for US Equities only.

We updated our Code of Conduct Policy in January 2023. The updated policy version reinforces existing standards of professional conduct and to include provisions prohibiting bullying, discrimination and harassment.

We also 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.

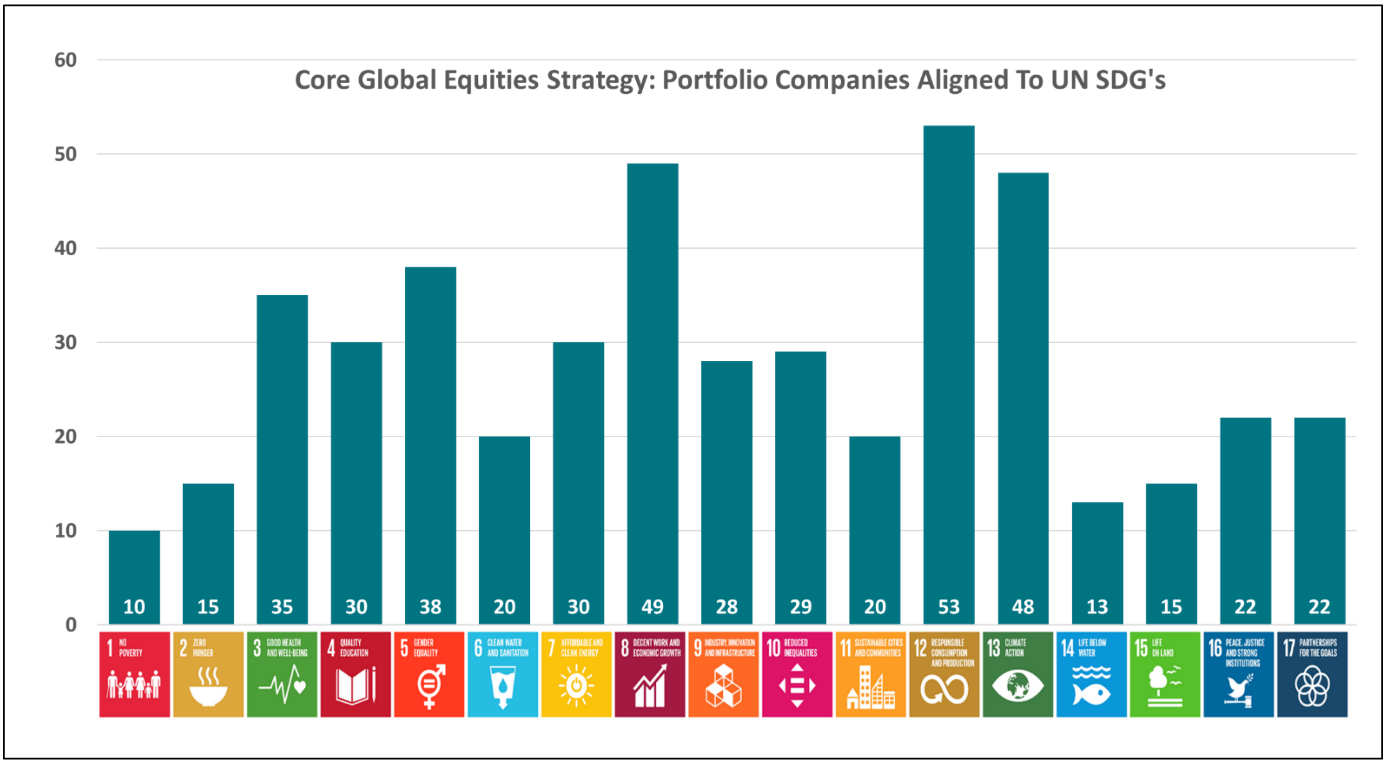
Alignment to UN SDGs and Outcomes

Support of the UN SDGs

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

Portfolio Mapping to the UN SDGs

At a strategy level, the outcome of our integrated investment and ESG approach is a portfolio of companies that have strong alignment to the UN's 17 SDGs. The majority of portfolio companies publish their alignment to these goals which we map on an ongoing basis. This chart represents the alignment as at June 2023:



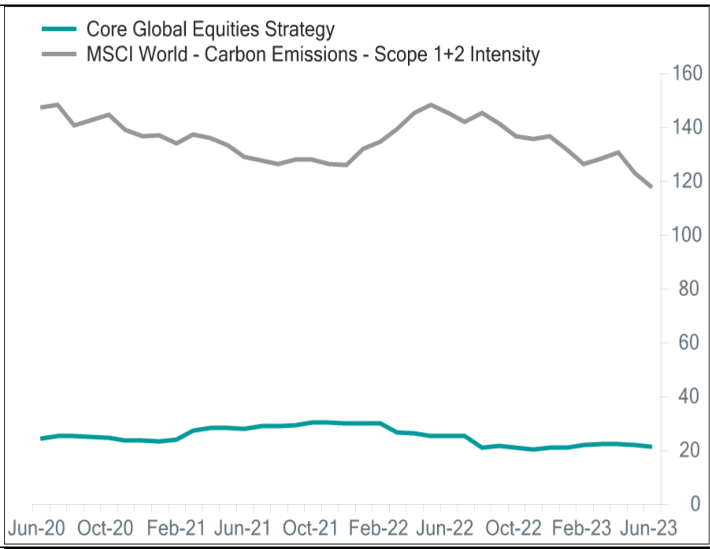
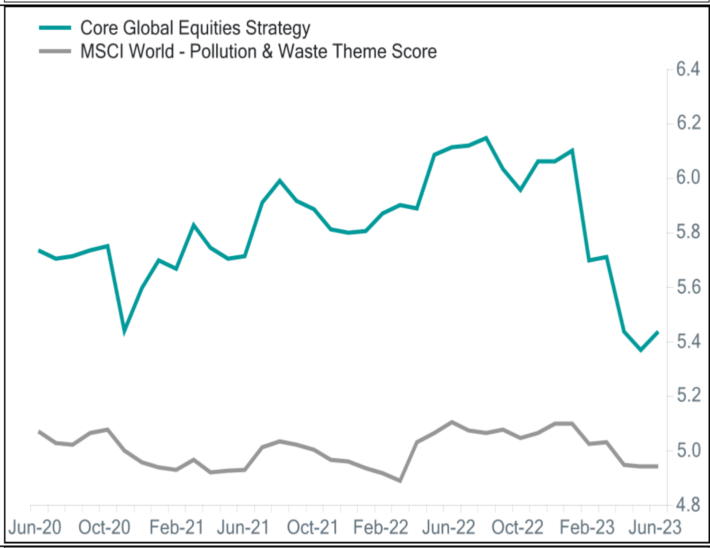
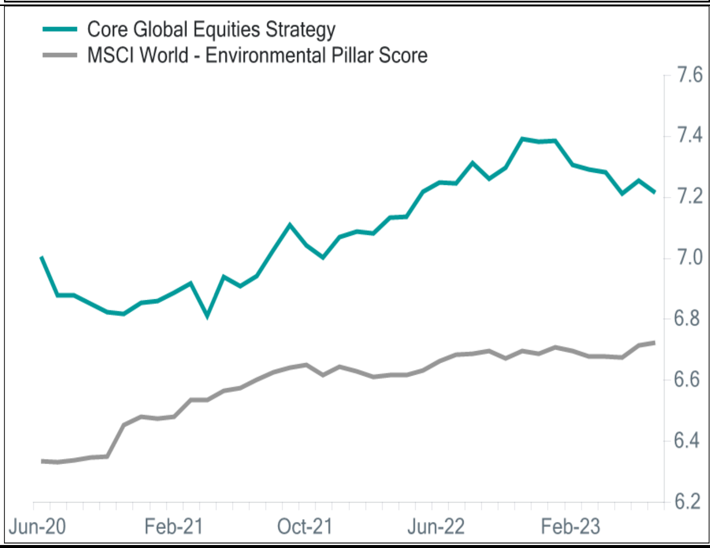
Source: Bell Asset Management, Company Disclosures and Reports

UN SDGs Prioritised by BAM

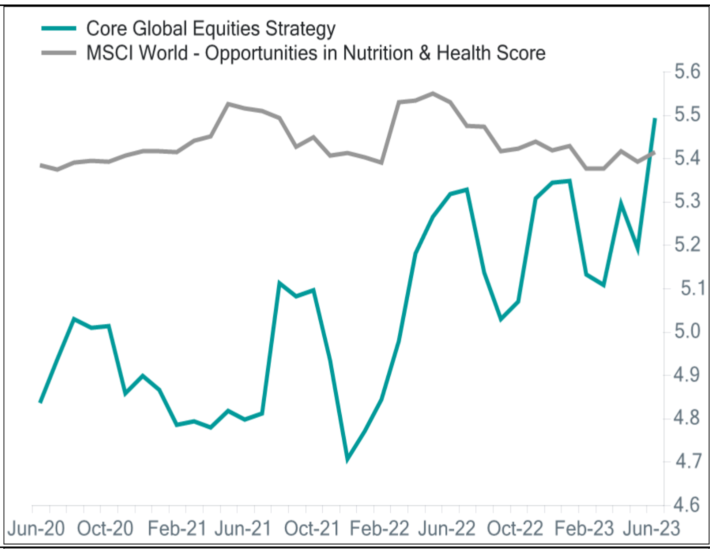
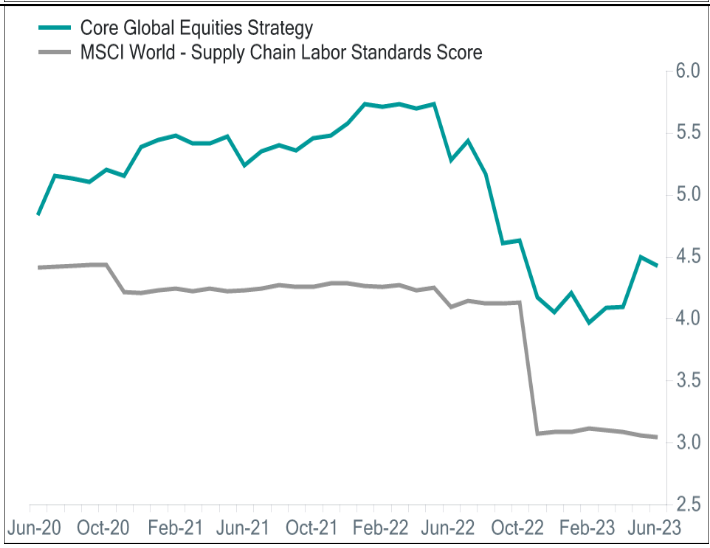
We have chosen seven SDGs to support and promote that align to our integrated investment philosophy and ESG approach. These are related to either the environment, social issues, or good governance, where we believe companies can make a meaningful difference in both their actions and in their disclosure.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

SDG Related Targets and Indicators

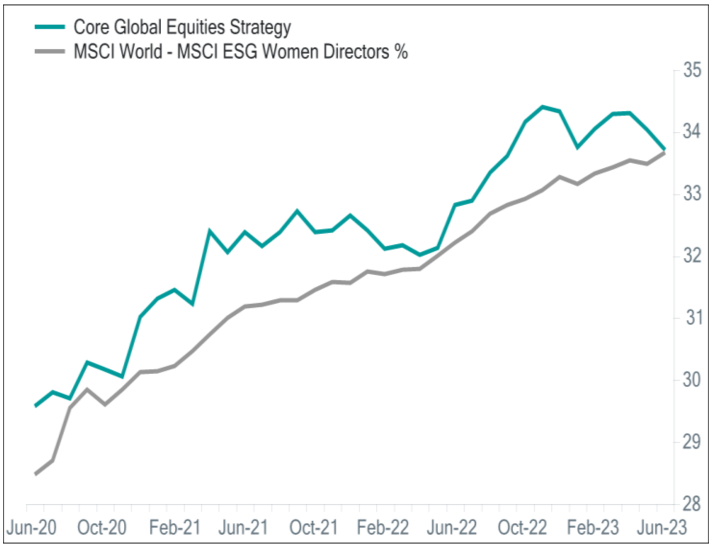
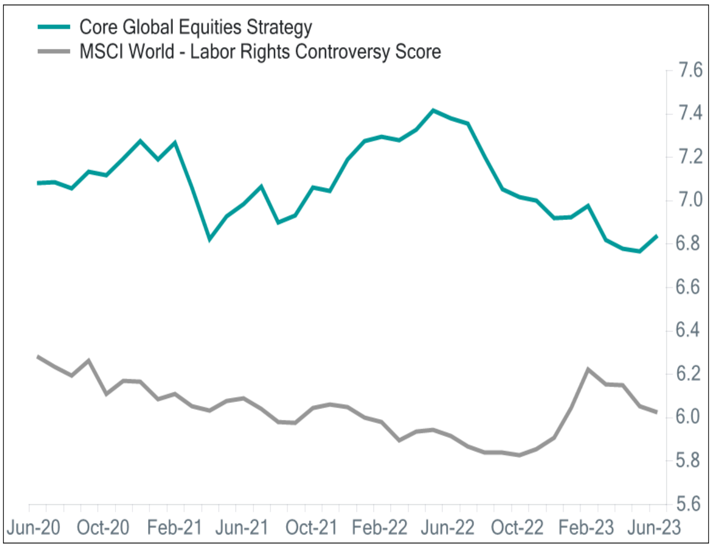
To formalise our support and alignment to the seven UN SDGs, we have selected specific targets and indicators for each SDG. This assists us in measuring and monitoring progress over time relative to a baseline of June 2020.

	SDG	Goal	KPI
Environment	7 AFFORDABLE AND CLEAN ENERGY 7.3 Target: By 2030, double the global rate of improvement in energy efficiency.	Indicator (UN): Energy intensity measured in terms of primary energy and GDP. GOAL: Maintain CO2e intensity of the portfolio at least 25% below the benchmark.	
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 12.5 Target: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Indicator (UN): National recycling rate, tons of material recycled. GOAL: Portfolio to exhibit better waste and pollution scores than the benchmark.	
	13 CLIMATE ACTION 13.2 Target: Integrate climate change measures into national policies, strategies and planning.	Indicator (UN): Total greenhouse gas emissions per year. GOAL: To understand at a portfolio company level (i) if companies are aligned to the Paris Accord and (ii) if they have Science Based Targets in place (iii) the progress made since the reference date.	

Source: MSCI ESG Research and Portfolio Analytics, UN SDGs, Core Global Equities Strategy, June 2023

	SDG	Goal	KPI
Social	3 GOOD HEALTH AND WELL-BEING Target: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	Indicator (internal): Opportunities in nutrition and health. GOAL: Engage with portfolio companies to improve disclosure around opportunities, practices and products to improve nutrition, health and wellbeing	
Social	8 DECENT WORK AND ECONOMIC GROWTH Target (8.7) 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Indicator (internal): Strong supply chain and labour conditions. GOAL: To understand supply chain risks and engage with companies to improve disclosures, improve monitoring and auditing. With the aim of eradicating forced labour, ending modern slavery and human trafficking and eliminating the worst forms of child labour.	

Source: MSCI ESG Research and Portfolio Analytics, UN SDGs, Core Global Equities Strategy, June 2023

	SDG	Goal	KPI
Governance	5 GENDER EQUALITY Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Indicator (UN): Proportion of women in managerial positions. GOAL: Improve diversity and pay equality across employees focusing on Women as a percentage of Directors and as a percentage of Board members.	
	10 REDUCED INEQUALITIES Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	Indicator (internal & UN): Strong Reduced labour rights controversies should result in improved redistributive impact of fiscal policy. GOAL: Improve disclosure and outcomes with respect to better job protection and overall equality.	

Source: MSCI ESG Research and Portfolio Analytics, UN SDGs, Core Global Equities Strategy, June 2023

Consideration of principal adverse impacts on sustainability factors

The principal adverse impacts (PAIs) are a list of indicators defined by the Sustainable Finance Disclosures Regulation (SFDR) that have negative, material, or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions.

We highlight below the PAIs on several sustainability factors in which our funds have action plans in place:

Indicator	Metrics	Value	Covered assets	Eligible Assets	Planned actions
PAI 3	GHG intensity of investee companies -Scope 1+2 (tCO2eq/EURm revenue)	20.3	97.8%	98.8%	We will continue to implement a threshold: the sub-fund will maintain its weighted average carbon intensity at least 25% below that of its reference index.
PAI 4	Exposure to companies active in the fossil fuel sector	3.2%	98.8%	98.8%	We will continue to implement a threshold: max 10% of revenues coming from thermal coal extraction
PAI 10	Share of investments that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0.0%	98.8%	98.8%	We will continue to implement an exclusion criteria: 0% breach of UN compact
PAI 14	Share of investments involved in the manufacture or selling of controversial weapons (%)	0.0%	98.8%	98.8%	We will continue to implement an exclusion criterion: 0% exposure to controversial weapons

Source: MSCI ESG Research and Portfolio Analytics, Core Global Equities Strategy, June 2023

Modern Slavery

Under the Modern Slavery Act 2015, BAM is not required to prepare, publish or provide to the Australian Border Force a Modern Slavery Statement for inclusion in the public register. As a practice of sound corporate citizenship and consistent with our approach to all ESG matters in our investment process however, BAM has elected to implement a Modern Slavery program that generally conforms to the requirements of Australia's Modern Slavery Act.

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

From an investment perspective, as a part of our fundamental bottom-up investment process, our investment team review all ESG investment issues including modern slavery and human rights for all companies we research for investment and hold within the portfolio. This includes due diligence on the company as well as their supply chains. We investigate these issues as part of our Quality assessment of a company (ESG is one of our 6 Quality factors) where we complete an ESG Materiality Assessment. The inputs include our own research and engagement, sourcing CSR/sustainability etc. reports released by the company and the use of 3rd party ESG research from MSCI that will highlight specific risks and/or "controversies".

This analysis also regularly includes engaging directly with companies to investigate areas of concern or uncertainty, following which we will make a determination of whether exposure to these risks deems us to exclude the company from investment due to failing our "quality test". We also analyse supply chain issues through our collaborative engagement KnowTheChain, which is discussed in more detail in the "Collaborative Engagements" section of this report. Human Rights is also investigated and analysed during our engagements regarding delivering sustainable outcomes.

Mandatory Modern Slavery training has also been specified for all investment management staff and for staff who oversee material outsource service provider relationships. The program is being led by our CEO and the progress of the program is overseen by BAM's Governance Committee.

Proxy Voting

Proxy Voting Philosophy

BAM's proxy voting procedures are designed to protect and enhance the investment value of our clients' assets. We regard the exercise of voting rights as an essential Stewardship tool. We recognise that the exercise of voting rights can be used to influence company policy on matters of corporate governance and can enhance investment value.

We generally support proposals regarding the environment, in particular, those seeking improved sustainability reporting and disclosure about company practices which impact the environment.

- We will support all shareholder proposals regarding increasing and/or improving carbon emissions disclosure*
- This includes recommendations provided by the Task Force on Climate-related Financial Disclosures (TCFD) which includes topics such as climate change scenario analysis, carbon emission metrics and carbon reduction targets*

We generally support enhancing the rights of workers, as well as considering the communities and broader constituents in the areas in which companies conduct their business activities.

- We will support shareholder proposals seeking to improve disclosure on a company's local stakeholders, workers' rights, workforce diversity and gender/racial pay inequity*
- We generally support proposals seeking increased disclosure regarding public health and safety issues including those related to product responsibility, in particular, the elimination or reduction of toxic emissions and use of toxic chemicals in manufacturing and the prohibition of tobacco sales to minors.

We will support initiatives that seek to enhance shareholder rights and independence and diversity of boards.

- For a large-cap company, (as defined by our proxy research provider) we will vote against all male directors up for election and re-election if a company has less than 30% female representation on the board. For a small-cap company, we will vote against all male directors up for election or re-election if there is not at least one female on the board
- We will vote against all proposals for a company to re-domicile to known tax haven countries
- We will vote against auditor ratification proposals in instances where it is clear that a company's auditor has not been changed for 20 or more years
- We will vote against proposed directors who are considered "over-boarded"
- We will vote against executive compensation packages considered excessive or not based on merit

Note: * = BAM customised proxy instruction

We utilise Glass Lewis as our proxy voting partner who provides recommendations for each proposal based on our ESG voting policy framework. We instruct our proxy voting partner to vote in a specific direction on various proposals if we are instructed to by individual clients for whom we manage a separate account mandate or to make sure the proxy vote is aligned with our Stewardship Policy guidelines.

The outcome of this partnership and our ESG philosophy means that we often don't vote in the same direction that is recommended by the portfolio company's board. Additionally, we will generally support shareholder resolutions because they are often in favour of increased disclosure, setting ESG related targets, improving diversity and improving governance through reducing over-boarding and improving independence.

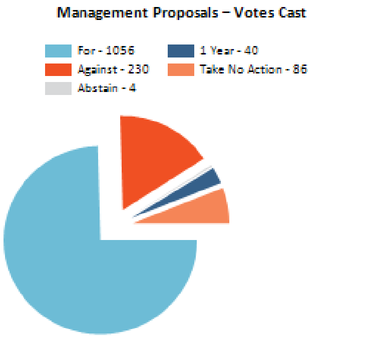
We are also constantly reviewing our proxy procedures to ensure that our Stewardship Policy is up to date with the most relevant management and shareholder proposals. In 2023, we made one update to our proxy procedures. We vote in favour of all shareholder proposals regarding companies reporting on tax transparency in line with the GRI Tax Standard. Previously we were voting in favour of these proposals on a case-by-case basis.

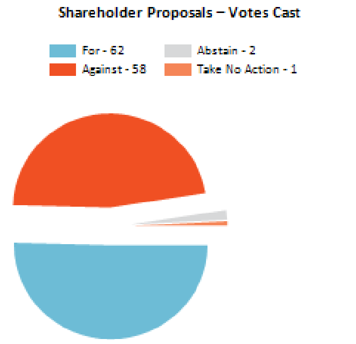
Proxy Voting Summary

Over the past 12 months to 30 June 2023, we voted on a total of 1539 proposals at all AGMs. We voted against management recommendations 305 times, or 20% of all proposals. We also supported 62 out of 123 shareholder proposals, or 50% of all shareholder proposals.

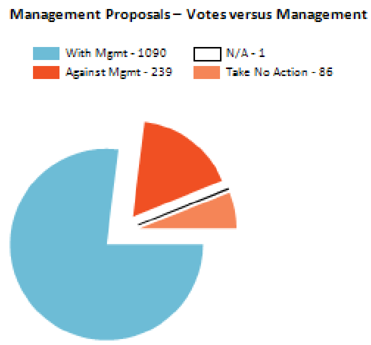
From 7/1/2022 to 6/30/2023

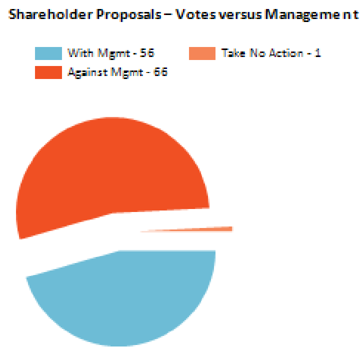
	Mgmt Proposals	SHP Proposals	Total Proposals
For	1056	62	**1118**
Against	230	58	**288**
Abstain	4	2	**6**
1 Year	40	0	**40**
2 Years	0	0	**0**
3 Years	0	0	**0**
Mixed	0	0	**0**
Take No Action	86	1	**87**
Unvoted	0	0	**0**
Totals	**1416**	**123**	**1539**





	Mgmt Proposals	SHP Proposals	Total Proposals
With Management	1090	56	**1146**
Against Management	239	66	**305**
N/A	1	0	**1**
Mixed	0	0	**0**
Take No Action	86	1	**87**
Unvoted	0	0	**0**
Totals	**1416**	**123**	**1539**





Source: Glass, Lewis & Co., LLC, June 2023

Breaking down our votes by Proposal Categories, we voted for 7 shareholder proposals regarding executive compensation, 2 shareholder proposals regarding the environmental disclosure, 22 shareholder proposals regarding governance, and 25 shareholder proposals regarding social issues.

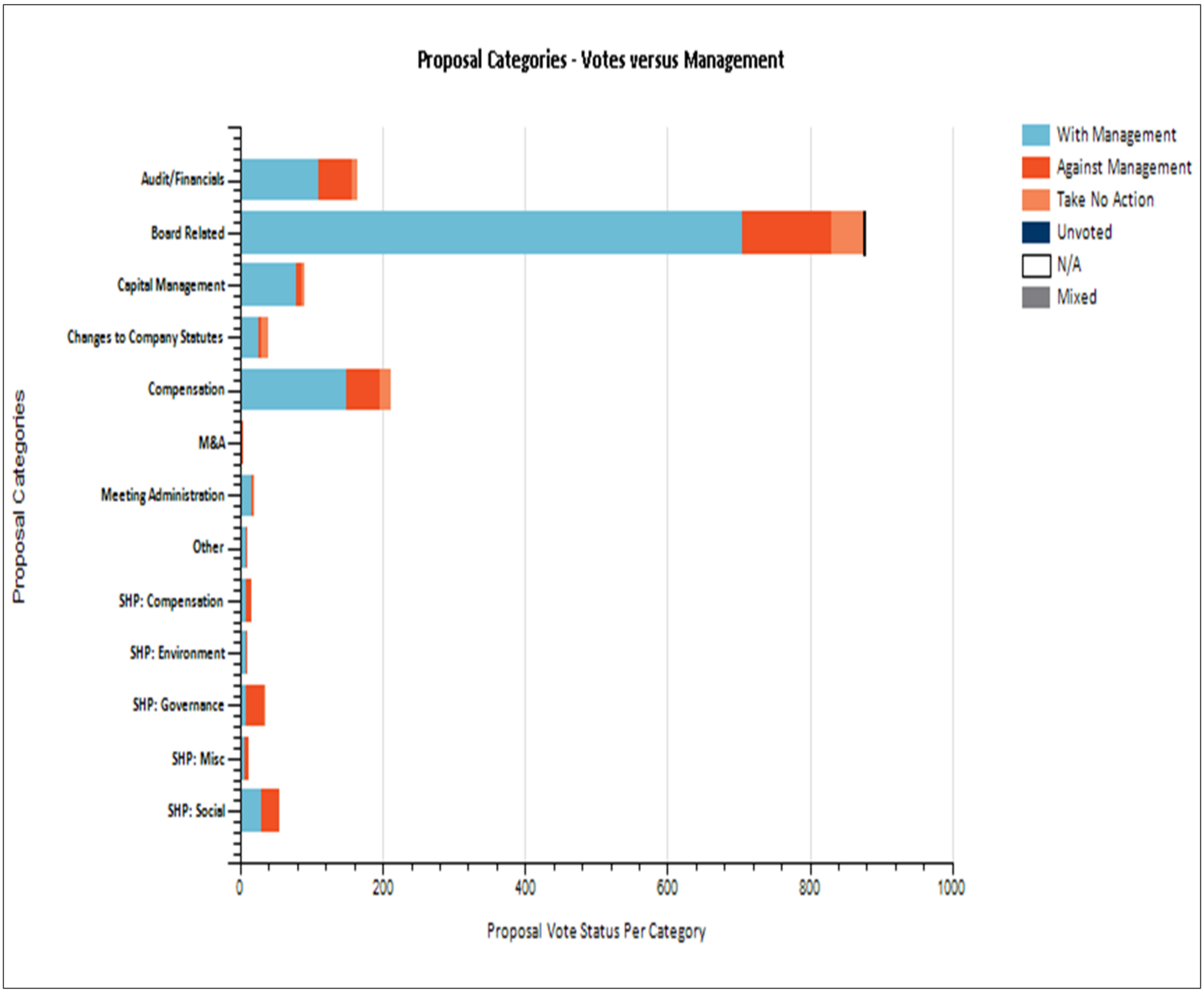
From 7/1/2022 to 6/30/2023

Proposal Categories - All Votes

Proposal Category Type	For	Against	Abstain	Take No Action	Unvoted	Total
Totals	**1118**	**288**	**6**	**87**	**0**	**1539**
Audit/Financials	110	46	0	9	0	**165**
Board Related	707	122	2	46	0	**877**
Capital Management	78	9	0	3	0	**90**
Changes to Company Statutes	26	2	2	10	0	**40**
Compensation	110	46	0	15	0	**211**
M&A	1	3	0	0	0	**4**
Meeting Administration	16	1	0	3	0	**20**
Other	8	1	0	0	0	**9**
SHP: Compensation	7	7	1	0	0	**15**
SHP: Environment	2	7	0	0	0	**9**
SHP: Governance	22	10	1	1	0	**34**
SHP: Misc	6	5	0	0	0	**11**
SHP: Social	25	29	0	0	0	**54**

Source: Glass, Lewis & Co., LLC, June 2023

We voted against 122 directors up for nomination, primarily due to the director being over-boarded or the company having insufficient female director representation; 46 remuneration-related (management) proposals; and 46 appointments of auditors, primarily due to excessive tenure.



Source: Glass, Lewis & Co., LLC, June 2023

BAM disclose our proxy votes for every investment holding proposal on a rolling twelve month basis on our website which can be found here: https://www.bellasset.com.au/about-us/how-we-manage-global-equities#esg-philosophy

The following table lists all Shareholder Proposals we have voted “For” which was recommended by their respective management to vote “Against” from 1 July 2022 to 30 June 2023.

Shareholder Proposals Voted For:

Issuer Name	Shareholder Proposal Description	Management Recommendation	Vote Decision	Vote Note
CGI Inc	Shareholder Proposal Regarding Report on Workforce Racial Equity	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Adobe Inc	Shareholder Proposal Regarding Report on Hiring Practices for People With Arrest Records	Against	For	Favour improved labour reporting & monitoring.
Alphabet Inc	Shareholder Proposal Regarding Lobbying Report	Against	For	Increased disclosure would allow shareholders to more fully assess risks presented by the Company’s indirect lobbying
Alphabet Inc	Shareholder Proposal Regarding Report on Risks from Abortion-Related Information Requests	Against	For	An evaluation of how the Company can protect sensitive user data could mitigate risk to shareholders
Alphabet Inc	Shareholder Proposal Regarding Human Rights Impact Assessment	Against	For	An independent review of human rights considerations in advertising could benefit shareholders
Alphabet Inc	Shareholder Proposal Regarding Algorithm Disclosures	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Alphabet Inc	Shareholder Proposal Regarding Alignment of YouTube Policies With Legislation	Against	For	Additional disclosure will help shareholders better understand regulatory risks faced by Company
Alphabet Inc	Shareholder Proposal Regarding Assessment of Audit and Compliance Committee	Against	For	An independent evaluation of audit committee could benefit shareholders
Alphabet Inc	Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions	Against	For	Shareholders should approve provisions that could potentially limit their rights
Alphabet Inc	Shareholder Proposal Regarding Recapitalization	Against	For	Allowing one vote per share generally operates as a safeguard for common shareholders
Amazon.com Inc.	Shareholder Proposal Regarding Report on Customer Due Diligence	Against	For	An assessment of the Company’s customer due diligence could benefit shareholders
Amazon.com Inc.	Shareholder Proposal Regarding Just Transition Reporting	Against	For	Additional disclosure on Just Transition planning would benefit shareholders and stakeholders
Amazon.com Inc.	Shareholder Proposal Regarding Report on Tax Transparency	Against	For	Additional disclosure could help mitigate regulatory and reputational risks

Issuer Name	Shareholder Proposal Description	Management Recommendation	Vote Decision	Vote Note
Amazon.com Inc.	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Amazon.com Inc.	Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions	Against	For	Shareholders should approve provisions that could potentially limit their rights
Amazon.com Inc.	Shareholder Proposal Regarding Third-Party Assessment of Freedom of Association	Against	For	An independent assessment of freedom of association and collective bargaining policies is warranted
Amazon.com Inc.	Shareholder Proposal Regarding Employee Salary Considerations When Setting Executive Compensation	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Amazon.com Inc.	Shareholder Proposal Regarding Report Evaluating Animal Welfare Standards	Against	For	Favour reporting on and protecting animal welfare.
Amazon.com Inc.	Shareholder Proposal Regarding Formation of Public Policy Committee	Against	For	Favour the establishment of a board environmental committee
Amazon.com Inc.	Shareholder Proposal Regarding Report on Working Conditions	Against	For	Additional, independent scrutiny on the Company's working conditions is warranted
Amazon.com Inc.	Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology	Against	For	Additional disclosure on the financial and operational risks associated with the use of Rekognition would benefit shareholders
American Express Co.	Shareholder Proposal Regarding Severance Approval Policy	Against	For	Shareholders should be consulted before the Company enters into severance agreements that provide benefits exceeding 2.99 times salary and bonus
Booz Allen Hamilton Holding Corp	Shareholder Proposal Regarding Right to Call Special Meetings	Against	For	A 10% threshold for calling a special meeting is appropriate
Charles River Laboratories International Inc.	Shareholder Proposal Regarding Report on Nonhuman Primate Importation and Transportation	Against	For	Favour reporting on and protecting animal welfare.
Church & Dwight Co., Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Cisco Systems, Inc.	Shareholder Proposal Regarding Report on Tax Transparency	Against	For	Additional disclosure could help mitigate regulatory and reputational risks

Issuer Name	Shareholder Proposal Description	Management Recommendation	Vote Decision	Vote Note
Coca-Cola Co	Shareholder Proposal Regarding Racial Equity Audit	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Cognizant Technology Solutions Corp.	Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions	Against	For	Shareholders should approve provisions that could potentially limit their rights
Colgate-Palmolive Co.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Ecolab, Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Edwards Lifesciences Corp	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Electronic Arts, Inc.	Shareholder Proposal Regarding Severance Approval Policy	Against	For	Shareholders should be consulted before the Company enters into severance agreements that provide benefits exceeding 2.99 times salary and bonus
Fiserv, Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
HCA Healthcare Inc	Shareholder Proposal Regarding Board Oversight of Staffing and Patient Safety	Against	For	In best interests of shareholders.
Home Depot, Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Honeywell International Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Johnson & Johnson	Shareholder Proposal Regarding Report on Access to COVID-19 Products	Against	For	Favour reporting/improving drug pricing/distribution.
Johnson & Johnson	Shareholder Proposal Regarding Extended Patent Exclusivities and Application for Secondary and Tertiary Patents	Against	For	Favour reporting/improving drug pricing/distribution

Issuer Name	Shareholder Proposal Description	Management Recommendation	Vote Decision	Vote Note
Kroger Co.	Shareholder Proposal Regarding External Public Health Costs Created by the Sale of Tobacco Products	Against	For	Favour review/end of tobacco/alcohol business.
Kroger Co.	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Lowe`s Cos., Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Masimo Corp	Elect Politan Nominee Michelle Brennan	Do Not Vote	For	Adds requisite experience and perspective
Masimo Corp	Elect Politan Nominee Quentin Koffey	Do Not Vote	For	Adds requisite experience and perspective
Mastercard Incorporated	Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions	Against	For	Shareholders should approve provisions that could potentially limit their rights
Microsoft Corporation	Shareholder Proposal Regarding Report on Hiring Practices	Against	For	Favour improved labour reporting/monitoring.
Microsoft Corporation	Shareholder Proposal Regarding Report on Government Use of Technology	Against	For	Favour limiting/prohibiting military contracts/sales.
Microsoft Corporation	Shareholder Proposal Regarding Risks of Developing Military Weapons	Against	For	Favour limiting/prohibiting military contracts/sales.
Microsoft Corporation	Shareholder Proposal Regarding Report on Tax Transparency	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Nike, Inc.	Shareholder Proposal Regarding Policy to Pause Sourcing of Raw Materials from China	Against	For	Additional disclosure could help mitigate regulatory and reputational risks
Pfizer Inc.	Shareholder Proposal Regarding Independent Chair	Against	For	An independent chair is better able to oversee the executives of a company and set a pro-shareholder agenda
Pfizer Inc.	Shareholder Proposal Regarding Intellectual Property	Against	For	Favour reporting/improving drug pricing/distribution.
Pfizer Inc.	Shareholder Proposal Regarding Extended Patent Exclusivities and Application for Secondary and Tertiary Patents	Against	For	Favour reporting/improving drug pricing/distribution.
Starbucks Corp.	Shareholder Proposal Regarding CEO Succession Planning	Against	For	Additional refinement of succession planning process could benefit shareholders
Starbucks Corp.	Shareholder Proposal Regarding Third-Party Assessment of Freedom of Association	Against	For	An independent assessment of existing policies could benefit the Company and shareholders

Issuer Name	Shareholder Proposal Description	Management Recommendation	Vote Decision	Vote Note
Texas Instruments Inc.	Shareholder Proposal Regarding Right to Call Special Meetings	Against	For	A 10% threshold for calling a special meeting is appropriate
Texas Instruments Inc.	Shareholder Proposal Regarding Report on Customer Due Diligence	Against	For	The requested review could help mitigate reputational and regulatory risks
Unitedhealth Group Inc	Shareholder Proposal Regarding Racial Equity Audit	Against	For	
Unitedhealth Group Inc	Shareholder Proposal Regarding Severance Approval Policy	Against	For	Shareholders should be consulted before the Company enters into severance agreements that provide benefits exceeding 2.99 times salary and bonus
Veeva Systems Inc	Shareholder Proposal Regarding Shareholder Approval of Advance Notice Provisions	Against	For	Shareholders should approve provisions that could potentially limit their rights
Verizon Communications Inc	Shareholder Proposal Regarding Amendment to Clawback Policy	Against	For	Additional clawback measures could potentially improve shareholder rights
Zoetis Inc	Shareholder Proposal Regarding Right to Call Special Meeting	Against	For	A 10% threshold for calling a special meeting is appropriate

Source: Glass, Lewis & Co., LLC, June 2023

Memberships

BAM has been a signatory to the UNPRI since 2014 and commit to the key obligations.

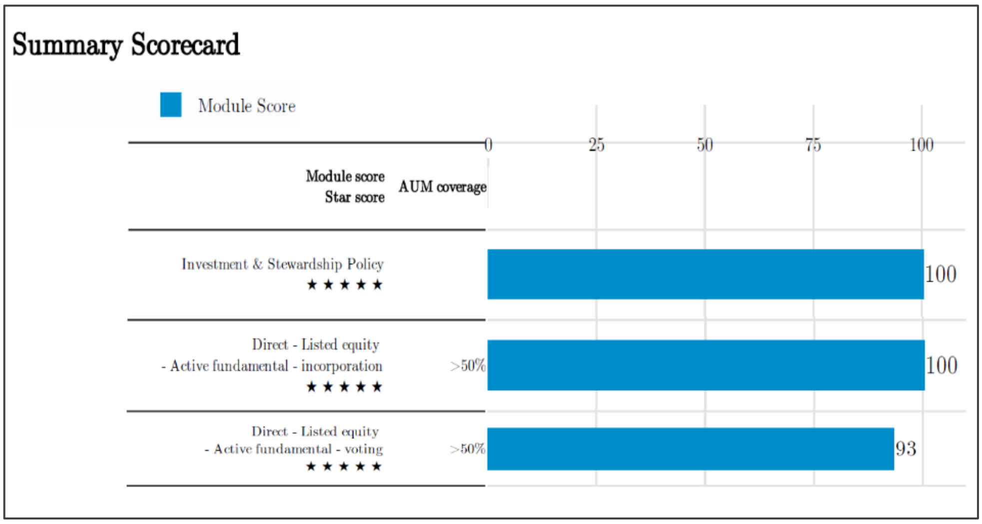
BAM is a member the Responsible Investment Association of Australasia (RIAA).

BAM is also a member of the Financial Services Council (FSC). The FSC is 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.

External Assessment

UN PRI

BAM has been a member of the UN PRI since 2014. In the 2021 assessment, we received a 5-star rating across the three modules that we were assessed on. We regard this as strong validation of our ESG related focus.



Source: UN PRI

UNPRI's 2021 Assessment and Transparency Report are available on our website

MSCI ESG Fund Ratings

All of BAM's managed funds are rated on MSCI's website and can be found here:

Bell Global Equities Fund (managed in accordance with the Core strategy): https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-equities-platform/68041761

Bell Global Emerging Companies Fund (managed in accordance with the Global Smid-Cap strategy): https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-emerging-companies/68201283

Bell Global Sustainable Funds (managed in accordance with the Select strategy): https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-sustainable-unhedged-class-units/68704411 and https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings-climate-search-tool/funds/bell-global-sustainable-hedged-class-units/68704410

RIAA

Since 2021, BAM has been recognised by RIAA as a Responsible Investment Leader.

All of BAM's Australian managed funds have been certified by RIAA.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that Bell Global Emerging Companies Fund, Bell Global Equities Fund and Bell Global Sustainable Fund (Hedged and Unhedged class units) adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Bell Global Emerging Companies Fund, Bell Global Equities Fund and Bell Global Sustainable Fund (both hedged and unhedged class units)'s methodology, performance and stock holdings can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA.[1]

1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

ESG Engagements

Engagement Process

Recent engagement summary: Over the 12 months to 30 June 2023, the investment team undertook over 550 engagements with companies. Specific ESG related issues were addressed in over 140 meetings. Additionally, we also continue to be active members contributing to 4 collaborative engagements.

Internal Research: Once a company has passed our initial universe screen (15% ROE hurdle, minimum $1 billion market capitalisation and our firm-wide negative ESG exclusions), the investment team performs bottom-up research to determine if these companies actually meet our "Quality" definition. The team analyse six "Quality factors" and all must be passed by all companies, one of those factors is ESG. The analysis includes an ESG materially assessment which is an internally developed tool to assist the investment team to focus engagements around key opportunities and/or risks specific to each company.

Public documentation and external research providers: Generally, the investment team will begin the research process using widely available information (for example, company filings/calls/presentations, sell-side research and industry research). This will generally include ESG/Sustainability reports released by the company as well as independent research from providers such as MSCI ESG Research, research provided by our proxy provider Glass Lewis (which also incorporate ESG information from Sustainalytics) and ISS.

One-on-one meetings with the company and external providers: We utilise our own proprietary ESG materiality matrix based on SASB that identifies key ESG risks and opportunities and how the company is addressing them. We use this research as a base to understand the key ESG related topics (both the risks and often times the business drivers) that we need to engage directly via one-on-one meetings with the company.

We have also engaged with our proxy provider on various occasions and also with MSCI analysts responsible for their ESG research.

Ongoing escalation and monitoring: If we cannot gain comfort on any topic or if we require further information, we have ongoing engagement. On many occasions this is when we will escalate our discussion to an ESG/Sustainability representative of the company. Over the past twelve months, we escalated engagement to company senior management on 21 occasions.

We consider ourselves to be long term shareholders, therefore we do follow the progress over time.

External collaborations: We believe our engagements are very important in raising awareness with companies which has the ability to influence positive outcomes. We also believe that collaborative engagements often times can lead to better and/or faster positive outcomes rather than purely through direct engagement. This is the fundamental reason why we h we have participated in several engagements in the past and will continue to do so in the future. We are also currently involved in 4 collaborative engagements.

Engagement with Industry and Government Organisations: BAM participates actively in various Industry and Government organisations which allows BAM direct input and information on financial services policy and regulations. For example, our CEO and ESG Officer, Nick Fels, is a member of the ESG Working Group with the FSC. The ESG Working has contributed to many current ESG issues such as addressing Modern Day Slavery Reporting Requirements, which was established to set guidance on how investment managers should approach modern slavery and consistently report on it. Another recent example has been the ESG Working Group contributing to the policy on ESG Product Labelling. More information regarding this work can be found below under "Engagement with Policymakers".

Influence and outcomes: We are highly encouraged by the continued improvement we see in company disclosure, reporting, alignment to UN SDGs, Company Greenhouse Gas Emissions (GHG) reduction targets as well as the introduction or enhancement of ESG alignment through targets, KPI's and remuneration policy. We believe ongoing engagement does influence the outcome and raise the ESG bar at a company and portfolio level. This is further evidenced over time by the increasing ESG score of our Index benchmarks (e.g. MSCI World Index) and more importantly the ESG score of our portfolios, which is well above their respective benchmarks.

Goals, Progress: Each engagement has a goal which may include: managing ESG related risks/opportunities or delivering sustainable outcomes. The progress of the engagement is tracked using milestones: BAM's concerns raised with the company, company acknowledges the concern, company develops a roadmap to achieving a related objective or target, the company implements the strategy to address the concern.

We classify the progress of all engagements into 4 categories.

They are:

Stage 1 of 4: Initial Engagement

Stage 2 of 4: Company Acknowledgement

Stage 3 of 4: Company Initiates Strategy

Stage 4 of 4: Company Implements Strategy

Engagement Examples

Over the past year up to 30 June 2023, BAM has continued to engage with companies on a variety of ESG-related topics. We are also involved in 4 collaborative engagements. Below are various examples of completed and ongoing engagements.

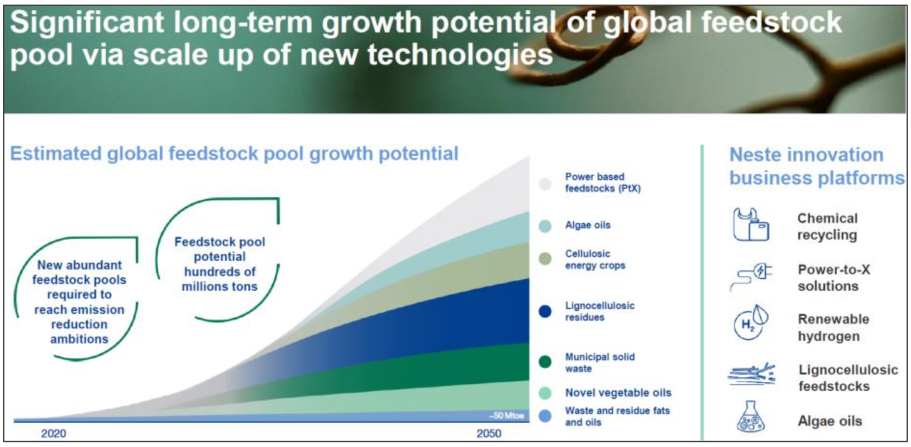
Environmental Related

Company Name:	Neste Oyj
Engagement Topic:	Further understanding of Neste within the Circular Economy
Country & Sector:	Finland – Energy
Primary Goal of Engagement:	Manage ESG Risk & Delivering Sustainability Outcomes
Progress:	Stage 4 of 4: Company Implements Strategy

Neste Oyj (Neste) is a renewable fuel and oil refining company based in Finland. The company is the world's leading producer of sustainable aviation fuel (SAF), renewable diesel and renewable feedstock solutions for various polymers and chemicals industry uses. In 2022 the company refined 3.3 million tons of renewable products, 11.2 million tons of refined oil-derived products, and operated approximately 1000 service stations, primarily located throughout Finland but also with a significant presence in other Baltic countries (Estonia, Latvia and Lithuania). The majority of their renewable diesel and SAF is derived from the collection and recycling of animal fats and cooking oil from restaurants which is collected and recycled by Neste.

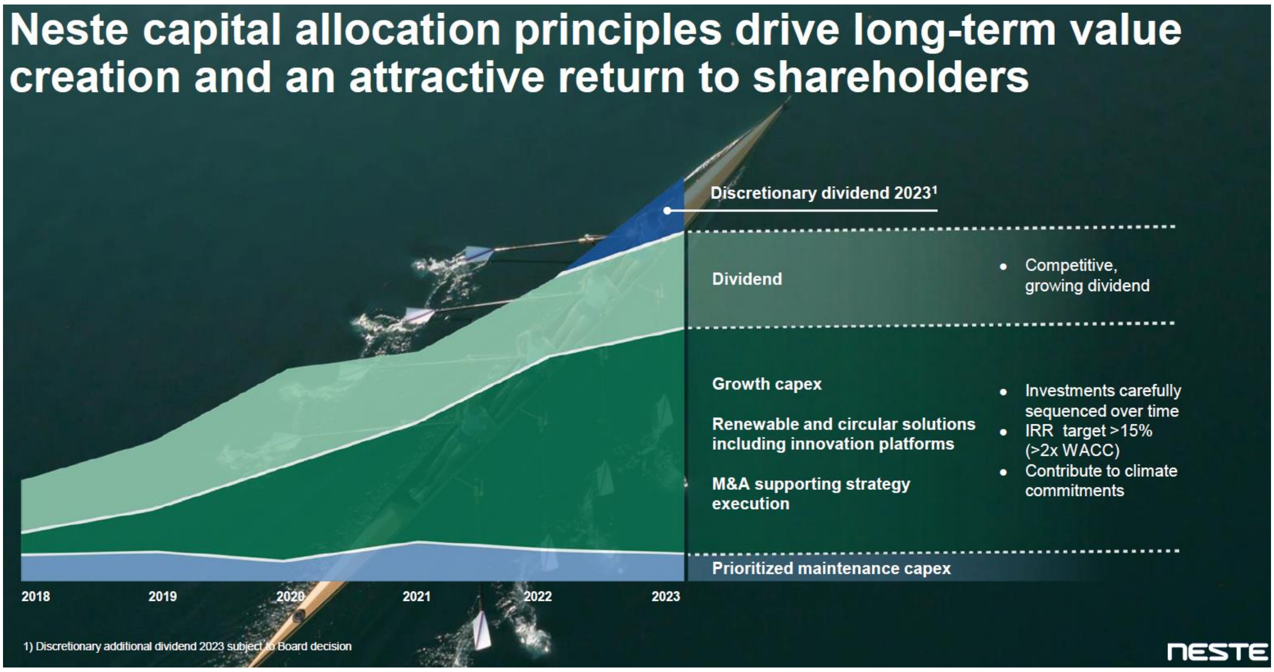
Neste re-entered our investment universe in early 2023 after falling out briefly due to the COVID pandemic. We have been engaging with management since 2019 and made an initial investment in Neste in February 2023. We believe demand for more sustainable energy and chemicals will continue to generate value for Neste. While it is difficult to estimate what future demand for renewable/more sustainable energy will be, we have observed several countries issue mandates to lower greenhouse gas and generally speaking countries have identified renewable oils as an integral part of the GHG reduction process as recycled oils are deemed to have lower carbon intensity than regular petroleum-based products since the recycled substance has been utilised more than once. While the company still refines oil-derived products at its Porvoo Finland refinery, the company's overall strategy is to create solutions for combating climate change and accelerating the shift to a circular economy by investing in renewable energy.

- Neste has begun several renewable production capacity projects that will double their renewable production capacity to 6.8 million tons by 2026.
- Neste is investing to increase its renewable polymers and chemicals production as well as its chemical recycling capabilities at its Porvoo refinery
- Neste believes there is significant opportunities to utilise other global feedstocks for the production of recycled oil products in the future. This is why they are investing in R&D to identify other types of raw materials other than recycled cooking oil and animal fats and retrofitting their existing refinery to be able to utilise other substitutes.



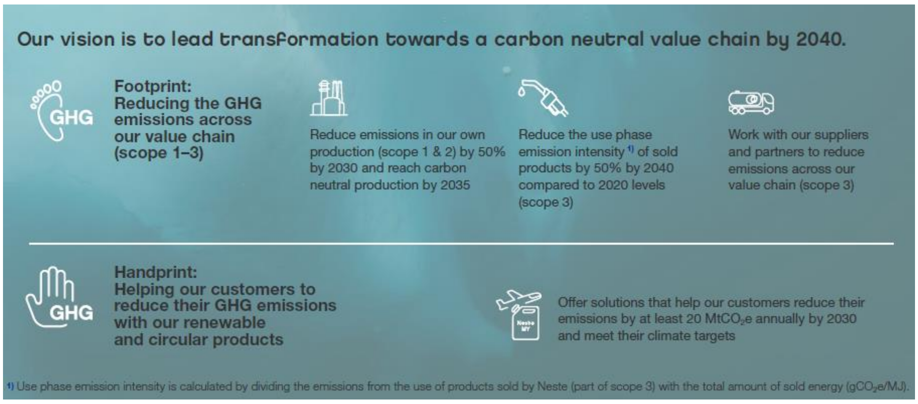
Source: Neste Capital Markets Day Presentation, June 2023

- Neste has announced that by the mid-2030s the company will no longer refine oil-derived products
- Neste is not increasing their capacity at its Porvoo refinery in oil-derived products. Neste is only investing in maintenance, safety and productivity capex only for its oil-derived refinery, while also switching its existing refinery to be able to handle more recycled oils.



Source: Neste Capital Markets Day Presentation, June 2023

Neste has committed to reduce their Scope 1 & 2 GHG emissions by 50% by 2030 (using 2019 as their baseline) and to reach carbon neutral by 2035. Neste is also committed to reducing their Scope 3 emissions by 20 million tons annually by 2030 by offering more recycled oil products. This will in turn lower their customer's Scope 2 emissions reflecting the circular nature of carbon reduction through recycling.



Source: Neste Capital Markets Day Presentation, June 2023

Neste has also committed to the UN SDGs to help achieve a better and more sustainable future.
Neste has identified 9 priority SDGs as the goals in which they can make the most significant contributions to.
Neste has built the following sustainable KPI table to help keep track on their progress:

Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2022	SDG link
Carbon handprint	Helping our customers to reduce their GHG emissions	Avoided GHG emissions by Neste customers with Neste's products (compared to fossil diesel) in $MtCO_2e$ [1]	20 $MtCO_2e$ annually by 2030	11.1 $MtCO_2e$ (10.9 $MtCO_2e$)	7 9 11 13 17
Carbon footprint	Leading transformation towards carbon neutral value chain and reaching carbon neutral production	Absolute GHG emissions in our own production (scopes 1 & 2)	50% reduction by 2030 in comparison to 2019 baseline 3.4 $MtCO_2$	2.5 $MtCO_2e$ (2.3 $MtCO_2$) 28% reduction compared to baseline	7 9 12 13 17
		Indirect value chain emissions (scope 3): Use phase emission intensity of sold fuel products (gCO_2e/MJ)	50% reduction by 2040 in comparison to 2020 baseline of 58 gCO_2e/MJ	57 gCO_2e/MJ (55 gCO_2e/MJ) 2% reduction compared to baseline	
		Energy consumption savings achieved during reporting year (GWh) and cumulative energy consumption savings during 2017–2025 compared to 500 GWh target (%)	2017–2025 target: 500 GWh	Energy consumption savings during reporting year 42.6 GWh (95.8 GWh) Cumulative savings 2017–2022 compared to target: 49% (41%) achieved	
		Share of renewable electricity of total purchased electricity (%) - scope 2 (market-based) measures (%) - additional measures [2] (%)	Aiming for 100% renewable electricity by 2023	93.8% (36.5%) scope 2 (market-based) measures 5.9% additional measures [2]	
Protecting biodiversity, air, water and soil	Driving a positive impact on biodiversity and achieve a nature positive value chain by 2040	Management of biodiversity impacts	Creating net positive impacts (NPI) for biodiversity from own direct new activities from 2025 onwards, and no net loss (NNL) of biodiversity from all own direct ongoing activities by 2035	Net positive and net loss impact methodology developed; Baseline evaluation in two of Neste largest sites in Porvoo and Naantali completed	9 11 12 13 15 17
		Direct driver for biodiversity change: Freshwater use and effluents	Introducing own direct water impacts into the nature positive roadmap	Freshwater use and effluents defined as main pressures on nature from own direct operations within scope studied	
		Availability of pollution prevention technology	100% availability of pollution prevention technology at refineries and terminals	Availability of pollution prevention technology on average 98% (94%) at refineries and terminals	
		Number of permit violations	Zero permit violations for Oil Products (OP) and Renewable Products (RP)	Permit violations: 3 (2), of which 2 (2) in OP and 1 (0) in RP	

Material topic	Objective	Key performance indicator	Target	Performance in 2022	SDG link
Safety, health and wellbeing	Ensuring the health and safety of employees and contractors in all Neste locations and supply chain	Total Recordable Incident Frequency (TRIF) [3]	1.5 for 2022, long-term target: Zero accidents	TRIF 2.0 (1.4)	8
		Process Safety Event Rate (PSER) [4]	1.5 for 2022, long-term target: Zero accidents	PSER 1.4 (1.4)	
		Safe days (including environmental permit violations)	318 for 2022, long-term target: Continuously increasing the number of Safe Days	314 (306) Safe Days	
	Strengthening Neste culture that supports the physical and mental wellbeing of our employees	Wellbeing index from employee engagement survey (Forward Survey) consisting of elements and scores in engagement, wellbeing, change adaptation	Baseline 2021 results: Engagement 66, wellbeing 59, change adaptation 60 Target is to maintain results on a good level	Engagement 66 (66), wellbeing 61 (59), change adaptation 62 (60) [5]	
Modern slavery	Managing modern slavery risks in Neste operations and supply chains	Number of Neste employees who have received training on modern slavery	To increase the number of employees who have received training on modern slavery, prioritizing those involved in supply chains and procurement	Training on forced labor and vulnerable groups carried out for 2,689 (3,381) employees as part of Neste's Code of Conduct e-learning	8 9 10 17
		Human Rights Due Diligence (HRDD) [6] carried out for key business areas/functions	To strengthen Neste's capacity to identify, assess, and address human rights risks in our operations and supply chains	Four major assessments/initiatives undertaken in 2022: 1) Company-wide assessment to review Neste's salient issues and their mitigation 2) Human Rights Risk Assessments completed for Neste indirect procurement 3) Living wage gap assessment completed for Neste's own employees in Finland 4) CGF human rights due diligence assessments completed for production (Singapore) and shipping	
		Improve HRDD maturity level for Neste own operations using the Consumer Goods Forum HRC assessment framework and KPIs.[7]	Achieve CGF Leadership Level for 100% of own operations by 2025	75% of the "launched" maturity level achieved in 2022	

Material topic	Objective	Key performance indicator	Target	Performance in 2022	SDG link
Diversity, equity and inclusion	Fostering a diverse and an inclusive workplace that ensures fair treatment and development of the skills base and innovation power needed for the company growth	Multi-country teams (%)	Increasing trend	15% (16%) are multi-country teams [5]	8 10
		Women in staff (%), female representation in line manager positions (%) and senior management (%)	To increase women's representation in line manager positions and senior management close to the representation of females in staff (%)	Women in staff 32.2% (31.5%) 30.7% (29.8%) women in line manager positions 27.4% (25.8%) women in senior management	
		Response rate to employee engagement survey (%)	Maintain a high response rate of 80% or above	80% (81%) [5]	
Engaged and talented workforce	Ensuring engaged, well led and competent employees Strengthening Neste culture that supports strong sense of belonging and versatile growth opportunities	Employee engagement score from employee engagement survey (Forward Survey)	Maintain a good level of employee engagement	Employee engagement score [5] 66 (66), which was in line with global benchmark result. Majority of employees thought favorably of working at Neste and would recommend Neste as a workplace. 66% (65%) felt happy working at Neste, 80% (78%) understood how own work contributes to company's success, 75% (70%) thought Neste acts in a responsible way, 76% (79%) saw safety as a priority for Neste.	8 10
		Leadership score from employee engagement survey (Forward Survey) indicating the support received from the line manager	To maintain or exceed previous year's level	Manager support score 74 (75) [5]	
		Training hours per employee	To maintain or exceed previous year's level	20.8 hours (17.8)	
		The external turnover for the year	To retain employees. Target is to keep the exits lower than the external benchmark level	Leaving rate of permanent employees 10.2% (13.0%) Hiring rate of permanent employees 18.3% (12.1%)	

Material topic	Objective	Key performance indicator	Target	Performance in 2022	SDG link
Stakeholder engagement, communication and transparency	Ensuring the appropriate scope and quality of information disclosure related to own operations and business practices in the supply chain and ensuring an ongoing, meaningful process of interaction and dialogue with our stakeholders	Monthly supply chain grievance log updates	To roll out 12x yearly updated supply chain grievance logs	12 (12) monthly logs	10 12 17
		Regular Supply Chain Transparency via Traceability Dashboard (Palm & PFAD)	To publish information twice yearly	2 (2) publications	
Innovation	Fostering innovative solutions for sustainable development	Research and development expenditure	Fostering innovative solutions for sustainable development	85 EUR million (67 EUR million)	7 8 9 10 11 12 13 15 17
		Number of granted patents Number of pending patent applications	An increasing trend	2,073 granted patents 683 pending patent applications	
Partnerships	Initiating and fostering partnerships between Neste and its partners to address the challenges of and innovate solutions for sustainable development	Collaborations with research institutions and universities	Initiating and fostering partnerships between Neste and its partners	35 collaboration partnerships	7 8 9 10 11 12 13 15 17
Sustainable products and services	Ensuring that sustainability is integrated into Neste's product and service portfolio	Volume of liquefied waste plastic processed (t/a)	To process more than 1 Mt of liquefied waste plastics from 2030 onwards to increase circularity of plastics and to reduce crude oil dependence in refining and petrochemical processes	1,400 (400) tons of liquefied waste plastic	7 12 13 15 17
		Production of Neste Renewable Diesel and SAF, 1,000 ton	Increasing trend	2,988 (3,043) tons	
		Share of Clean Revenue from Group revenue, %; and Share of investments consisting of Clean CAPEX, Clean R&D and Clean M&A (Clean Investments), %	To maintain the annual share compared to previous year	Clean Revenue 38.9% (39.3%) Clean Investments 88.3% (68.5%)	

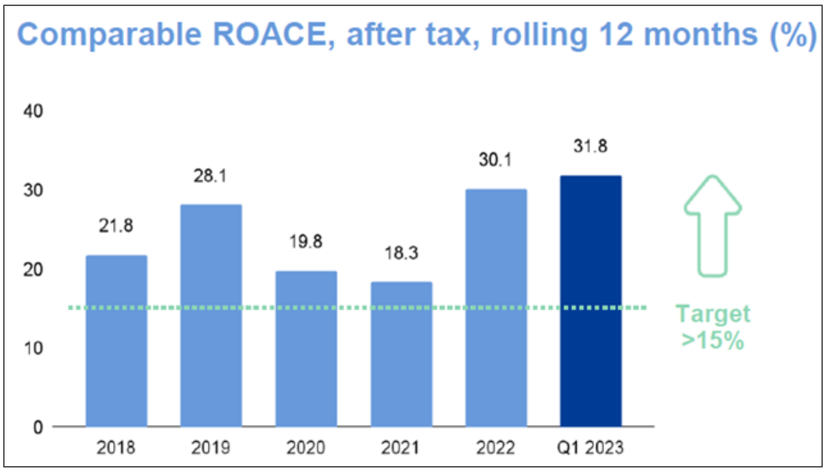
Material topic	Objective	Key performance indicator	Target	Performance in 2022	SDG link
Supply chain and raw material sustainability	Ensuring sustainability of Neste suppliers and business partners and raw materials' sustainability	Percentage of business partners who have committed to Neste's minimum sustainability requirements in the Supplier Code of Conduct (%)	100% of business partners committed	99% [8] (99%) of the renewable raw material volumes, 84% (88%) of the crude oil and fossil raw materials volumes, and 73% of overall indirect contracted spend (87% of all indirect procurement supplier contracts commencing in 2022) were covered by Neste Supplier Code of Conduct or equivalent	8 9 10 11 12 15 17
		The number of renewable raw material supplier's sustainability assessments and their outcome	To assess all new renewable raw material suppliers against sustainability criteria	Total: 325 (223), New approved suppliers: 223 (171), All approved: 236 (186), Pending: 74 (33), Rejected: 15 (4) [9]	
		The percentage of new Oil Products suppliers undergone Sustainability Desktop Review	To assess all new Oil Products suppliers against sustainability criteria	100% (100%) of the new OP suppliers assessed	
		A total of sustainability audits conducted	To increase the number of sustainability audits conducted, prioritizing through a risk-based approach	118 (27) sustainability audits	
		Share of waste and residues of global renewable raw material inputs (%)	Growing the sourcing of waste and residue raw materials globally [10]	95% (92%)	
Ethics, compliance and corporate governance	Ensuring good corporate governance practices in accordance with the laws and regulations applicable as well as to operate in an ethical way in the society	A total of suspected misconducts reported in person or via the whistleblowing line to the Investigations Group	To further encourage employees and external stakeholders to report observed or suspected misconduct	A total of 14 (18) suspected misconducts were reported in person or via the whistleblowing line to the Investigations Group in the following categories: HR 2 (4) reports, discrimination and harassment 2 (2), conflict of interest 0 (3), bribery, corruption and facilitation payment 1 (2) fraud 4 (0), theft, asset misuse & embezzlement 3 (0), supplier/business partner misconduct/ unethical behavior 1 (0) and 1 (7) reports which fell outside of these categories in Other	8 10 12
		Code of Conduct training rate	All Neste employees completed the training	95% have completed the Neste Code of Conduct e-learning.[11]	
		Corporate governance reporting in the Corporate Governance Statement			
Economic responsibility		Reporting in the Financial Statements			8 9 10 12

[8] Agri Trading excluded.
[9] Figures include existing suppliers, which undergo a sustainability assessment process every 3-5 years. Supplier data includes only main contractual parties, excluding sub-suppliers.
[10] The share of waste and residue raw materials of Neste's renewable raw material inputs globally is expected to stay above 90% in the coming years, while in the longer term, the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils
[11] 2021 and 2022 completions included as the training was launched in 2021 to office workers and in 2022 to blue-collars

SDG7: Clean energy
SDG8: Decent work and economic growth
SDG9: Industry, innovation and infrastructure
SDG10: Reducing inequalities
SDG11: Sustainable cities and communities
SDG12: Responsible consumption and production
SDG13: Climate action
SDG15: Life on land
SDG17: Partnerships for the goals

Source: Neste Annual Report 2022

We ultimately believe that Neste will be able to continue generating a Return on Average Capital Employed (ROACE) above their 15% target by continuing to invest in increased recycled production. This should continue to generate higher and less volatile margins and will positively influence our valuation assumptions for Neste.



Source: Neste Capital Markets Day Presentation, June 2023

ESG analysis and opportunities influencing valuations

Company Name:	Advanced Drainage Systems Inc.
Engagement Topic:	Setting GHG reduction targets and further understanding of ADS within the Circular Economy
Country & Sector:	USA – Industrials
Primary Goal of Engagement:	Manage ESG Risk & Delivering Sustainability Outcomes
Progress:	Stage 3 of 4: Company Initiates Strategy

Advanced Drainage Systems (**ADS**) is the largest manufacturer of high-performance plastic-based pipes, onsite septic treatment systems, and water storage and treatment for storm and wastewater systems in North America. ADS entered our investment universe in March 2022 and after several engagements with management and financial analysis on the company, our initial investment in ADS was in February 2023.

After engaging with management, we began to appreciate ADS' long-term strategy to continue taking market share from the inferior incumbent product, primarily being concrete pipes and tanks and corrugated steel. Concrete pipes and tanks are an inferior product to plastic for several reasons:

- Plastic is far more resilient than concrete, as it is resistant to chemicals and abrasion and performs better under all types of weather situations relative to concrete. Typically, ADS's pipes are expected to last 100+ years.
- Plastic is 2x – 3x faster to install than concrete, as plastic is lighter and therefore can be shipped in longer lengths than concrete
- Plastic is cheaper to install than concrete due to its lightweight nature
- Installing plastic pipes and tanks is safer to install than concrete – less workplace injuries
- The added bonus is that ADS has the ability to utilise recycled plastic in their manufacturing of their own pipes, highlighting the circularity of their business model
- All of ADS's plastic pipes are able to be re-recycled into new plastic pipes at the end of their life.

ADS has been focusing on water management systems since its inception in 1966. ADS has demonstrated over the past 50 years the ability of bringing innovative solutions and industry-leading technologies to market which has helped develop standards that have transformed the North American stormwater management industry over the past half century.

At the heart of ADS' mission is the creation of sustainable water management solutions that keep waterways free of pollution and prevent unnecessary stormwater runoff and erosion. With the increasing frequency and intensity of storms due to global warming, management of this precious resource will continue to be a focus for infrastructure improvements.

At the beginning of 2022, ADS published their 10-year sustainability goals. They are listed below:

Source: ADS Sustainability Report 2022

In ADS' 2022 Sustainability Report, the company already announced positive strides towards achieving these goals:

Recycling

Goal:

We have set a goal to use 1 billion pounds of recycled material annually by 2032.

600 million pounds used in Fiscal 2022.

Goal Progress:

- The acquisition of Jet Polymers in 2022, helped to advance our recycled material goal.
- ADS continues to be a funding partner of The Recycling Partnership whose goal is to increase equitable access to recycling across the United States.

Environmental Impact

Goal:

We have set a goal to set and achieve Science Based Targets in line with 1.5°C.

Goal Progress:

- ADS signed the Science Based Targets initiative (SBTi) commitment letter on April 21, 2022.
- ADS has taken the first step in our Science Based Targets by signing the commitment letter in April 2022.
- Next step is submit ADS scope 1, 2 & 3 targets to the SBTi for approval. This is expected to happen by the end of Fiscal 2023.

Accountability

Goal:

We have set a goal to implement a supplier sustainability program by 2032.

ADS is developing a Supplier Code of Conduct.

Goal Progress:

- ADS has been working on developing a Supplier Code of Conduct to be implemented in Fiscal 2023.

Social Purpose

Goal:

We have set a goal to continue our work through the ADS Foundation, community partnerships and increased focus on Diversity, Equity and Inclusion.

Goal Progress:

- ADS issued our Diversity, Equity and Inclusion culture statement in Fiscal 2022.
- In Fiscal 2022, 55% of Director level hires were women.
- ADS contributed $2 million to charitable organizations.
- ADS Women's Network held a fireside chat with board members Anesa Chaibi and Tanya Fratto.

Operational Excellence

Goal:

Reduce Total Recordable Injury Rate (TRIR) to less than 1.0 by 2032.

Fiscal 2022 TRIR = 2.7 (15% improvement over prior year).

Implement Operation Clean Sweep (OCS) blue.

ADS implemented OCS blue in 2022.

Implement closed loop water at all manufacturing sites by 2032.

87% of ADS sites are operating with closed loop water.

Goal Progress:

- Focus on safety continues in order to continue lowering the TRIR.
- Committed to zero resin pellet loss across the ADS manufacturing footprint.
- ADS is evaluating remaining sites and developing plans to implement closed loop water across all the manufacturing sites.

Source: ADS Sustainability Report 2022

As of 2022, ADS is North America's largest plastic recycler. It utilised 600 million pounds (272 million kgs) of recycled plastic in FY22. This equates to 28% of the total high-density polyethylene (**HDPE**) bottles utilised in the United States in 2021. The company has therefore expanded the life cycle of these HDPE bottles (typically shampoo, milk and laundry detergent bottles) from less than 1 year to 100+ years.

In FY22, recycled materials as a percent of overall direct material purchases was approximately 50%, with 60% of their total pipe production being manufactured by recycled plastic.

By setting these ambitious 10-year targets, we are able to track and engage directly with the company's progress. We will continue to engage with management on various ESG topics such as their carbon emission reduction goals, which have yet to be certified by SBTi.

Social Related

Company Name:	Veeva Systems
Engagement Topic:	Multiple topics regarding Environmental, Social and Governance issues
Country & Sector:	USA - Healthcare
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 1 of 4: Initial Engagement

Veeva Systems is a global provider of cloud-based software solutions for the life sciences industry. We have been conducting research on Veeva Systems since 2019 and been shareholders since 2022.

We have engaged with the company on a number of occasions over the past four years regarding ESG related risks for the business. The main areas of focus have included Social risk factors such as Human Capital Development, Governance areas including the company's dual class structure and Environmental areas such as a lack of tangible environmental targets.

In February 2021, Veeva became the first publicly trading company and largest ever to convert to a public benefit corporation (PBC). Veeva remains a for-profit corporation but since converting to a PBC they now have a legal responsibility to balance the interests of multiple stakeholders, including customers, employees, partners and shareholders. We viewed this conversion as a positive step and it highlighted the company's commitment to having a positive impact on society, however there are still some areas for improvement from an ESG perspective.

More recently, we continued our ongoing engagement with the company, including via Zoom and email on 22 & 23 December 2022 with Ato Garrett (Senior Director, Investor Relations) and Caleb Tuten (Senior Manager, Public Benefit Corporation and ESG Engagement). During these engagements we placed particular focus on the company's efforts to reduce their environmental impact. While we recognise that Veeva's environmental footprint is materially lower than many other companies due to the nature of their operations, we have continued to encourage the company to collect more environmental data and put in place tangible environmental targets. The company have acknowledged the importance of this and noted that they are currently doing more work in gathering data on areas such as greenhouse gas emissions, however are yet to put in place any specific environmental targets. We will continue to engage with Veeva on this matter.

Overall, we believe the company has made very good progress with respect to improving disclosure and transparency across a range of ESG related areas in the past few years and their conversion to a PBC highlights Veeva's commitment to being a socially responsible employer and ensuring the company has a positive impact on society. Additionally, the company's dual class voting structure will be dissolved in October 2023, further improving overall corporate governance.

We are also pleased to see the improved disclosure and management of key ESG risks being recognised by external ESG rating providers such as MSCI, who have upgraded their ESG rating for Veeva from B in July 2020 to A currently.

Company Name:	Assa Abloy AB
Engagement Topic:	Supply Chain and Modern Slavery Risks
Country & Sector:	Sweden - Industrials
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 4 of 4: Company Implements Strategy

Assa Abloy, domiciled in Sweden, is the global leader in physical access solutions in buildings covering everything from mechanical key locks, electromechanical locks and automatic doors/gates to more technologically advanced solutions such as identity software, biometric sensing and access token issuance. BAM initially became shareholders of Assa Abloy in 2011 and over the past twelve years have been shareholders periodically since then. Most recently, we reinvested in Assa Abloy in October 2021 and have been shareholders ever since.

The company has grown its sales and manufacturing base both organically and via acquisitions considerably over this period. Assa Abloy has on average acquired 20 smaller firms every year, which has provided the company new technologies and manufacturing bases in multiple geographies in order to drive sales and operational efficiencies. Therefore, while Assa Abloy has benefited from an earnings per share and profitability point of view, by increasing its manufacturing base away from its more expensive home market in Sweden to other lower-cost countries, it has also increased the materiality of potential supply chain and modern slavery risks.

In Assa Abloy's 2022 Sustainability report, the company currently employs 52,000 people in more than 70 countries with 179 production and assembly sites and also has approximately 50,000 suppliers for direct and indirect materials and services. In FY22, approximately SEK30bn (US$2.7bn), which was equivalent to 40% of its cost of goods sold was outsourced with approximately 8900 direct suppliers in its supply chain and an estimated 41,000 indirect suppliers of materials and services.

As part of our continual assessment of ESG material risks, we engaged with the company directly to get a better understanding how Assa Abloy is managing its increasingly complex supply chain. We were also interested in engaging with the company specifically on how the company was handling the possible exposure to any modern slavery risk. We initially engaged with management in November 2021 and followed up again in both January and February 2022.

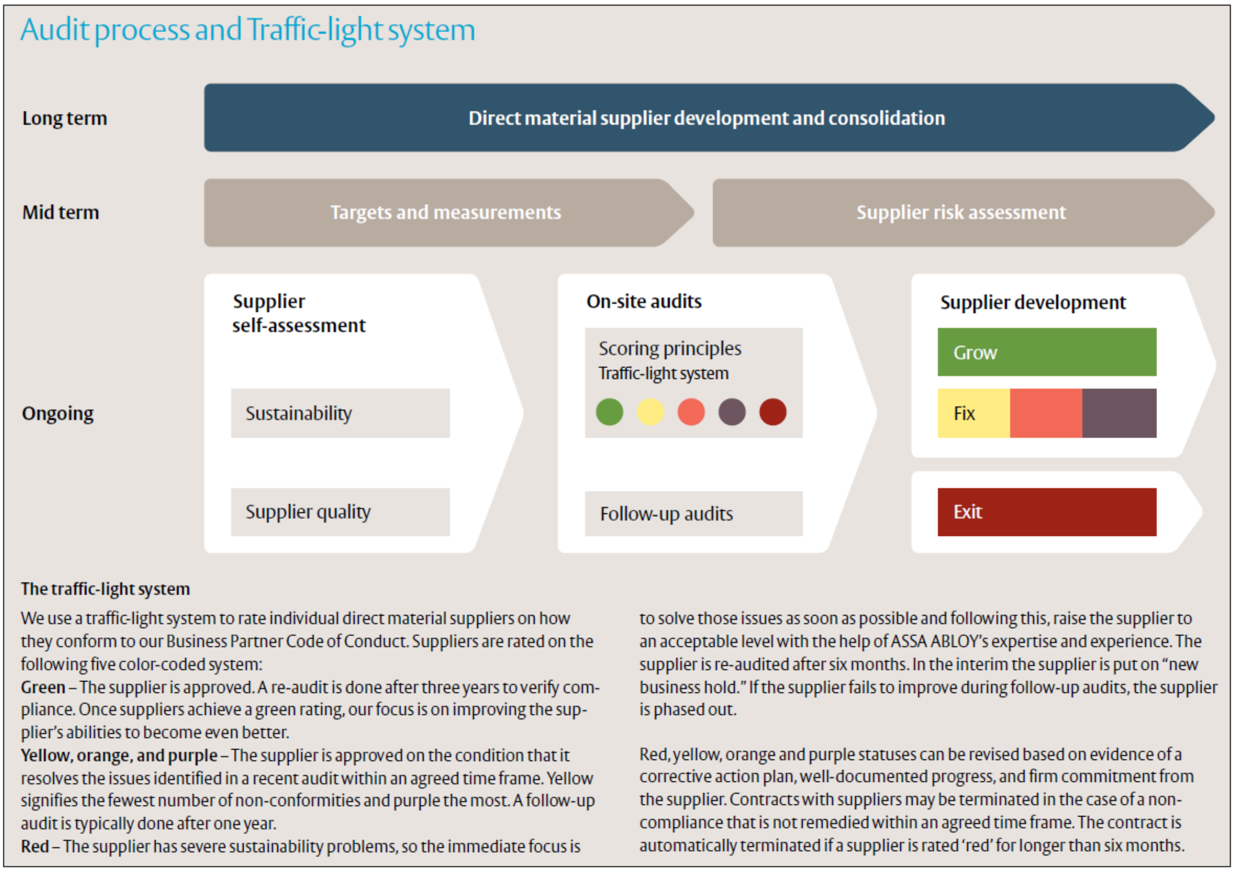
Through our engagements, we learned that the company holds each supply partner accountable to meet the standards and requirements outlined in Assa Abloy's Business Partner Code of Conduct and their Sustainability Audit Program.

Assa Abloy's Business Partner Code of Conduct communicates the company's policies and principles

on business ethics, human rights and labour standards, health and safety, and the environment, to suppliers. The Sustainability Audit Program complements their Business Partner Code of Conduct and focuses on direct material suppliers in identified risk countries predominantly in South and Central America, Eastern Europe, Africa and Asia. The audit covers 37 areas within the company's Code of Conduct. Assa Abloy has identified 39 "risk countries" for its audit scope.

The company's goal is to cover over 95% of the company's direct and indirect material suppliers by spend by 2025. So far, a total of 76% of all direct and indirect material suppliers by spend were covered by their Code of Conduct for Business Partners by the end of 2022. The company is currently focused on improving the number of signed Code of Conduct documents from indirect suppliers in order to achieve the similar results they so far have achieved with their direct suppliers.

The Sustainability Audit process is based on a traffic light system, which is best expressed in the chart below:



Source: Assa Abloy Sustainability Report 2022

By the end of 2022 all 8900 direct suppliers of Assa Abloy had been evaluated on a number of sustainability-related KPIs related to Assa Abloy's alignment with SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).

When a supplier fails or risk failing on one or more KPIs, an escalated audit is conducted at the supplier to assess the severity. In 2022, Assa Abloy conducted 874 such escalated audits. If the audit's result is considered "severe", the supplier gets a new date for audit when corrective measures must have been implemented. Failure at second audit normally means the supplier contract is terminated.

The company does not tolerate any form of forced or bonded labour, illegal workers and child labour in its supply chain. If a supplier fails to comply with these labour standards, they are placed on the prohibited list and their relationship with Assa Abloy is terminated immediately. Other stoppers, such as forced labour and remuneration that is not aligned with legislation, results in the supplier being put on "new-business hold." If the supplier fails to improve within an agreed time frame, they are placed on the prohibited list. An increasing number of stoppers have been added to the auditing process since 2021, and more are expected in the coming years as sustainability measures increase.

In response to our thorough engagement, Assa Abloy decided to include an excerpt from our investment team member Patrik Sjöblom, which can be found in their 2022 Sustainability Report.

Sustainability governance

Patrik Sjöblom

Senior Global Equities Analyst, Bell Asset Management

ASSA ABLOY has comprehensive and detailed presentation and reporting around Environmental, Social and Governance (ESG) and credible targets tied to certain key performance indicators (KPIs).

It is one thing to say you want to achieve certain things within ESG but it is a different thing to deliver. In our materiality assessment of ASSA ABLOY on the energy efficiency side, its delivery stands out really well. In 2021 the Group's total energy consumption was essentially the same in megawatt hours as in 2014 and during that time the company has grown by 47%, so that is a real achievement. We note that water usage and waste have gone the right way, so we believe ASSA ABLOY is doing a very good job.

We have assessed that there are good targets in Scope 1 & 2 when it comes to greenhouse gas emissions. We believe the company could improve in Scope 3, which is a hard area for it to assess but some disclosure or commentary would be appreciated.

ASSA ABLOY has approximately 9,000 suppliers and judging from its reports these are audited annually and some are subject to increased scrutiny, so supply chain standards are held high, which we appreciate. When it comes to ethical behavior we are comfortable with the policies ASSA ABLOY has in place and the absence of any type of litigation in that area is good to see.

On the governance side, there is not an independent board majority but we are satisfied with the ownership structure with Latour and Melker Schörling. We believe they are good long-term shareholders that make appropriate and sensible decisions.

One thing on the governance side where we want to see more engagement is in ESG. We believe there is a lack of a link between ESG factors and the KPIs for the variable compensation. We have assessed this issue as an area of improvement for the remuneration committee. We believe having some ESG KPIs built-in to the long-term incentive program will help to improve efficiency.

Buildings are big energy consumers and improved energy efficiency is crucial to CO_2 emissions. France and Spain have environmental legislation coming for businesses to have automatic closing doors which we assess opens up business opportunities for ASSA ABLOY. In our opinion, its product portfolio overall is well-suited to improving energy efficiency in buildings.

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In our materiality assessment of ASSA ABLOY on the energy efficiency side, its delivery stands out really well.

Source: Assa Abloy Sustainability Report 2022

Fox Factory

Company Name:	Fox Factory Holding Corporation
Engagement Topic:	Improving ESG disclosure and announcement of GHG reduction program
Country & Sector:	USA – Consumer Discretionary
Primary Goal of Engagement:	Manage ESG Risk & Delivering Sustainability Outcomes
Progress:	Stage 3 of 4: Company Initiates Strategy

Fox Factory designs, manufacturers and markets high-performance suspension products used primarily on mountain bikes, motor bikes, and both off-road (ATVs, snowmobiles, etc.) and on-road vehicles with off-road capabilities. We have been researching the company since 2018 and initiated a position in the company in Dec 2020.

We have been engaging with management continuously, stressing the importance of the company to disclose more ESG credentials such as workforce demographics disclosure, GHG emissions, and SDGs.

Since we have been shareholders, we have witnessed a huge improvement in their disclosure. In 2021, FOX hired a Social Impact Manager and a Chief Purpose and Inclusion Officer. In early 2022, FOX published their inaugural Sustainability Report for FY2021.

The report includes the following:

- ESG Materiality matrix
- Stakeholder prioritisation chart
- Benefits offered to their employees
- Employee demographics including diversity of their board and entire employee base
- Results of their inaugural global employee survey
- Pledge to disclose their Scope 3 GHG emissions
- Disclosed their Scope 1 and Scope 2 emissions
- Disclosed their water usage
- Disclosed their waste generated
- The company's approach to income tax
- Disclosed their GRI content index and SASB disclosures
- FOX has also adopted SDG goals

We have continued our ESG engagement since then, asking for concrete carbon reduction targets and more disclosure regarding their supply chain.

In FOX's 2nd sustainability report (for the FY 2022), Fox has implemented the following:

- FOX has pledged that the company will reduce Scope 1 & Scope 2 emissions by 25% in 2030, using 2022 as their baseline
- FOX is integrating their climate risk assessment (both potential transition and physical risks to climate change) into their enterprise risk management systems
- FOX has announced the aspiration for the company to receive top quartile employee engagement scores on a consistent basis
- FOX has announced the aspiration for 90% of their Tier 1 suppliers committed to FOX's new Supplier Code of Conduct

In addition to publishing their 2nd Sustainability report, FOX has also made the following ESG-related achievements:

- FOX's Gainesville Georgia plant has successfully achieved the ISO 14001 certification for environmental management systems (EMS)
- FOX conducted their 2nd global employee survey. The results were also on the positive, with a 65% participation rate (2% higher than 2021) and a 69% favourable rating (5% higher than 2021)
- FOX published the inaugural Diversity, Engagement & Inclusion (**DEI**) Statement
- FOX published their inaugural TCFD Report
- FOX utilised an independent group to conduct their first gender, ethnicity (US operations) and skill pay equity audit to ensure that all of their employees are being paid equitably
- Going forward, FOX has implemented a technology-enabled solution to employ real-time pay equity audits which are utilised by managers during their regular employee performance discussions

- As FOX is committed to operational health and safety legal requirements on a global basis. Their Gainesville operation received ISO 45001 and ISO 14001 certification in 2022, and one of their Taiwanese plants received ISO 45001 certification and their old PVG factory in San Diego, California received ISO 14001 certification.
- FOX published their Supplier Code of Conduct in 2022

While FOX continues to improve both their ESG-related disclosures and have further integrated sustainability into their long-term growth strategy, we will continue to engage with the company to ensure they are among the leaders within their industry, as the company's high-performance product philosophy includes design requirements like robustness, durability, longevity, and repairability, all of which are ingredients to a sustainable product approach

Company Name:	Service Corporation International
Engagement Topic:	Continuous engagement - Improving ESG disclosure
Country & Sector:	USA – Consumer Discretionary
Primary Goal of Engagement:	Delivering Sustainability Outcomes
Progress:	Stage 3 of 4: Company Initiates Strategy

Service Corporation is the largest death care provider in North America, operating funeral homes, cemeteries and crematoria. We have been conducting research on Service Corporation since 2014 and initiated a position in 2017.

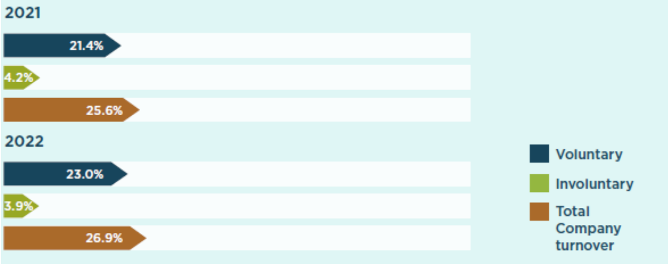
We have been engaging with Service Corporation continuously while we have been shareholders. We are pleased with the progress Service Corporation has achieved over the past two years regarding ESG disclosure. In April 2022 the company published their first Sustainability Report for the 2021 period. The company also published their 2nd Sustainability Report for the 2022 period. This report included the following key ESG related topics, such as:

- Employee retention rates

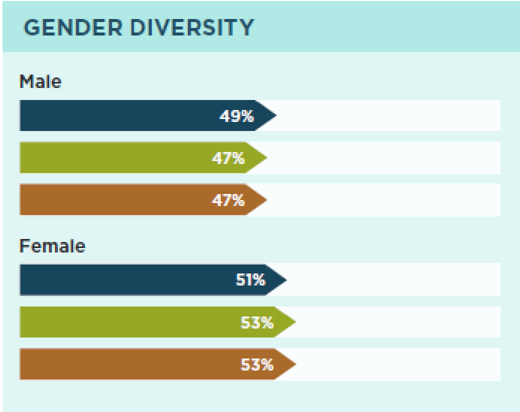
Company Average Turnover

With approximately 25,000 associates, about 17,000 are full time and 8,000 are part time. Due to the seasonality of our business, we appreciate the flexibility of our part-time associates.

Within our workforce, our team of approximately 3,750 sales professionals has higher attrition than other roles due to the highly competitive nature of commission-based sales positions. While turnover slightly increased in 2022, we are encouraged by the minimal impact on our business given the current resignation trend within the United States economy.



- Employee gender demographics



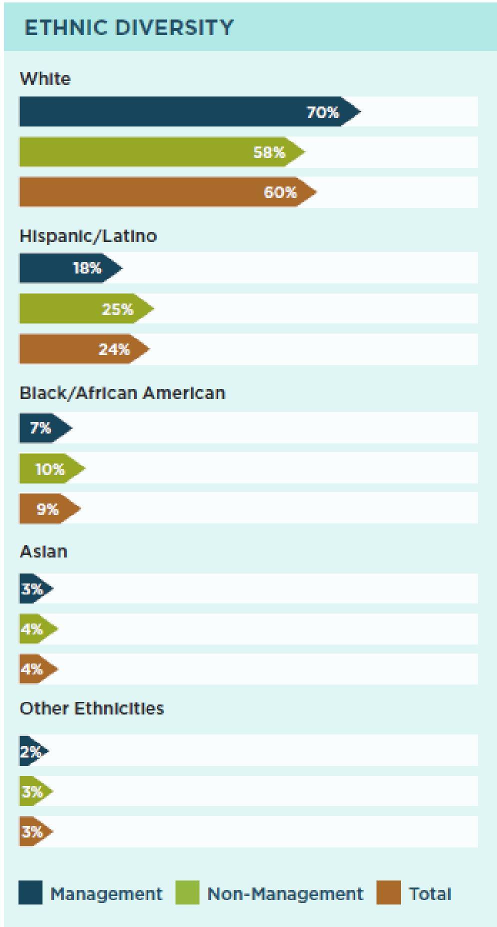
- Results of their annual employee survey

Great Place to Work

Since 2017, we have been certified by Great Place to Work®, the global authority on high-trust, high-performance workplace cultures. We constantly focus on improving associate satisfaction and developing innovative programs.

Each year, a survey of all our associates provides positive remarks on our culture, the way we care for each other, and our sense of camaraderie. We outscore many of the top surveyed companies in the area of pride in the work we do. Between 2019 and 2021, we were also named one of Fortune's 35 Best Places to Work in our industry classification.

- Employee ethnicity demographics



Source: Service Corporation Sustainability Report 2022

We will continue to engage with Service Corporation, especially regarding their carbon and waste reduction aspirations and targets. We are encouraged to see that MSCI is also taking notice of the company's increased ESG disclosure and upgraded their ESG rating from "BB" in Sept 2020 to "A" in February 2023.

Governance Related

Company Name:	RB Global Inc
Engagement Topic:	Governance involving minority shareholder rights
Country & Sector:	Canada – Industrials
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 1 of 4: Initial Engagement

RB Global, formerly known as Ritchie Brothers Auctioneers, is a Canadian-based company that primarily is involved in the auctioning of used commercial vehicles and machinery for trucking, construction, mining, forestry, transportation and agriculture. The company has both physical and online auction sites in 14 countries in North and South America, Europe, Asia and the Middle East. BAM initially invested in Ritchie Bros in Dec 2020 and exited our position in April 2023.

In early Nov 2022, Ritchie Bros announced its intention to acquire salvage passenger car auctioneer IAA with a combination of cash and newly issued stock. We and the market neither saw the logic and rationale of the deal nor did we agree with the funding structure; the Ritchie Bros share price declined by 18% on the announcement and the probability of deal success seemed bleak.

This prompted management to take further action in order to sway investor opinion in favour of the deal. In late January 2023, a revised bid structure was announced (which involved more cash and less equity) along with the introduction of a new exclusive anchor investor (Starboard Value LP) that would back the deal in exchange of being offered to invest US$ 500m in a specially constructed debt convertible instrument, which entitled Starboard to receive an annual 5.5% interest payment for the first three years, increasing to 7.5% annual interest payments for the following three years, then increasing to 10.5% annual interest payments until the debt is converted to equity plus an ordinary dividend on an “as-converted-basis” as long as ordinary dividend was equal to or exceeded the most recent quarterly dividend of $0.27 per share (thus, a reduced ordinary dividend would not affect Starboard’s dividend stream).

This new proposed financing for their acquisition of IAA meant that Starboard Value LP would recoup 100% of its $500m initial investment within ten years through dividends and interest payments and still be guaranteed to receive 6.9m shares “for free” on conversion of the debt.

We engaged with management on the revised offer asking for a written comment. A representative from Ritchie Bros (Investor Relations Officer Sameer Rathod) called BAM’s offices 10 minutes after our written request had been emailed. Mr. Rathod’s response regarding our query was short and concise: “The deal is highly logical from a strategic point of view and getting Starboard onboard is important given their skillset.” (being Starboard Value LP is a value-driven activist investor).

From our point of view as a minority interest shareholder with no ability to participate in this perceived sweetheart deal offered to Starboard Value LP, the IAA acquisition was undesirable from a strategic point of view (essentially a 180-degree turn from what management had communicated when we initiated the position) and the funding was unnecessarily dilutive to minority shareholders while the special treatment of one exclusive investor, Starboard Value LP, was not aligned with management’s and the board’s fiduciary duty to act in the best of interest of all shareholders. It is our fiduciary duty to act in the best interest of our stakeholders, and therefore we decided to escalate our engagement and vote against the IAA deal at the EGM (62% for vs. 38% against) and as soon as the company’s share price had recovered, we exited our position in April 2023.

We would also note that RB’s CEO and CFO resigned abruptly on 1 August 2023 due to a disagreement both had with RB’s board regarding their compensation, increasing the risk of a successful merger and reducing the overall attractiveness of the company in terms of quality.

Company Name:	CHR Hansen and Novozymes
Engagement Topic:	Governance involving minority shareholder rights
Country & Sector:	Denmark – Materials
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 1 of 4: Initial Engagement

CHR Hansen is the global leader in the manufacturing of cultures and enzymes for food production (yoghurt, cheese, meats etc) and additives for human and animal health (probiotics and functional ingredients). Novozymes is the global leader in industrial enzymes for detergents, foods and nutrition, bioenergy, agriculture and pharma. Both companies are domiciled in Denmark and both companies have a common large shareholder being Novo Holdings. BAM initiated a position in CHR Hansen in February 2020 and BAM had been a long-term shareholder of Novozymes, with our initial investment in September 2015.

In December 2022, Novozymes and CHR Hansen announced their intention to merge through a deal where CHR Hansen shareholders would receive 1.5326 new Novozymes shares. The exchange ratio along with combined value of the deal suggested that all net present value of synergies was given to CHR Hansen shareholders, hence, in our view, a seemingly desperate move from Novozymes. After further analysis, the deal appeared to be a defensive move by both companies' dominant shareholder Novo Holdings (controlling 70% of the votes in Novozymes through the A and B share structure and 20% of CHR Hansen) to retain absolute control over CHR Hansen while assumptions for sales and cost synergies got increasingly complicated and far-fetched.

In short, our view was that merger would lead to very limited synergies, a massive premium paid to CHR Hansen shareholders and one main shareholder cementing its control over the two global leading biochemistry champions. As a minority shareholder of both companies, the merger would offer very few synergies and both companies would be operationally equally well off if not better remaining separate. In summary, we viewed the merger as an unnecessary deal which comprised of several integration challenges ahead.

We engaged with representatives for both companies via email during January and February 2023 expressing our view and concerns regarding the merger and the fact that it wasn't in our best interest as minority shareholders that Novo Holdings was being allowed to vote both as a buyer and seller in the same deal (unlike in many other European jurisdictions, this is allowed in Denmark). At Novozymes' EGM we voted against the deal while 98% of attending voted in favour of the merger (Novo Holding representing 82% of attending votes). At CHR Hansen's EGM we voted against the deal while 95% of attending votes was for the deal (Novo Holding representing 31% of attending votes).

We were unsuccessful in reaching a favourable conclusion regarding our engagements with both Novozymes and CHR Hansen and we have exited our positions in both companies.

Microsoft –Proxy engagements to improve disclosures

Company Name:	Microsoft Corporation
Engagement Topic:	Improving ESG disclosure
Country & Sector:	USA – Information Technology
Primary Goal of Engagement:	Delivering Sustainability Outcomes
Progress:	Stage 2 of 4: Company Acknowledgement

In addition to engaging with our company holdings on an ongoing basis, we would highlight the fact that gender diversity considerations are taken into account as part of our 'quality' assessment when we investigate ESG factors prior to making an investment.

We remain cognisant of the risks of not having a gender diverse workforce and of equal gender pay disparities. We believe having a more gender diverse workforce and having female representation on company's boards creates a more sustainable company and strategy.

The portfolio has over 20% exposure to technology companies, an industry that historically has had lower female participation and also often times gender pay inequality. We have addressed these issues with various portfolio companies over the years.

In November 2021 we engaged with Microsoft's management regarding gender diversity and pay parity within the company in order to obtain a better understanding of how the company was striving for balance within their organisation.

Microsoft's management stated that human capital / retention risk is mitigated by a strong mix of pay, benefits and development/training/career pathways. We agree that Microsoft has a strong D&I program and good D&I reporting, plus they conduct annual employee engagement surveys, daily sentiment surveys to small groups of employees and various D&I events. The company also highlighted many KPIs and KPI targets, all available in the diversity section of their annual report (https://www.microsoft.com/en-us/diversity/inside-microsoft/annual-report). For example, as of September 2021, women in the US earn $1.002 for every $1.000 earned by their counterparts in the US who are men. Looking at all racial and ethnic minority employees in the US combined, they earn $1.006 for every $1.000 earned by their white counterparts. They have received various awards including #1 Fortune 500 Company on Diversity and Inclusion (June 2021), Forbes America's Best Employers for Diversity (April 2021) and the Human Rights Campaign Corporate Equality Index have scored Microsoft 100% in recognition of advocacy on internal policies for 17 consecutive years.

Crucially, management's remuneration is aligned to the company's D&I KPIs and targets, as for example 33% of the CEO's cash bonus is tied to culture and leadership. The company's board also has strong female representation at 41.7%, is well diversified from a D&I perspective and is 91.7% independent.

Overall, we believe that Microsoft has excellent ESG disclosure and has shown strong diversity and pay balance across the entire organisation, however, it has been noted that they "statistically adjust" their data where reported numbers are more difficult to compare to peers and may not be truly reflective of the pay rates across their employee base. To improve our confidence in their reported data, at the AGM in November 2021, we voted in favour of a shareholder proposal regarding "Median Gender and Racial Pay Equity Report" which asked for "best practice" disclosure of median pay levels across race, gender and minority (as compared to current "statistically adjusted" data). While the shareholder proposal did not receive enough votes to pass, 40% of shareholders voted in favour, demonstrating to management that it is a significant issue with many shareholders.

We again engaged with Microsoft in November 2022 regarding another shareholder proposal presented at the Microsoft 2022 AGM. We informed Microsoft that we would be voting in favour of a shareholder proposal that the Board of Directors issue a tax transparency report to shareholders, at reasonable expense and excluding confidential information, prepared in consideration of the indicators and guidelines set forth in the Global Reporting Initiative's (GRI) Tax Standard. Profit shifting by corporations is estimated to cost the US government $70 - 100 billion annually. Globally, the OECD estimates revenue losses of $100 – 240 billion.

Microsoft does not disclose revenues or profits in non-US markets, and foreign tax payments are not disaggregated, challenging investors' ability to evaluate the risks to our company of taxation reforms, or whether Microsoft is engaged in responsible tax practices that ensure long term value creation for the company and the communities in which it operates. Microsoft's approach to taxation has been repeatedly challenged by tax authorities globally. In 2020, an Irish subsidiary recorded profits of $315 billion, despite having no employees.

Engagements with Policymakers

We continue to be active participants in the FSC ESG Working Group. The FSC is 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.

Since October 2022, the FSC ESG Working Group has been working on providing Guidance for Labelling Responsible Investment Products for its members. Nick Fels, our CEO and ESG Officer is a member of this working group, and both the investment and distribution team provided feedback on several occasions during the drafting of the guidance. This contributed to the FSC's engagement with the Australian regulator, ASIC (Australian Securities and Investments Commission).

The Guidance for Labelling Responsible Investment Products primary goal is to develop guidance for firms that use responsible investment or sustainability related terms in their investment product labelling in Australia. We want to assist in this process and lead by example with our own responsible labelling and disclosure.

We have engaged with the CFA Institute, a policymaker based in the US who is the owner and manager of Global Investment Performance Standards, referred to as GIPS. GIPS are a set of voluntary standards used by investment managers globally to ensure the full disclosure and fair representation of their investment performance. BAM utilises GIPS standards in our performance reporting.

We participated in a questionnaire authored by the CFA Institute regarding ESG disclosure standards for investment products using GIPS. Both the CFA Institute and BAM would prefer all managers to utilise the same disclosure standards when disclosing their ESG credentials, as this minimises misrepresentation and "greenwashing", the term used when an investment organisation conveys false or misleading information about how an investment are environmentally friendly.

We intend to utilise GIPS ESG disclosure as soon as the CFA Institute finalises the requirements and we appreciated the opportunity to directly participate in how ESG disclosure will be treated within GIPS in the future.

Collaborative Engagements

Current Collaborative Engagements:

- UN PRI Plastics Working Group
- UN PRI's Tax reference Group
- UN PRI's Global Policy Reference Group
- KnowTheChain

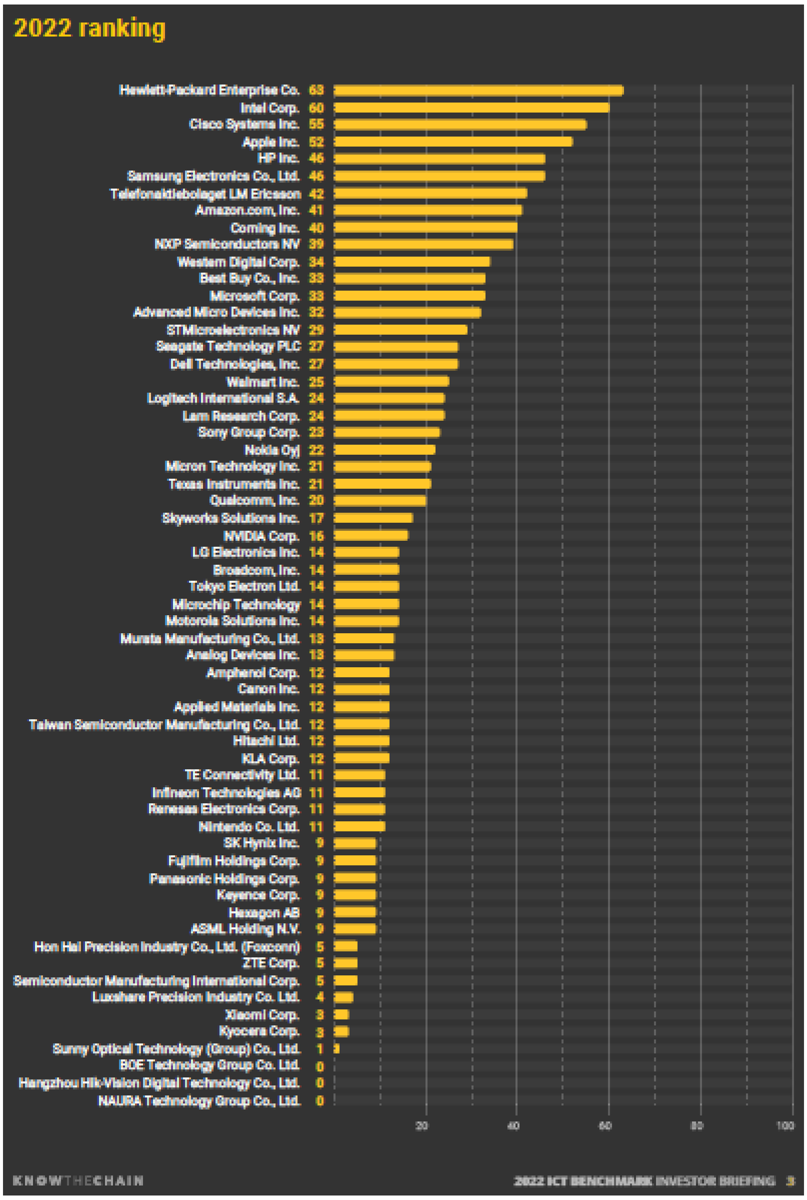
KnowTheChain - We have been signatories to, and have been actively involved in the "KnowTheChain" collaborative engagement since 2019. Our participation is ongoing with a focus on promoting responsible business conduct as outlined in the OECD guidelines and support the United Nations Sustainable Development Goal 8.7 to eradicate forced labour (i.e. modern slavery). The key issue being addressed is the estimated 24.9 million people around the world are victims of forced labour, generating $150 billion in illegal profits in the private economy.

KnowTheChain now benchmarks 185 companies from the Information & Communications Technology, Food & Beverage, and Apparel & Footwear sectors. Portfolio companies including Amazon, Cisco Systems, Microsoft, Texas Instruments, Motorola Solutions, ASML, Costco, Kroger, Nestlé, The Hershey Company, Unilever, Hermès, LVMH, Moncler, and Nike. Its website and index reports are located here: https://knowthechain.org/.

The collaboration publishes its findings through a benchmark ranking system, which is an effective tool in identifying companies with comparable risks. We utilise these indexes to enrich our direct engagements with management of our investment holdings when discussing material supply chain risks. These indexes can also help reward the companies taking action with increased overall investor confidence and incentivize others to follow their leadership.

In 2022 and 2023 we were also the co-lead investor engaging with Moncler regarding KnowTheChain's 2023 Apparel & Footwear Benchmark, directly engaging with management about key supply chain issues facing the industry.

In 2023 KnowtheChain published their index for both the Information and Communications Technology industries and the Food and Beverage industry. The results of these are located here: https://knowthechain.org/benchmark/.



Source: https://knowthechain.org/benchmark

Several investment holdings received higher scores than the average in 2023, including Cisco Systems, Unilever, amazon, Nestle, Microsoft, The Coca Cola Company, Costco, and Texas Instruments while holdings such as Motorola Solutions, The Kroger Company, and ASML Holdings all scored below the average, which provides us an opportunity to enrich our engagements with these companies and fully understand why they received scores below the average and what the companies are currently involved in to improve their rankings in the future.

PRI Circular Economy Reference Group – This collaborative working group was founded in March 2023 and is a continuation of an existing collaboration called the PRI Plastics Working Group. We were members of the PRI Plastics Working Group since April 2020. This working group's primary objective was to raise investor awareness of the impacts, risks and opportunities surrounding plastic production, waste and pollution and explore how these can be managed. The working group mapped out the materiality of plastic for companies across the plastic value chain. The group also provided support for members on how to successfully engage with companies in order to achieve the responsible production and consumption of plastics.

The Circular Economy Reference Group represents a continuation and broadening of the PRI Plastic Working Group in that it still helps members to engage effectively with companies regarding plastic pollution while also supporting investor awareness of circular economy across a wider range of value chains. We believe this collaboration has significant merit as some of our holdings have exposure to the plastics industry, primarily within the consumer-packaged goods industry, and we want to actively engage with these companies regarding their policies on the reduction and recycling of plastics and be as successful as possible. We also are interested in learning more about how companies can increase their own participation in the circular economy going forward.

PRI Tax Reference Group - 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. The PRI has identified tax fairness as a priority issue for investors and has committed to providing further resources, as outlined in their three-year 2021-2024 strategy. The lack of corporate disclosure on tax issues is a key impediment for investors that want to understand companies' positions on tax issues and assess tax risks in their portfolio.

The PRI Tax Reference Group is a voluntary collaborative group, comprising of members from PRI signatories. The Tax Signatory Reference Group will work to:

- Provide an opportunity to meet interested parties and actors, and to express and be exposed to different viewpoints regarding corporate tax.
- Refine signatories' awareness and understanding of the impacts, risks and opportunities surrounding tax.
- Provide investors with knowledge and increased confidence to incorporate tax related issues into their stewardship practices.

So far, the collaboration has actively engaged with companies such as Amazon, Cisco and Microsoft, all holdings of BAM, on improving their corporate tax disclosure.

We have changed our proxy policy as a direct result of our participation in this collaborative engagement. As of June 2023, we have added the following proxy policy: BAM will vote in favour of all shareholder proposals regarding companies reporting on tax transparency in line with the GRI Tax Standard. Previously we were voting in favour of these proposals on a case-by-case basis.

PRI Global Policy Reference Group – We have been members of the PRI Global Policy Refence Group (**GPRG**) since July 2022. The PRI invited Matt Saddington to the working group due to his strong interest in providing input into the PRI's policy submissions. The GPRG is the PRI's primary forum to engage with signatories on the challenges and opportunities presented by existing responsible investment policies and through which the PRI seeks feedback on their draft policy positions and responses.

Over the past year we provided feedback on several PRI submissions including their "A Legal Framework for Impact: Australia" report, PRI's submission to the Australian Attorney General's Department regarding the Modern Slavery Act, PRI's submission to Treasury's consultation on empowering the AASB to deliver sustainability standards, and PRI's submission on mandatory climate-related financial disclosure to the Australian Treasury Office.

Companies Excluded or Sold for ESG Reasons

Booz Allen Hamilton

Company Name:	Booz Allen Hamilton Holdings
Engagement Topic:	ESG analysis led to increased perceived ESG risk and selling position
Country & Sector:	USA – Industrials
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 1 of 4: Initial Engagement

Booz Allen Hamilton (**BAH**) is a U.S. based management and technology consultant group that primarily works with the US government and specifically with the US Department of Defense. BAH us a leading provider of economic and business analysis, information technology, intelligence and operations analysis, modelling and simulation, organization, digital solutions, mission operations and cyber services to various departments of the US government. Approximately 95% of BAH's revenues are derived from the US government.

We initially invested in BAH in May 2020, with an expected twelve-month upside of 25% to its share price at the time of initial investment. Prior to investing in BAH, we focused part of our ESG-related research efforts (through direct engagement) in understanding the company's potential exposure to nuclear weapons, and if there was any exposure, whether or not the company was critical to the operation of these weapons. We had identified that BAH had 'an indirect tie to nuclear weapons' but wasn't considered direct exposure and the overall revenue exposure was below our 10% maximum threshold, the company passed our initial ESG negative screen but our engagement with the company was ongoing. We ultimately invested in BAH feeling satisfied that BAH was handling their most material ESG risks, being data security and employee training/satisfaction/retention.

In September 2022 we became aware that ISS-Ethix, another independent ESG research provider, had flagged BAH as having exposure to nuclear weapon manufacturing. We therefore decided to escalate the issue and re-engage with Booz Allen Hamilton regarding their involvement in nuclear weapons and provided ISS-Ethix research as evidence. On 19th September 2022, we emailed the company and followed up with another email on 19th October 2022, giving them full details of our concern and also excepts from the ISS-Ethix report.

The company responded on 20th October and organised a call with us for 1st November. During the call we made our position known to them that we required more detailed information regarding their exposure to nuclear weapons programs or we would have to exit our position. The summary outcome from that meeting was that they would get back to us with a more detailed answer 'the next week'.

On 9th November we received an emailed response stating that the company was apologetic for the delay in coming back, and that they were still looking into alternative avenues that might address the issue with ISS. What the company felt very comfortable saying is that Booz Allen does not engage in the manufacturing or development of nuclear weapons.

Booz Allen was planning to engage with ISS on this issue. Based on their understanding of the situation, a great deal of the confusion stems the fact that, as we had discussed, on certain contracts, Booz Allen may only provide details about the work as approved by the customer—this information, and thus the narrative, is strictly controlled by these customers. Management was looking for a way to satisfy all parties, and remove this controversy from Booz Allen's ISS report.

While the company had acknowledged the issue, BAH never followed up with our engagement. In the beginning of December 2022, we decided to provide BAH a last chance to rectify the situation with another email but unfortunately, we received what we felt was an even more dismissive response from a more junior member of their management team which we felt highlighted the lack of importance the company had placed on our engagement.

Due to the long duration of this engagement without any additional detail and with no sign of a constructive outcome, it did not give us confidence in their acceptance of our concerns or willingness to answer our queries. Due to having no timeframe for a resolution, we decided to exit the stock.

Company Name:	3M Company
Engagement Topic:	ESG analysis led to company failing our qualitative ESG assessment
Country & Sector:	USA – Industrials
Primary Goal of Engagement:	Manage ESG Risk
Progress:	Stage 1 of 4: Initial Engagement

3M has been in our investment universe since the inception of our global funds. After conducting research on the company, we concluded that the company fails our ESG Quality test. Below is a summary of our conclusions:

Investment Considerations:

1. 3M has generated an ROE well over 15% since 2000 (over the past 10 years their average ROE was 30.8%), despite being in the highly cyclical industrials sector. They have been able to do this with prudent capital management and by allocating capital to higher ROIC products requiring 3M's innovative expertise in technologically advanced product development. They have a diversified product mix which are market leaders in the product categories they serve.
2. 3M has 4 distinct divisions that are typically exposed to different cycles and industries. One similar characteristic of the majority of 3M's products is that they are exposed to relatively shorter cycles and tend to benefit earlier on in the beginning of the cycle. 3M's current divisions are 1) Safety & Industrial, 2) Transportation and Electronics, 3) Healthcare and 4) Consumer segments
3. 3M has been able to diversify their revenues internationally, with 45% of their revenues derived from outside the United States
4. The company has been able to maintain a very stable profitability profile, with gross margins between 47% - 50.8% since 2008
5. 3M has been rated "AAA" by MSCI over the past 5 years

ESG Considerations:

Despite a “AAA” MSCI ESG Rating and with strong investment credentials in robust strategies to decarbonise its product portfolio, it appears that the company does not possess sufficient quality and risk controls in place, with the company facing several extremely serious product quality lawsuits with potentially damaging financial implications that could jeopardise the continued R&D strength which has been embolic of 3M’s successful past.

Material Product Quality Issues:

1. 3M is a named defendant in numerous asbestos-related personal injury lawsuits. Plaintiffs claimed that their use of the company's masks and respiratory products exposed them to asbestos.
    a. The company is also a co-defendant in injury claims concerning the respirator business of Aero Technologies, which 3M acquired in 2008.
    b. As of March 2023, the company stated it continued to face lawsuits representing approximately 4,152 individuals.
2. Since April 2017, 3M faces multiple complaints related to the Bair Hugger Forced Air-Warming System (Bair Hugger) and its alleged potential to cause infections.
    a. The device had been used to prevent hypothermia of patients in the conduct of surgical procedures.
    b. According to complaints, patients allegedly developed infections after undergoing operations assisted by the said device.
    c. 3M is currently engaged in mediation sessions but have not been successful yet in resolving a multi-district lawsuit.
    d. 3M disclosed in its quarterly report that as of March 2023, it continued to face 5,208 lawsuits in the United States and one proposed class action in Canada.
3. 3M Company (3M) faces multiple consumer-related lawsuits over personal injuries such as hearing loss and tinnitus, allegedly caused by defects in the Combat Arms Earplugs (CAEv2) manufactured by its subsidiary Aearo Technologies LLC (Aero) as part of its military services from 2003 to 2015.
    a. In February 2023, 3M disclosed in its annual report that as of December 2022, it continued to face 14 putative class actions in several state and federal courts, which represent approximately 151,000 individual claimants.
    b. 3M tried to ringfence its potential liabilities by bankrupting Aero Technologies in July 2022 pledging to fund $1 billion to fund Aero’s liabilities stemming from lawsuits. In April 2023 the federal appeals court found that 3M would still be liable for all potential lawsuit liabilities since they owned 100% of Aero Technologies.

Material Environmental Issues:

1. Since May 2017, several state attorney generals, utility companies in the US and towns/municipalities in the US and Netherlands has filed lawsuits against 3M seeking compensation for alleged damages to natural resources, contamination of ground and drinking water, and for past and future costs incurred, including investigation costs, land depreciation costs and monitoring and remediation costs, among others, related to alleged PFAS releases and contamination.
    a. As of February 2023, 3M disclosed in its 2022 annual report that it continued to face lawsuits filed by state attorney generals in the states of Alaska, New York, Ohio, New Jersey, New Hampshire, Vermont, Michigan, Mississippi, North Carolina, Massachusetts, and Wisconsin. Lawsuits filed in Guam and Commonwealth of Northern Mariana Islands were also ongoing.
    b. On June 22, 2023, 3M entered into an agreement to pay public water suppliers to support PFAS remediation up to the present value of $10.3 bn.
    c. On March 14, 2023, the EPA announced a national proposal to establish legally enforceable levels for six PFAS in US drinking water. It is expected that the EPA will designate PFAs a hazardous substance by late 2023, which implies that these liabilities for the manufacturers such as 3M are not likely to be quantified with certainty until 2024-2025.
2. In October 2015, the West Morgan-East Lawrence Water & Sewer Authority filed a lawsuit against 3M Company (3M) in the Northern District Court of Alabama over alleged contamination of Tennessee River, which supplies water to surrounding communities.
    a. The company's release of toxic chemicals including Perfluorooctane Sulfonate (PFOS) and Perfluorooctanoic Acid (PFOA) from their manufacturing facilities had purportedly contaminated the water system and allegedly caused damages to properties and pose health risks for the residents.
    b. In February 2023, 3M disclosed in in 2022 annual report that it continued to face a lawsuit by Colbert County, Alabama over the alleged contamination.

Calculating all of 3M's potential future lawsuit liabilities together, estimates of the costs range between $15bn to $30bn. This currently equals ~ 1.5x to 3x of 3M's total expected annual net income generated in FY2023. Until all of 3M's litigation is resolved, 3M's balance sheet is likely to remain unlevered/not deployed substantially beyond current levels despite its strong free cash flow generation, potentially affecting the company's long-term growth and profitability.

Lastly, 3M is on the Global Compact Alignment Watchlist according to MSCI ESG Research due to the culmination of several severe controversies the company currently faces. Therefore, we will continue to engage with management to get a better understanding how the company emerges for this current litigation crisis with hopefully significantly better risk management controls in place.

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