



Stewardship Report FY24

Firetrail

Invest with Conviction



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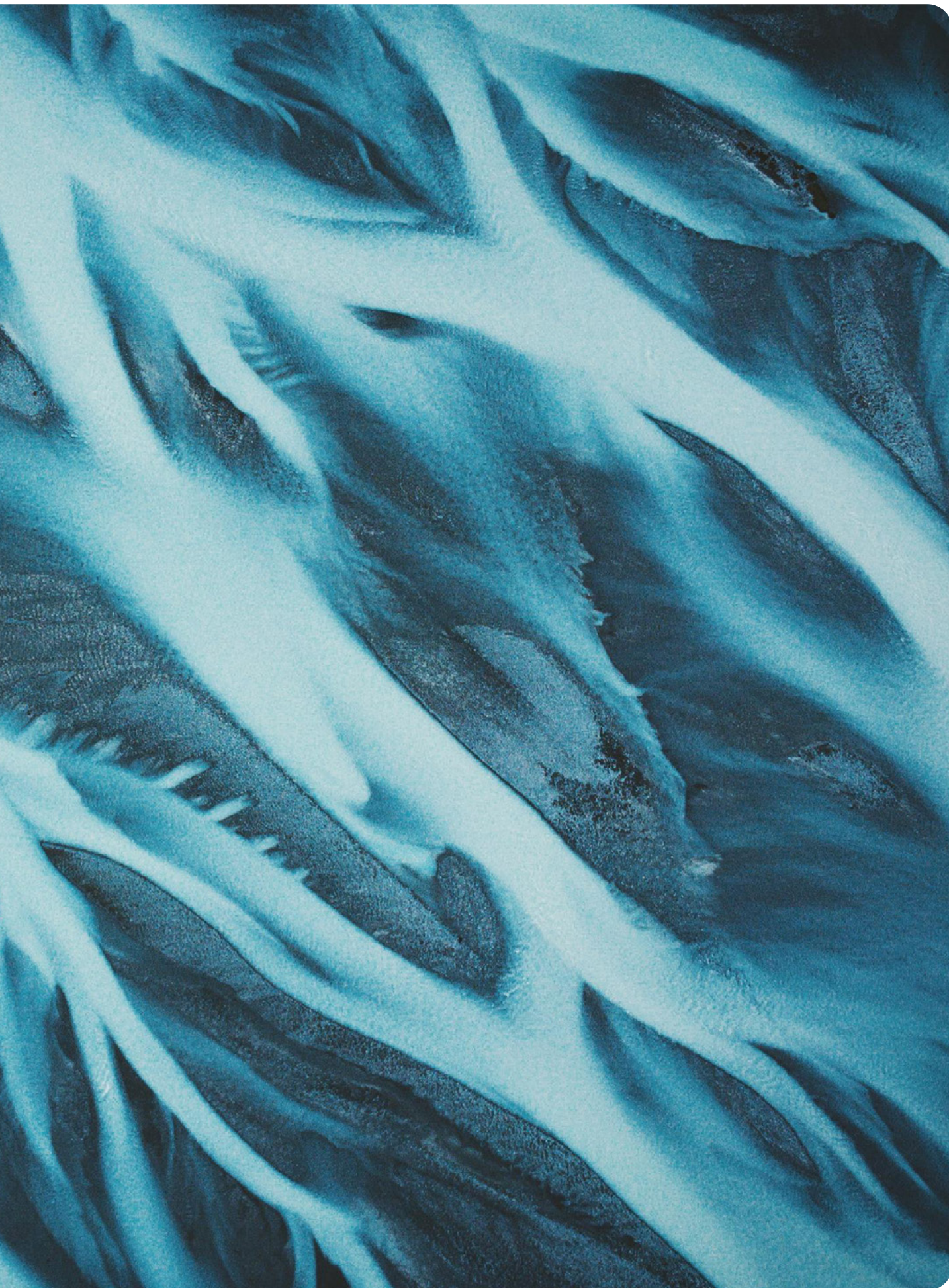
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1. Who We Are

Firetrail Investments Pty Limited (**Firetrail**) is an investment management boutique that specialises in high conviction equity investing. Our team of investment professionals build concentrated portfolios of Australian and Global companies.

Our mission is simple. To generate outstanding investment performance for our clients.

We believe we have an important role to play in the allocation of capital, both as active owners and long-term stewards of the assets in which we invest on behalf of our clients.

As a majority staff-owned business, sustainability is a core element of our purpose. We incorporate sustainability into our business operations and ESG principles into our investment process, working with investee companies to help them operate more sustainably to generate superior long-term returns.

Pinnacle Investment Management Group Limited (**Pinnacle**), a multi-affiliate investment management firm listed on the ASX (**ASX:PNI**), holds a minority stake (28.5%) in Firetrail. Pinnacle oversees Firetrail's middle and back-office operations, HR, IT, financial and legal services, as well as business distribution support.

The Firetrail Board of Directors (**Board**) is ultimately responsible for considering the social, ethical, and environmental impact of our activities and monitoring sustainability practices.

This includes overseeing the implementation and execution of our broader sustainability strategy and adoption of sustainability-related policies. The Firetrail Management Committee are responsible for oversight of the company's sustainability risks and opportunities in day-to-day operations.



Actively managed

Invest in our best Australian and Global equities ideas



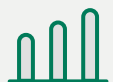
High conviction

Gain an edge through deep research focused on "What Matters"



Experienced people

An award-winning team with a proven investment approach



Performance alignment

Investment staff are co-owners of the firm and invest alongside our clients





2. About this Report

Firetrail is proud to release its FY 2024 Stewardship Report (**Report**). This Report includes insights on sustainability topics across the Firetrail business, as well as our work with companies both domestically and globally to support them on their sustainability journeys, for the period covering 1 July 2023 to 30 June 2024 (**FY24**).

As a responsible steward of capital, Firetrail aims to build trust and influence in our industry to drive long-term positive change. We hope this report provides you with greater insight into our Environmental, Social and Governance (**ESG**) philosophy and approach, the importance of stewardship across our business, and how we incorporate this into our investment and business activities.

This Report is to be read in conjunction with our other publicly available sustainability materials, including our ESG Policy, Human Rights Policy, Diversity & Inclusion Policy, and Proxy Voting Policy.

Where appropriate, these documents are referenced throughout this document.

Please direct any feedback to the Firetrail Investment Specialist team at:

investmentspecialist@firetrail.com

3. Welcome from our Managing Director

I am proud to present Firetrail's Stewardship Report for FY24.

As a team, we pride ourselves on the strength of our relationships with the management teams of our investments, collaborating closely with them on their unique sustainability journeys. We manage the Firetrail business to the same high standards we demand of others. Firetrail recognises its responsibilities to its clients, shareholders, and employees as well as to the community and the environment to do better.

The global investment landscape has continued to evolve at a remarkable pace over the past year. From groundbreaking advancements in healthcare and artificial intelligence to significant political and macroeconomic shifts, our team has remained responsive to the far-reaching implications for our investments and clients. By focusing on What Matters, we have sought out valuable resources to deepen our understanding of emerging themes.

As active investors, we recognise the powerful role we can play in driving Positive Change through our investment decisions. Since our inception in 2018, Firetrail Investments has integrated ESG factors into our investment process, making significant strides in responsible investment year after year. This Report provides insights into our engagements over the past

year, highlighting our ongoing dialogue with the companies we invest in regarding their ESG actions, policies, and future plans.

At Firetrail, we understand the importance of nurturing positive relationships within our workplace to support the growth of each team member. We strive to create an inclusive and equitable environment that reflects the diverse communities where we operate and invest. A diverse team, working in an inclusive atmosphere, fosters the best outcomes for our clients, and I am proud to lead a diverse investment team, as evidenced by our employee diversity survey results.

I hope you find this Report to be a valuable resource, illustrating how we are advancing our sustainable practices as a business while supporting Positive Change in our portfolio companies. As stewards of your capital, we remain dedicated to engaging with companies on critical ESG issues, advocating for enhanced transparency, and seamlessly integrating these factors into our investment processes. We believe this approach not only fulfils our fiduciary duty but also contributes to a sustainable and prosperous future for all stakeholders.

Thank you for taking the time to read this Report, and for your continuing support of Firetrail.



Patrick Hodgens

Managing Director



4. FY24 Developments

Firetrail has integrated ESG factors into our investment approach since the business began in 2018. We recognise that the understanding of sustainability factors is constantly evolving, and thus strive for a process of perpetual improvement in relation to our business approach to sustainability. We want to be responsible stewards of our investors' capital.

Over the past year we continued to embed sustainable thinking into the way we conduct our business. Please find examples outlined on the next page.

Increased transparency around our sustainability initiatives

Alongside publishing our ESG Policy, Proxy Voting Policy, Human Rights Policy, and Diversity & Inclusion Policy, we have also chosen to publish our voting reports for the Australian High Conviction Fund and S3 Global Opportunities Fund, along with quarterly updates on engagements with global companies.

Supporting select sustainability initiatives

We have identified sustainability initiatives where we can have a meaningful impact as part of the collective – this has included joining the 40:40 Vision as well as FAIRR, alongside our continuing memberships with the Principles for Responsible Investing (PRI) and Responsible Investment Association Australasia (RIAA). The FAIRR Initiative is an investor network focused on ESG risks and opportunities in the global food sector. The 40:40 Vision is an investor-led initiative calling for gender balance at the top levels of corporate Australia, and pleasingly we have been able to encourage one of our portfolio companies to join the pledge.

Continuous focus on company engagement

On behalf of our investors, we conducted over 400 engagements with company management on ESG issues to drive positive change. We engage with companies listed across global indices on the opportunities and risks that are most relevant to them. This allows us to most accurately measure the sustainability optionality in each business.

Tracking our operational carbon emissions

We have continued to measure the greenhouse gas (GHG) emissions associated with our operations since inception into FY24 and invest in credible offsets for these emissions to reduce the environmental impact of our business. In FY24, we signed up to carbon accounting software, Sumday, to assist with the measurement of our operational GHG emissions. Leveraging the Sumday platform has allowed us to expand the scope of the GHG emission boundary to include other relevant

supply chain emissions, most notably, emissions relating to purchased goods and services.

Supporting diversity in the investment management industry

We continued our support of diversity within investment management through involvement with the Women in Finance Scholarship recipients, and are proud that our investment team continues to be over 30% female, with women across senior positions such as Portfolio Manager and Head of Dealing. We also held our inaugural women in the industry event, whilst supporting the National Breast Cancer Foundation.

Continuing to support our wider community

Firetrail has been a proud supporter of Mirabel since 2019 and has supported NASCA since 2022. The team enjoyed supporting these foundations through multiple volunteering events in the year. We also supported the National Breast Cancer Foundation through our Women in the Industry event, and by wearing it 'Pink' in July - more details below.



5. Firetrail Funds and Sustainability Philosophy

Our Funds

Firetrail has four strategies across domestic and global equities with total funds under management of A\$5.8 billion as at 30 June 2024.

Firetrail Australian High Conviction Fund

The Firetrail Australian High Conviction Fund is a concentrated portfolio of our most compelling equity ideas. The strategy is built on fundamental, deep dive research guided by the philosophy that 'every company has a price'. The Fund aims to outperform the S&P/ASX 200 Accumulation Index over the medium to long term after fees. The strategy inception is 29 November 2005 and Firetrail Fund inception is 14 March 2018.

Firetrail Australian Small Companies Fund

The Firetrail Australian Small Companies Fund is a concentrated portfolio of our most compelling Australian Small Company ideas. The strategy is built on fundamental, deep dive research guided by the philosophy that 'every company has a price'. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the medium to long term after fees. The Fund inception date is 20 February 2020.

Firetrail Absolute Return Fund

The Firetrail Absolute Return Fund is a market neutral, uncorrelated alternative of Firetrail's best ideas. Long only positions are selected using in-depth fundamental analysis. The short portfolio is constructed using a combination of fundamental analysis, systematic strategies and other value-adding strategies. The Fund aims to outperform the RBA Cash Rate over the medium to long term

after fees. The strategy inception is 30 June 2015 and Firetrail Fund inception is 14 March 2018.

Firetrail S3 Global Opportunities Fund

The Firetrail S3 Global Opportunities Fund (Managed Fund) is a concentrated portfolio of Firetrail's best global equity ideas. The investment process employs fundamental analysis to identify the most attractive investment opportunities with positive change characteristics. The Fund aims to outperform the MSCI World Net Total Return Index (AUD) over the long term after fees. The Fund is also available as an active ETF – accessible for investment on the ASX under the ticker S3GO. The Fund inception is 3 November 2021. More detail on the Firetrail S3 Global Opportunities Fund can be found on page 13.

Our Sustainability Philosophy

Firetrail believes ESG factors can affect the value of investments. Therefore, ESG issues are a key component of the Firetrail investment process. By integrating ESG criteria into our investment process, Firetrail will attempt to directly influence companies to improve performance to the benefit of our investors. We aim to ensure our ESG engagement contributes to a more stable, sustainable, and inclusive global economy.

Firetrail recognises its responsibility to its clients, shareholders, and employees as well as to the community and the environment. Firetrail seek to integrate ESG awareness into all aspects of the business, including both investment and business operations, as part of our duty as a responsible member of the Australian investment management industry. There are three key

components to Firetrail’s integration of ESG factors from an investment perspective:



Own it

Each analyst owns ESG under their industry coverage. Analysts are the experts.



Measure it

ESG issues are investment issues. They must be measured.



Engage on it

Firetrail actively engages to address key ESG concerns. We do not screen out companies with high ESG risk.

Please refer to our ESG Policy for further detail.

Alignment with RIAA’s responsible investment spectrum

Approach	Traditional Investment	Responsible and ethical investment						Philanthropy
		ESG Integration	Exclusionary/negative screening	Norms based screening	Corporate engagement and shareholder action	Positive/best-in-class screening	Sustainability-themed Investing	
Method	Providing limited or no regard for environmental, social, governance and ethical factors in investment decision making	Explicitly including ESG risks and opportunities into financial analysis and investment decisions based on a systematic process and appropriate research sources	Excluding certain sectors, companies, countries or issues based on activities considered not investable due principally to unacceptable downside risk or values mis-alignment	Screening of companies and issuers that do not meet minimum standards of business practice based on international norms and conventions; can include screening for involvement in controversies	Executing shareholders rights and fulfilling fiduciary duties to signal desired corporate behaviours - includes corporate engagement and filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines	Intentionally titling a proportion of a portfolio towards solutions; or targeting companies or industries assessed to have better ESG performance relative to benchmarks or peers	Specifically targeting investment themes e.g. sustainable agriculture, green property, 'low carbon', Paris or SDG-aligned	Investing to achieve positive social and environmental impacts - requires measuring and reporting against these, demonstrating the intentionality of investor and underlying asset/investee and (ideally) the investor contribution

Firetrail Australian High Conviction Fund
 Firetrail Australian Small Companies Fund
 Firetrail Absolute Return Fund

Firetrail S3 Global Opportunities Fund

Source: Responsible Investment Association of Australasia



Sustainability initiatives



Firetrail is a signatory of the PRI, committed to including ESG factors in their decision making. For more information on the PRI, please visit: www.unpri.org.



Firetrail is a Member of the Responsible Investment Association Australasia (RIAA) and the Firetrail S3 Global Opportunities Fund achieved RIAA's Responsible Investment

Certification in 2022. RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand, ensuring capital is aligned with achieving a healthy society, environment, and economy. The Responsible Investment Certification Symbol is the leading mark for distinguishing quality, responsible and ethical investment products. For more information on RIAA, please visit:

www.responsibleinvestment.org.

40:40^{VISION}

Firetrail is a signatory of the 40:40 Vision. 40:40 Vision is an investor-led initiative calling for gender balance at the top levels of corporate Australia. Through 40:40 Vision we've pledged to support ASX300 companies to achieve gender balance (40% women, 40% men, 20% any gender) in executive leadership teams by 2030. There's clear evidence better gender balance in leadership is smart business and leads to better decision making and stronger long-term performance. Creating fairer and more inclusive workplaces benefits everyone. Learn more about 40:40 Vision here:

www.hesta.com.au/4040vision.



Firetrail is a Member of the FAIRR Initiative's investor network, helping to build a more sustainable food system by raising awareness of the material risks and opportunities present in global protein supply chains. For more information on the FAIRR Initiative, please visit: www.fairr.org.



6. The Firetrail S3 Global Opportunities Fund

Firetrail was pleased to launch the S3 Global Opportunities Fund in November 2021, following years of research and preparation. The Firetrail S3 Global Opportunities Fund is a concentrated portfolio of Firetrail's best global equity ideas. The investment process employs fundamental analysis to identify the most attractive investment opportunities with sustainable characteristics.

At Firetrail, we believe that it is important to look beyond the current champions in Positive Change that often trade on expensive valuations. By backing overlooked companies that are early in their Positive Change progress, and facilitating their journey through stewardship, it is possible to generate meaningful alpha for clients. As these companies improve their sustainability credentials in the eyes of the market, we believe their share prices should re-rate higher. The Fund's philosophy is built on three key investment principles.

- 1** Sustainable companies deserve premium valuations – Companies that the market perceives to have sustainable characteristics, such as good environmental practices, a social license to continue operations over the long-term, or strong corporate governance, deserve premium valuations relative to companies that do not.
- 2** Share prices follow earnings – No matter how undervalued a company may seem, if

earnings expectations are downgraded, the share price will generally fall. Companies generally reach fair value when they meet or beat market earnings expectations.

- 3** The market is slow to recognise Positive Change – Companies can change for the better or worse. Fundamental analysis is the best way to uncover companies that can benefit from positive change in their business, industry, or markets.

To ensure sufficient diversity in the fund, companies are categorised according to one of Firetrail's four positive change themes which have been grouped from the United Nations Sustainable Development Goals.

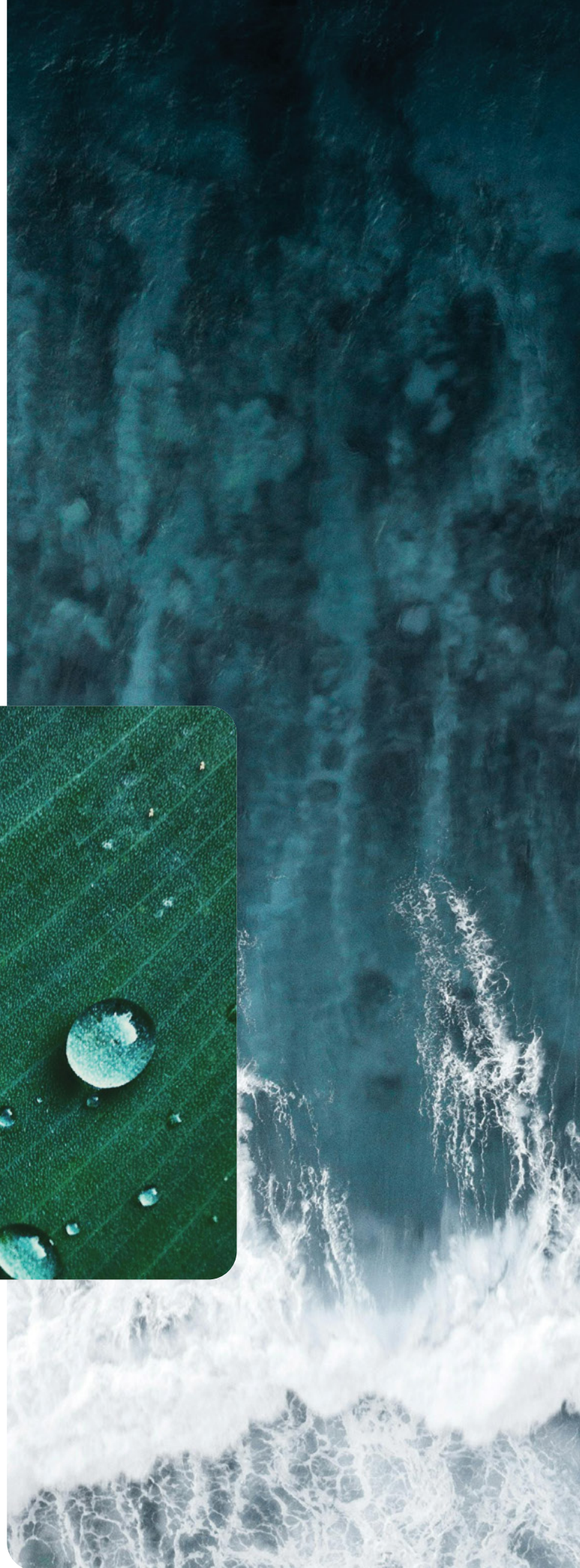
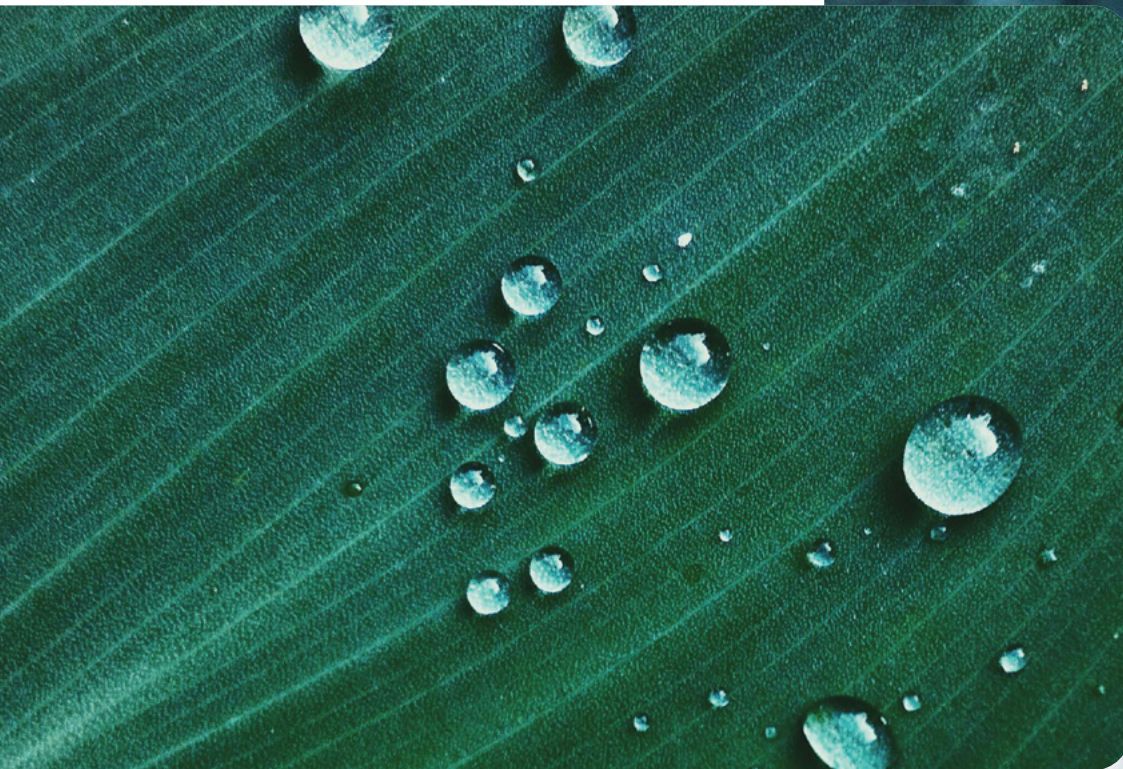
Firetrail's focus on deep fundamental analysis and a forward-looking approach helps to identify those global companies that are the very best candidates for a significant improvement in positive change. In doing so, we aim to invest in companies at more compelling valuations, and benefit from the rerating of the shares as the market realises the future potential of these businesses. This is global equity investing with a sustainable edge.



Firetrail S3 Global Opportunities Fund (Managed Fund) has been classified “Sustainable Plus” – the highest certification from Responsible Investment

Association Australasia (RIAA). This certification indicates that the Fund goes beyond basic responsible investment criteria by ensuring Sustainability objectives are prominent, the portfolio is aligned with sustainability objectives, and progress is measured and tracked.

See www.responsiblereturns.com.au for more details.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.



1. Health & Wellbeing

An example of a company which may meet this sustainable investment theme is a health care company that develops technologies to ensure the integrity of chemical compounds used in the manufacture of pharmaceuticals.



2. Innovation & Equality

An example of a company which may meet this sustainable investment theme is a semiconductor company whose products are used in electric vehicles, consumer electronics, and computers.



3. Climate Impact

An example of a company which may meet this sustainable investment theme is a utility company actively reducing its carbon emissions over the next 5-years by investing in renewable technologies.



4. Sustainable World

An example of a company which may meet this sustainable investment theme is a biofuel supplier that creates the key ingredient for renewable diesel, an important alternative energy source to petroleum-derived diesel.

Firetrail S3 Global Opportunities Fund Positive Change Themes



Health & Wellbeing



Innovation & Equality



Climate Impact



Sustainable World



Our best value and growth ideas with a sustainable edge

Source: Firetrail, The Firetrail S3 Global Opportunities Fund's Positive change themes recalibrate the Sustainable Development Goals into investable, forward looking themes.

Offset portfolio emissions

On the Firetrail website, investors in the S3 Global Opportunities Fund are able to input their investment amount to calculate the estimated annual emissions of their investment. Investors may then choose to offset these emissions through the purchase of high-quality carbon offsets. We provide the calculator for investors to increase the transparency of the carbon emissions profile of the portfolio, and contribute to improving the environmental impact of the Fund.



Offset your investment's carbon emissions

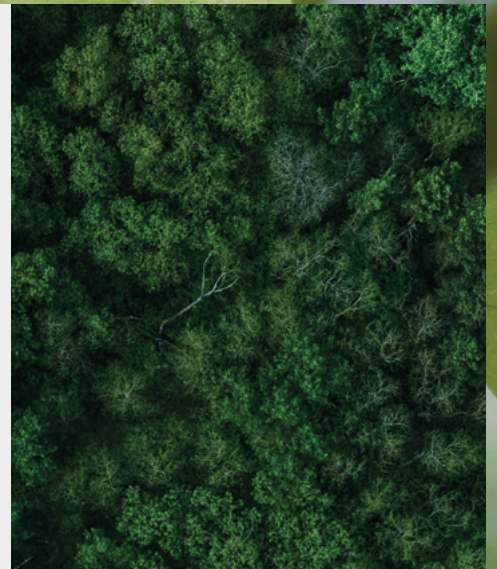
Use the calculator below to calculate the estimated annual emissions of your investment in Firetrail S3 Global Opportunities Fund (Managed Fund). As an investor, you may wish to offset these emissions through the purchase of high-quality carbon offsets.

Amount Invested in the S3 Firetrail Global Opportunities Fund (Managed Fund):

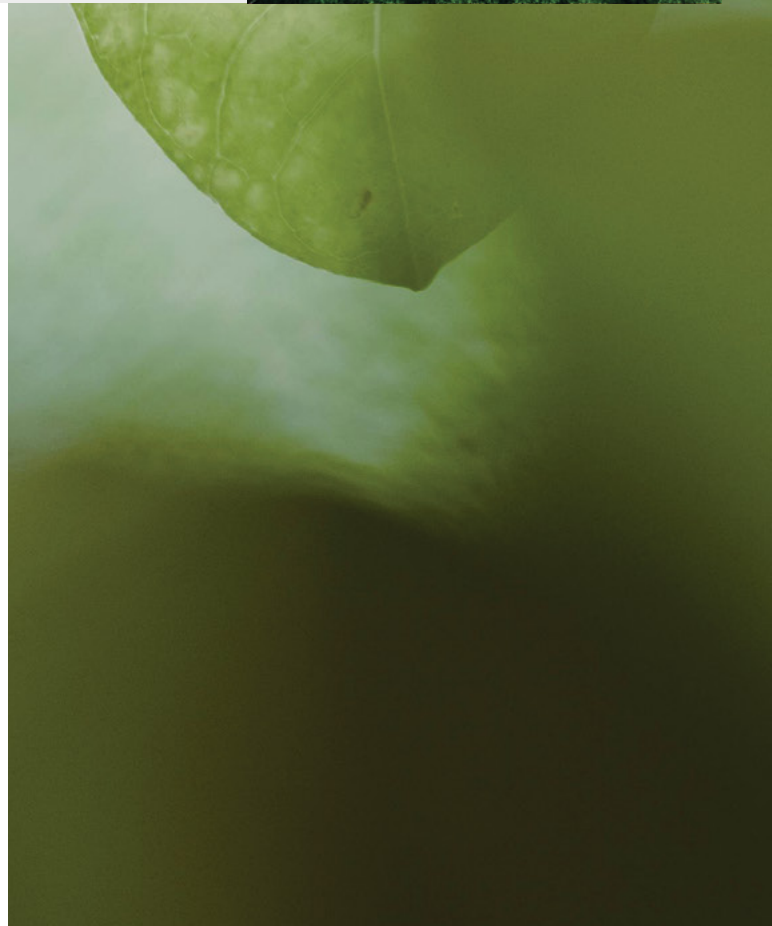


Carbon footprint (Tonnes of CO₂):

0.119



Visit <https://firetrail.com/funds/firetrail-s3-global-opportunities-fund-managed-fund/#offset-your-emissions> for more information on how to offset your investments emissions.



7. Carbon Approach

Firetrail recognises the urgency of near-term action on carbon emissions and believes that reducing our carbon footprint is essential for the environment. As investors, sustainability is an important part of our decision-making. We believe that well-governed businesses, run in a sustainable manner, deliver stronger, more resilient investment returns, creating better outcomes for society and the environment. In this section, we will share with you how we measure, manage, and mitigate Firetrail's operational carbon emissions, as well as how we identify and invest in opportunities that contribute to a low-carbon economy.

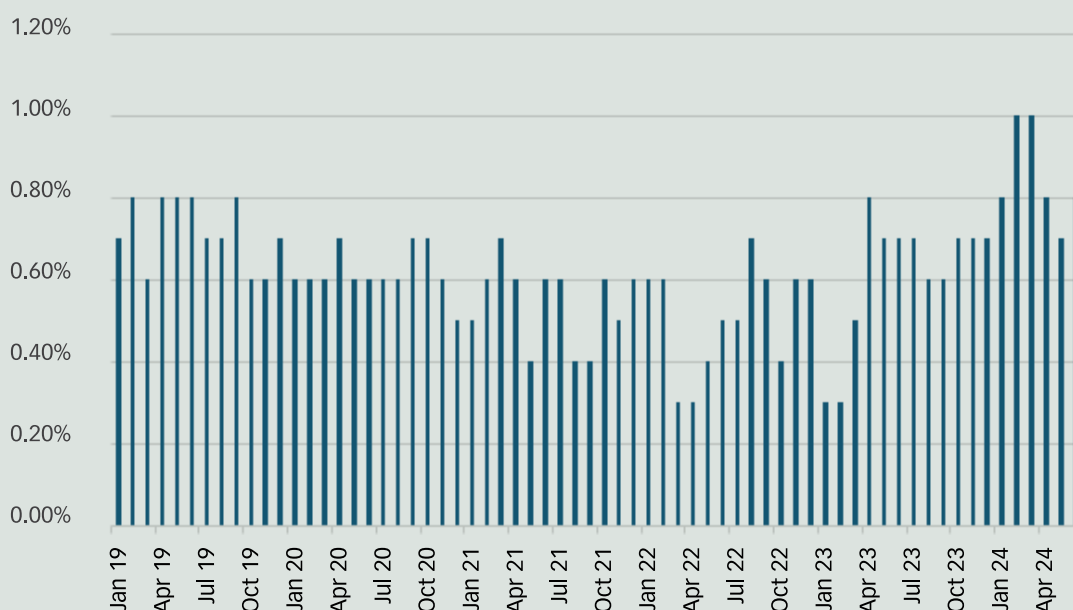
Why this matters

This year has been the hottest in modern history and we have seen CO₂ levels in the atmosphere

rise at an increasing rate. The Intergovernmental Panel on Climate Change (IPCC) is clear that all pathways that limit global warming to 1.5°C – with no or limited overshoot – as well as those that keep the temperature rise within 2°C, require rapid and deep greenhouse gas emissions (GHG) reductions this decade (for 1.5°C, that is a 43% decrease by 2030 against a 2019 baseline).

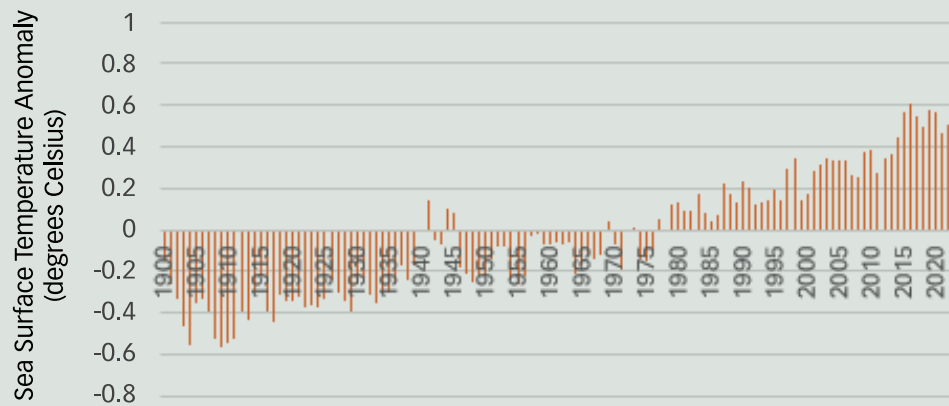
The world is not decarbonising at anywhere near the scale and pace needed. In a year when cost of living pressures have risen, it has become imperative that practical and economic solutions to decarbonise are pursued, which has been a research focus of the Firetrail S3 Global Opportunities Fund.

Annual change in atmospheric CO₂ levels as measured at Mauna Loa, Hawaii



Source: US National Oceanic and Atmospheric Administration

Annual global sea surface temperature anomaly Relative to period of 1961–1990



Source: Australian Bureau of Meteorology

What Firetrail is doing

As a responsible business, we strive to minimise our emissions wherever possible. Firetrail has implemented a waste minimisation strategy throughout its operations, with all staff educated and trained on appropriate waste minimisation techniques.

Initiatives include:

- Encouraging sustainable, low emissions, transport to the workplace where possible – cycle, walk, train.
- Energy efficient lights and air-conditioning based on movement sensors, energy efficient blinds.
- Minimisation of printed materials unless necessary. Document reviews in digital format.
- Waste, paper, glass, and plastic bins provided for recycling.

- Recycling of coffee cups, coffee pods, paper, printer cartridges, batteries.

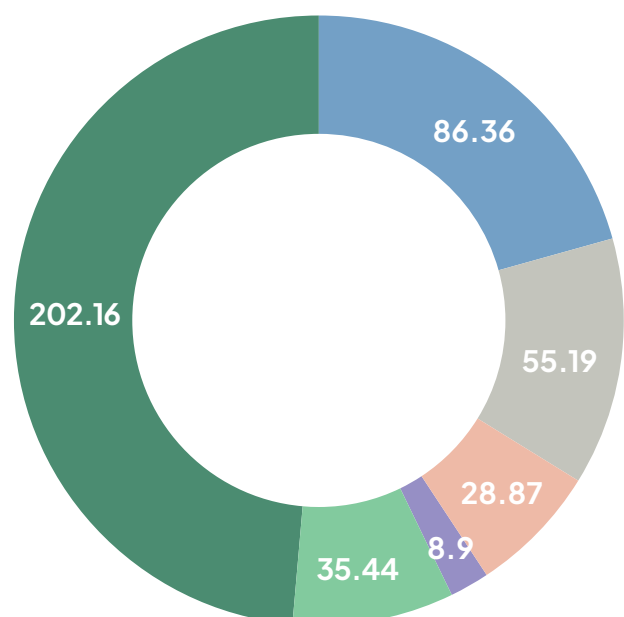
The table below shows our emissions breakdown for FY24, based on the GHG Protocol Corporate Standards. We have calculated our scope one and two emissions from our direct operations and purchased energy, as well as relevant scope three emission categories. This year, we expanded the scope of the GHG emission boundary to include other relevant supply chain emissions, resulting in an increase in reported emissions. Additional items include emissions relating to professional services (including, but not limited to, financial, legal, IT and marketing services), software, telecommunications, office supplies, food and beverages.

Breakdown of our FY24 Carbon Emissions

		FY24 CO ₂ emissions (tonnes)
Scope 1		-
Scope 2 (Market-based)		-
Scope 3 breakdown		
Purchased Goods and Services	Emissions associated with purchased supplier goods and services	197.1
Fuel and energy-related activities (market-based)	Emissions associated with the production of fuels and energy purchased and consumed	0.7
Transportation & distribution	Emissions associated with the transportation and distribution of purchased products and third-party services	0.1
Waste Generated in Operations	Emissions associated with disposal in landfill, water wastewater treatment	1.8
Business travel	Emissions associated with the transportation of employees for business-related activities (in vehicles we do not own or operate) and hotel stays	208.3
Employee Commuting	Emissions generated by employees travelling to and from our offices and employees working remotely	8.9
Total GHG emissions (market-based)		417.0

FY24 GHG Emissions breakdown

- Air Transport
- Commercial and Consumer Services
- Financial Services
- IT and Software Development
- Employee Commuting
- Other



A focus on tangible emissions reduction in our portfolios

One of the first steps we took at Firetrail was to understand the most cost-effective ways to reduce carbon emissions for our global companies. We used the global abatement cost curve as a tool to analyse the potential and the cost of different mitigation options across sectors and regions. This is a pragmatic approach that allows us to prioritise the actions that can have the most impact at the lowest cost. Our approach is to focus on tangible emissions reduction, rather than on aspirational targets or promises. We are aware that many companies have announced net zero goals for 2040 or 2050, but we are more interested in what they are doing in the short to medium term to achieve those goals. We also monitor the developments in carbon capture and storage technologies, which are becoming more economically viable and could play a key role in decarbonising hard-to-abate sectors such as heavy industry and heavy-duty transport.

Monitoring companies across the globe

In the Firetrail S3 Global Opportunities Fund, we aim to invest in companies that will provide a lower emissions portfolio than the benchmark index. We also believe there are significant financial returns to be found in many companies that are transitioning to a low-carbon business model or providing solutions for a low-carbon economy.

We measure the scope 1 and 2 emissions of our portfolio companies using data from MSCI, and we compare the portfolio with the emissions of the MSCI World Index. During FY24, we were on average 64% below the index in terms of emissions intensity². Where possible, we also forecast the tangible change in emissions that our portfolio companies can achieve through their strategies and initiatives.

We also look for opportunities to invest in companies that have high levels of Scope 4, otherwise known as avoided emissions. These are the emissions avoided or reduced by a company's products or services compared to a baseline scenario. For example, we own Air Liquide, a leading industrial gas company that provides hydrogen and oxygen for clean energy applications, such as fuel cells and industrial processes. Another example is Darling Ingredients, a global leader in converting animal by-products and organic waste into renewable fuels, such as biodiesel and renewable diesel. As we engage with companies we aim to understand their Scope 4 avoided emissions, as well as the methodologies of calculation. We encourage those companies that have not disclosed or measured to understand their Scope 4 emissions.

Finally, we recognise the value of trees as a natural carbon sink that can sequester carbon dioxide from the atmosphere and store it in biomass and soil. We invest in companies that own or manage sustainable forests, such as Rayonier and UPM. These companies practice responsible forestry practices that protect biodiversity, water quality and social values. They also produce wood products that can substitute more carbon-intensive materials, such as steel or concrete. We account for the carbon sequestration benefits of these companies as has been reported by the companies, as well as changes from natural events such as wildfires. The atmosphere and warming effects of greenhouse gases are indifferent as to the source of them, and we recognise this with our practical approach.

We hope that this section has given you a clear and comprehensive overview of our carbon performance and strategy. We believe that by working together, we can make a positive difference for the climate and for our future.

² Using monthly data of carbon intensity per \$1m AUD invested, relative to the MSCI World Index. Includes net carbon removals for timberland assets.



8. Sustainability and ESG – the Global Landscape

As we navigate the ever-evolving landscape of sustainability and ESG, it is essential to acknowledge the complexities and challenges that arise from the intersection of economic, social, and environmental considerations.

The Current Landscape: Regulatory Volatility

The past year has seen cost of living pressures take centre stage for governments worldwide, resulting in a slowdown in the pace of regulatory focus on sustainable progress. However, this shift in attention has not diminished the importance of ESG considerations. Regulatory volatility has become a significant concern, with governments and institutions grappling with the need to balance economic growth with sustainable development. In the US, for example, Congress has not passed any significant laws in 2024 impacting the sustainable investing field. Meanwhile, in Australia, the Federal budget during the year provided a range of measures to address cost of living and also add to the energy transformation and address environmental reform.

The Increase in Focus: AI

Artificial intelligence (AI) has emerged as a critical area of focus in the ESG landscape, with two primary concerns: environmental emissions impact and the responsible use of AI. A case in point is Alphabet's latest sustainability report, which reveals a significant increase in emissions, primarily driven by increased data centre energy consumption and supply chain emissions. This highlights the need for companies to prioritise sustainability in their AI development and deployment strategies. As investors, we recognise the potential of AI to drive positive change, but we also acknowledge the importance of ensuring that its development and use are aligned with ESG principles.

New Standards

Regulatory updates, especially in the US and Europe have significant implications for sustainable investment. In the US, individual states are differentiating themselves through varying approaches to ESG regulation, creating

a complex landscape for investors to navigate. Meanwhile, European regulators are pushing forward with initiatives aimed at enhancing transparency and accountability in ESG reporting. The European Commission has proposed a new sustainable finance package, which includes the addition of further activities to the EU Taxonomy and a proposal for a regulation on the transparency and integrity of ESG rating activities. Additionally, the European Supervisory Authorities have presented their Progress Reports on Greenwashing, which address the key areas of the sustainable investment value chain vulnerable to greenwashing and call for remediation actions.

Looking Forward

At Firetrail, we remain committed to finding logical and pragmatic solutions to ESG challenges. Our focus areas for the coming year include:

- Climate change mitigation and adaptation strategies
- Responsible AI development and deployment
- Enhanced transparency and accountability in ESG reporting
- Biodiversity conservation and ecosystem preservation

The global landscape of sustainability and ESG is complex and ever-evolving. As investors, we must remain vigilant and adaptable, prioritising ESG considerations and promoting responsible investing practices. We believe that by working together with our stakeholders and peers, we can drive Positive Change and create a more sustainable future for all. Our approach is centred on a deep understanding of the complex relationships between economic, social, and environmental factors, and we remain dedicated to delivering long-term value to our investors while promoting responsible investing practices.



9. Portfolio Engagement

Engagement overview

We believe the best way to advocate for change is to engage with company management and the board. A key part of this process is ensuring appropriate disclosure on key ESG issues from the companies in the portfolio.

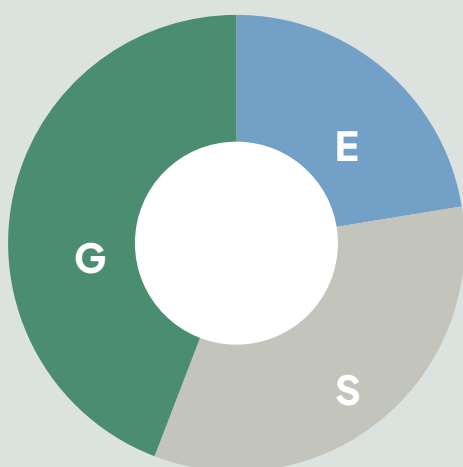
Proactive company engagement forms a key part of the investment process. Firetrail engages with company management to advocate for change when it is believed to be in the interest of shareholders. When specific issues arise, or where our investment process identifies that a company is not meeting minimum acceptable standards, management consultation and debate is sought. Many issues can be resolved

satisfactorily through representation prior to a formal meeting. These opportunities are welcomed to improve corporate governance and ESG practices, with the ultimate objective of improving returns. In instances where we believe a company demonstrates wilful disregard for ESG principles, we may choose to avoid investing or to divest.

The Firetrail investment team continued regular company engagements in the 12 months to June 2024. The team met with companies not only domestically, and via virtual meetings, but took advantage of opportunities to travel internationally to meet companies on the ground, conducting multiple research trips across Asia, the US and Europe during the year.

We conducted 408 company engagements across the Australian and Global funds. We do not set out the year with a plan for the topic of engagements, but instead engage on a case-by-case basis depending on what is most relevant for each company. We noted an increase in discussions around Governance areas with companies this year, particularly with a noisy macroeconomic environment impacting corporate strategy, and a focus on appropriate remuneration structures. Climate change and decarbonisation remained key focus areas on the environmental side, as there is increased recognition we are not decarbonising fast enough. However, there was a greater sense of balancing the costs of new energy with consumer cost-of-living pressures, and ensuring we can have a just transition. On social issues, engagements were centred around employee wellbeing and the impacts of the rising costs of living being felt globally, as well as a continued focus on company interactions with local communities. A summary of Firetrail's engagement activities in FY24 is provided below:

408 ESG meetings with
221 companies



Australian engagement case studies:

Decarbonisation technology in Australia

Our close dialogue with the Santos management team continued through FY24. Areas of engagement have included progress on carbon capture and storage (CCS), consultations with local populations, and governance structures regarding succession and remuneration.

A key theme we have followed this year is the global view on gas as part of the energy transition. We have seen governments across the world recognise gas as a key transition fuel, including Australia, which will be required to ensure energy affordability and security. As renewables like solar and wind are added to energy grids, we need more flexible power and storage solutions. For example, a data centre requires 100% uptime of electricity supply. The more solar and wind we add, the more gaps we have when the sun isn't shining or the wind isn't blowing. Gas-fired power plants can quickly fill those gaps and provide reliable baseload power. If CCS is added to gas projects, the carbon emissions can be completely removed.

Santos is just months away from beginning CCS operations at its Moomba project, and we have engaged with management heavily on the final stages of progress. Firetrail continues to believe that CCS provides the greatest potential for Australia to reduce emissions from our stationary energy sector. Santos is also set to benefit from the opportunities to sell carbon storage space to third parties. We continue to be pleased with Santos' deep commitment to CCS and take comfort in the fact that there is material demand for their CCS solution at Moomba. Once Moomba is up and running, we expect it will set an exciting precedent for CCS operations for Santos, and for Australia.

We have also closely monitored Santos' relationship with the local populations around their assets, including the Croker / Tiwi Island local populations, and by visiting the Pikka Alaskan project. It was great to see Santos' operations first hand in the North Slope, and interact with the local community. On our engagements with the local community we found that there is strong support for the project at both the local community and government level. We independently met with locals working at

competing firms and legal experts who confirmed this relationship. We saw examples of where Santos has made small economic sacrifices in their process to benefit locals. The project will also offset Scope 1 and Scope 2 emissions by purchasing carbon offsets from local community corporations, further supporting the local community. There are also various modifications to the project to reduce emissions, and the environmental footprint, to protect the locals. We believe this is a project shareholders should be proud to support.



Blake visiting Santos' Pikka Alaskan project



Santos providing an update on carbon capture and storage technology

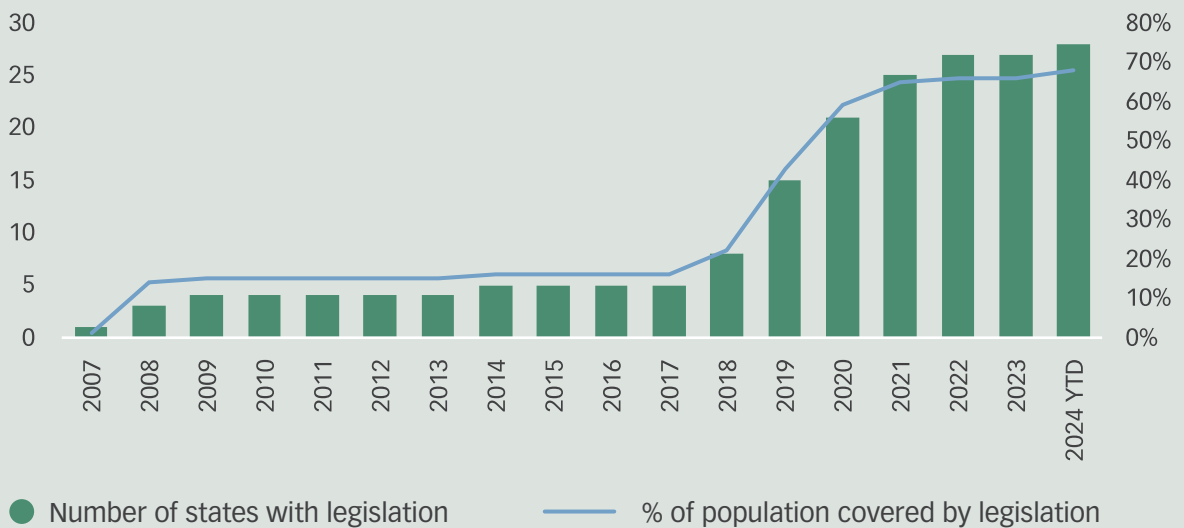




Forever chemicals under control

Perfluoroalkyl and Polyfluoroalkyl Substances, or PFAS, have gained greater attention this year with increased regulatory focus on the environmental contaminants dubbed 'forever chemicals'. We engaged ALQ to understand the opportunity at hand. ALQ is a leader in PFAS testing methods, enabled by early adoption of PFAS regulation in Australia. As governments around the world start to adopt PFAS regulation and undertake remediation works, this comes with additional testing requirements. To take advantage of this opportunity, ALQ is expanding PFAS testing capacity in key geographies, and leveraging existing technical expertise to meet the growing demand. This gives us confidence that ALQ is among the best positioned to benefit from these tailwinds and can play a key role in preventing further harm from PFAS contamination.

PFAS regulation across the US



Source: Goldman Sachs, June 2024

Priorities in order

We have had significant engagement with Incitec Pivot (IPL) throughout FY24 as the Board dealt with an underperforming CEO and went through a new CEO selection process. We engaged to make sure the Board understood our views on the previous CEO, and how they were dealing with ongoing poor manufacturing execution, achieving an acceptable outcome on explosives repricing contracts, and our low confidence in capital deployment especially M&A. We provided feedback on the type of CEO the business needed, and the selection process. We also provided our feedback on the new CEO remuneration framework. We were pleased this put greater focus on Total Shareholder Return (TSR) and Return On Invested Capital (ROIC) than the previous structure, and a greater focus of remuneration on long term performance. We also met the new CEO to explore the key objectives in their first 100 days of being appointed. The new CEO clearly explained his key objectives to us and we are pleased to see he has defined objectives, and will continue to engage with him to make sure he executes on them.

Riding the AI wave

We believe it is important to proactively investigate and understand the risks and opportunities for our companies given the rapid uptake of AI. The use cases for AI are wide ranging, but from an ESG perspective we have focused on data/information privacy and security

regarding AI, as well as the increased energy requirements for AI operation. It is still early days for the developing technology, but we will continue to engage with our companies on how they are using AI and encouraging strong cyber security protection and internal policies around usage and await government regulation.

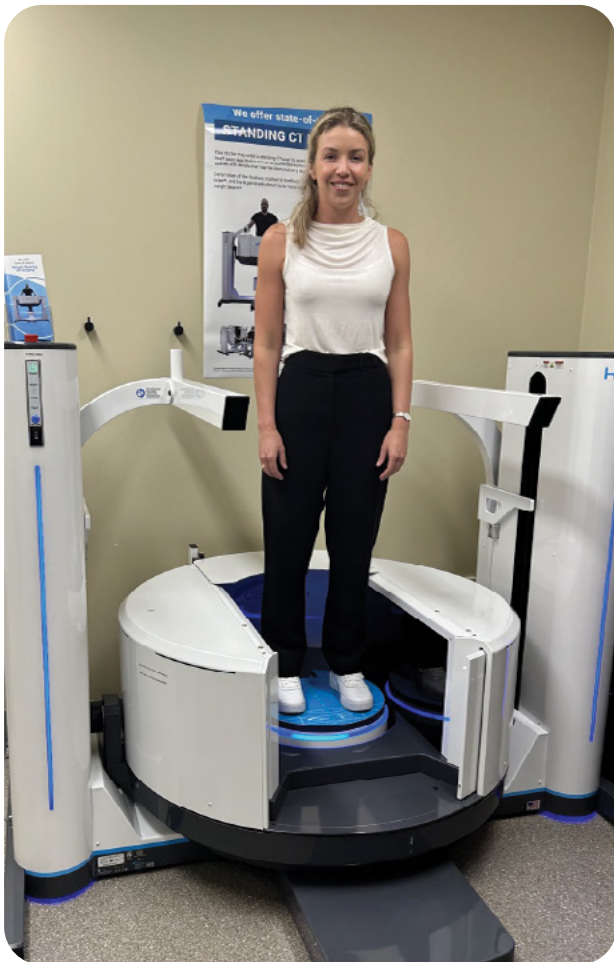
The main direct exposure to the AI thematic in the domestic funds is through Infratil, whose largest asset is CDC (Canberra Data Centres), and Wisetech.

For Infratil, the key area of discussion has been around CDC's power usage efficiency (PUE). PUE is the amount of additional power required to cool data servers, with a lower PUE indicating less power intensity. As CDC builds out new data centres, it is targeting a reduction in PUE to 1.2x, which is ahead of the current industry standard. As more power-intensive AI workloads come online, the data centre industry is shifting towards water cooling and so water usage efficiency (WUE) becomes another important consideration. CDC has a long track record of water cooling capabilities, and utilises closed loop water reticulation which has resulted in an



industry-leading WUE. CDC's industry leading PUE/WUE metrics give us comfort that the business has an appropriate focus on sustainable data centre operations.

Two key areas of discussion with Wisetech (WTC) have been around more social aspects. Managing cyber risk is a top priority for WTC in its product development process, particularly when it acquires businesses with weaker cyber protections than the core WTC platform. To manage this risk, WTC will re-code newly acquired businesses into the existing CargoWise codebase. This gives us comfort WTC is implementing appropriate cyber protections in its product. We also discussed the 'earn and learn' initiative WTC has for high school graduates, via which the company will employ aspiring software developers to work within the business and fund their university degree. This program has had positive social outcomes for employee engagement and retention.



Affordable housing aspirations

The demand for affordable housing is 4x the current supply in Australia. Aspen provide affordable accommodation across residential, retirement and park communities with a focus on closing the housing affordability gap in Australia.

Australian housing affordability has sharply deteriorated in recent years:

- Proportion of cheap rentals (<\$400/week) have fallen from 37% in 2020 to just 6% in 2024
- >32% of Australian renters pay >30% of their income in rent
- Australia's social and affordable rentals shortage amounts to over ~650,000 homes

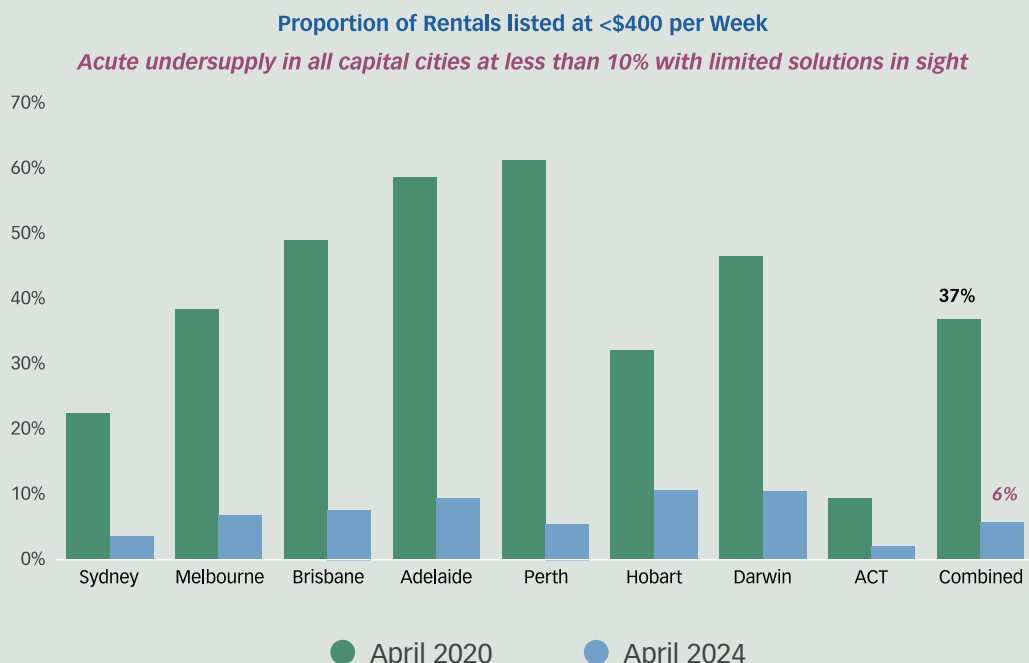
We engaged with management to ensure they can continue acquiring assets at economic prices and build their development pipeline. Despite CPI hitting 7-8% during 2023, Aspen did not pass all this through to their customers. Their objective is to stay below Commonwealth Rent Assistance to support the undersupply of affordable housing and support future growth. Across their residential portfolio, Aspen like to ensure that they offer

houses for 40% below the median price. This ensures high demand and only frictional vacancies. We believe Aspen has a strong license to operate and is delivering returns to shareholders.

Focus on what matters

Pact group is a diversified packaging manufacturer that listed on the ASX in December 2013. Pact was a holding in the Firetrail Australian Small Companies Fund from February 2021 to October 2022. Despite significant valuation upside, the decision was taken to exit the position due to governance concerns following a meeting with Pact Chair Raphael Geminder. Pact group is ~51% owned by KIN group which is controlled by Geminder. The key takeaway from the meeting was that the Chair was not acting in the best interests of minority shareholders. Subsequently in October 2023, Mr Geminder made an offer to acquire Pact Group for 0.68 cents per share, a 47% discount to the fair value of the company as determined by the independent expert. This example highlights the benefit of proactive ESG engagement, and when it is deemed necessary, making the decision to divest.

Aspen is helping solve Australia's housing problem



Global engagement case studies

Regulation Risk

As part of our investment process, we continuously assess regulatory risk, which can result in binary outcomes. During FY24, we engaged with NextEra Energy (NEE) on several critical issues, including ghost funding allegations and an overreliance on tax credits. Florida Power & Light (FPL), NEE's regulated utility business, faced allegations of providing ghost funding to political candidates in Florida. While the absolute dollars involved were small, a guilty finding would have raised significant governance concerns. The company maintained its innocence, and a review by the Federal Election Commission was ultimately inconclusive, leading to the case's closure. Additionally, we engaged with NextEra Energy Resources on the use of tax credits, which are vital to the business's profitability. We were unable to get comfortable with the return profile of new renewable projects without tax credits in a higher interest rate environment. During FY24, our preference has been to invest in energy transition solutions that are economically viable on a standalone basis.

Biodiversity risk growing

In FY24 we continued to engage closely with companies on biodiversity risk. By doing so we are better able to understand the potential threats and opportunities biodiversity presents to our investments. In FY24 engagement was focussed in the forest sector, which we believe has heightened biodiversity risk.

The S3 Global Opportunities Fund holds two forestry companies, UPM and Rayonier.

UPM is a vertically integrated pulp producer, which is committed to improving the biodiversity in its forests across mainland Europe and South America. UPM manages biodiversity on a local basis with a target of its operations having a net positive impact on biodiversity. This means the way it manages biodiversity in its forests is nuanced to the specific geography. For example, in Finland historically UPM's forest management program was too efficient resulting in not enough dead wood being left on forest floors for key species to survive. UPM has now introduced a target to double the amount of dead wood on its forest floors to 10 cubic metres per hectare (from 5.5 today).

Understanding the initiatives UPM is undertaking

to protect local biodiversity is critical for the long-term sustainability of the business. At UPM this is further supported by 20% of management long term incentives being linked to meeting such targets.

We believe biodiversity risk will continue to be an important topic as companies and investors look to improve outcomes in high-risk sectors.

Not over charging credit customers

As the impact of higher interest rates came to the fore front of consumers' minds, housing transaction levels in the US halved leading to a renewed focus on the availability and affordability of credit. In particular, the cost of credit reports came into the spotlight given its importance in receiving a mortgage.

When the S3 Global team investigated this further, we learnt that the cost of a credit report is less than 5% of the total closing costs on a mortgage and the cost is typically paid by the lending bank not the consumer.

We also found that the credit bureaus generating the reports have increased the number of free reports to consumers from 1 per annum pre covid to 12 per annum today. This gave us confidence that the credit bureaus are pricing for value and in most scenarios consumers are not having to pay for credit reports.

Governance Structure with majority government ownership

Fortum is a leading Finnish electricity provider that has one of the most attractive portfolios of base load electricity generation assets globally in Nuclear and Hydro.

However, some investors have been cautious of the company due to a complex shareholding and governance structure with the state of Finland holding a controlling 51% stake in Fortum.

In recent years the board has been making changes to improve the company's governance.

This includes the government strictly not being included in the day to day running of the operating company, civil representatives leaving the board, as well as the board being chaired by an independent director.

The operating company's independence, board structure and Fortum's disciplined capital allocation approach has given us confidence that Fortum has world class generation assets with a management and board that are well aligned to all shareholders.



10. Proxy Voting

Firetrail Proxy voting policy

Firetrail considers the exercise of proxy voting central to our stewardship responsibilities. When executing votes, we believe it is critical to have the best interests of our clients at the forefront of our minds. The investment team votes on all material issues, with its main concern being to protect the value of its clients' investments. Our policy is to scrutinise all tabled resolutions on a case-by-case basis.

Below we provide a summary of the proxy voting activity undertaken by our investment team in FY24.

Proxy voting activity in FY24

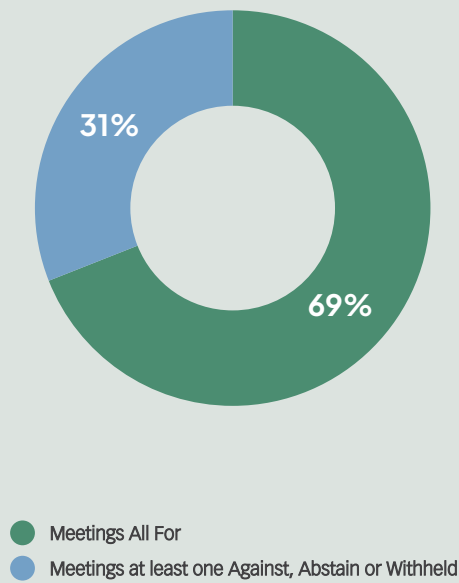
The Firetrail investment team voted on 1,090 proposals at 126 company meetings between 1 July 2023 and 30 June 2024. This compares to FY23 where the team voted on 1,021 proposals at 116 company meetings. The biggest difference in category this year was Social, which featured in 11 meetings with 20 proposals this year, and only 4 meetings with 7 proposals in FY2023. Topics such as Gender Pay Gap and Operations in High-Risk Countries were added to Shareholder proposals, and management proposals covered Approve Charitable & Political Donations.

34 shareholder proposals were put forward this year, which is up from 25 in FY23. The remainder of the proposals were from company management. The categories for Shareholder proposals were Director Related, Company Articles, Compensation, Director Related E&S Blended, Miscellaneous, Non-Routine Business, and Social. Firetrail voted inline with management for 29 of the shareholder proposals.

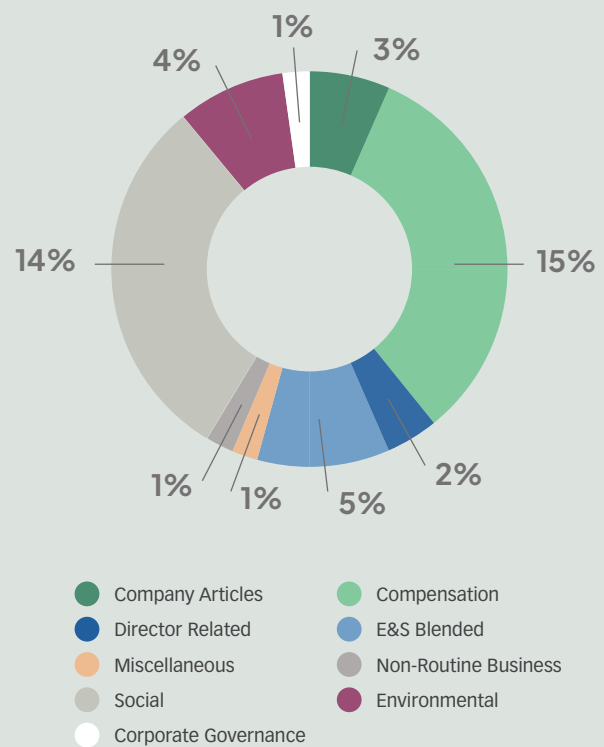
Firetrail voted in line with Management on 1,031 (95%) proposals and against management on 59 (5%) proposals. Our regular engagement with company Board and management teams means we are aware of the rationale management have for bringing proposals in their company meetings. On rare occasions where our engagement has not achieved our desired result, we may choose to vote against management. The most common categories for disagreement were Capitalisation, Compensation, Director Election, and Social.

To assist in our decision making, Firetrail subscribes to ISS, a proxy voting service which provides independent analysis and voting recommendations on key governance issues. Firetrail considers these recommendations when arriving at a decision. Firetrail voted in line with ISS on 1,008 (92%) proposals and against for 82 (8%). Common disagreements were related to Capitalisation, Compensation and Director Election.

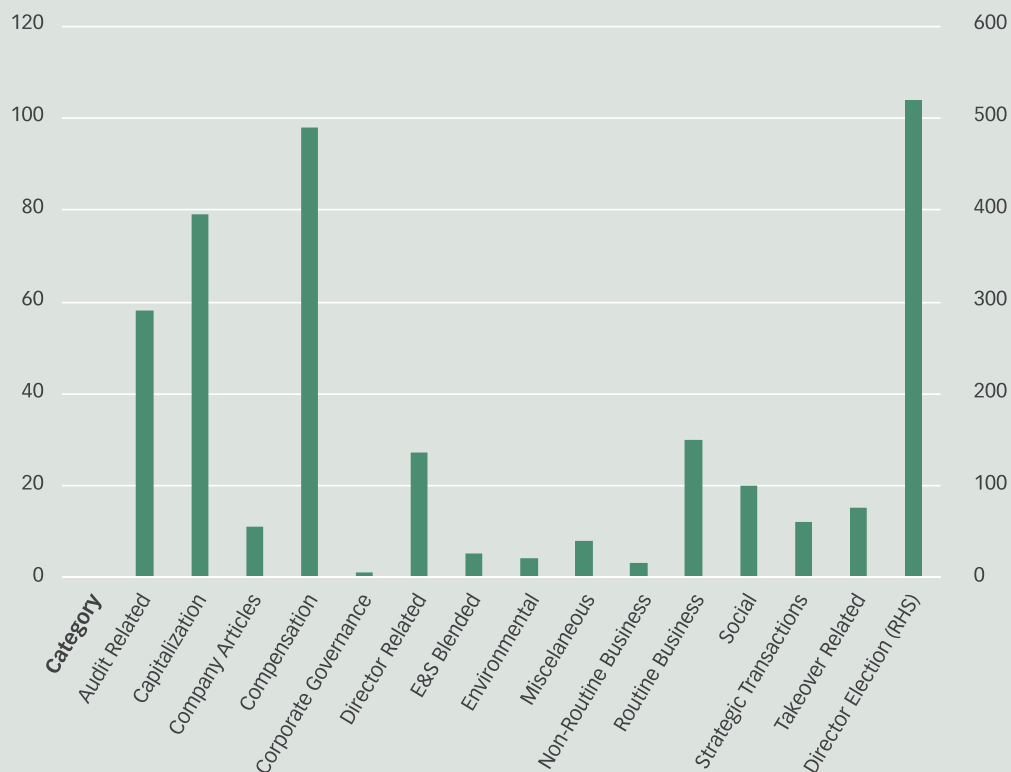
Summary of how Firetail voted in meetings



Shareholders proposals by topic



Firetrail voting category split across all proposals in FY24



Australian Case Studies

Santos

We engaged with Santos directly around voting at their AGM, which had some contentious proposals. Firetrail voted FOR all proposals, in line with management and our proxy advisor ISS. We found the directors met our requirements from a corporate governance and board composition perspective. We voted FOR the Remuneration report as there were no major changes compared to the prior year in relation to the structure of the STI and LTI scheme, and Fixed remuneration is in line with expectations. We voted FOR the takeover provision as shareholders will have an ability to vote to accept or reject a proportional takeover bid. We noted the negative press commentary from the Australian Centre for Corporate Responsibility relating to the re-election of Keith Spence and remuneration policies. We have engaged with the board in the past on the issues raised and were comfortable with the board's direction from a strategic and remuneration standpoint. On this basis we were comfortable to vote for the resolution and will continue with our engagement with the board on these matters where appropriate.

Treasury Wine Estates

We engaged directly with Treasury Wine on our views regarding their AGM which contained contentious proposals. Our votes were ultimately FOR the election of Antonia Korsanos as a Director. We believe Antonia has a substantial load but is a capable director and we believe has adequate bandwidth. We voted FOR the election of Lauri Shanahan. While Lauri is the head of the remuneration committee, we expressed concerns with remuneration adjustments through our vote in item 7 (Remuneration report) and do not believe there is a need to vote against her re-election. We will continue to engage directly with the board on remuneration concerns. We voted FOR the granting of performance rights to Tim Ford (CEO). While we would prefer a higher weighting to TSR, on balance the three LTI metrics align management with shareholders. However, we voted AGAINST the Remuneration report. We believe the adjustments to the ROCE metric are not warranted. While the MOFCOM tariffs were out of management's control, adjusting

for this when the business was overly reliant on one market goes against shareholder interests. Moreover, lack of disclosure as to how the ROCE was adjusted does not allow shareholders to independently assess these judgements. Following the AGM Treasury Wine received their first strike over executive pay, in line with our vote.

De Grey Mining

De Grey Mining was a holding through the second half of calendar 2023. We engaged with the company ahead of their AGM as we believed the proposals were not supporting their diversity targets and termination benefits were not in the interests of shareholders. We have had significant engagement with companies across the mining industry to encourage more diverse executive and board teams as they have been slower to progress. At the AGM we voted against Management, regarding the election of the 2 male directors on diversity grounds, and a lack of independence. We voted against Management regarding the issuance of performance rights to the CEO as we believe the 2-year performance period is not appropriate and believe 3-years is more aligned with industry standards. We were against the employee securities incentive plan as a meaningful proportion of this proposal allows for a performance period below the minimum 3 years required by the majority of the market. We voted against Management regarding the approval of termination benefits for board members as this would allow the company to make termination payments in excess of 5% of issued capital, which is excessive and may give the board too much future discretion. All resolutions passed at the AGM, which was a disappointing result for us, and we chose to exit the position.

Global Case Study

During FY24, the S3 Global Opportunities Fund was required to vote on a shareholder proposal for a Recapitalisation Plan for all Alphabet (GOOGL) stock to have one vote per share. GOOGL's dual class share structure leaves ordinary shareholders with less influence over the company given Class B stock benefits from 10 times the voting rights of Class A. As a result, founders Larry Page and Sergey Brin had control over 51% of the company's total voting power while owning approximately 12% of shares on issue.

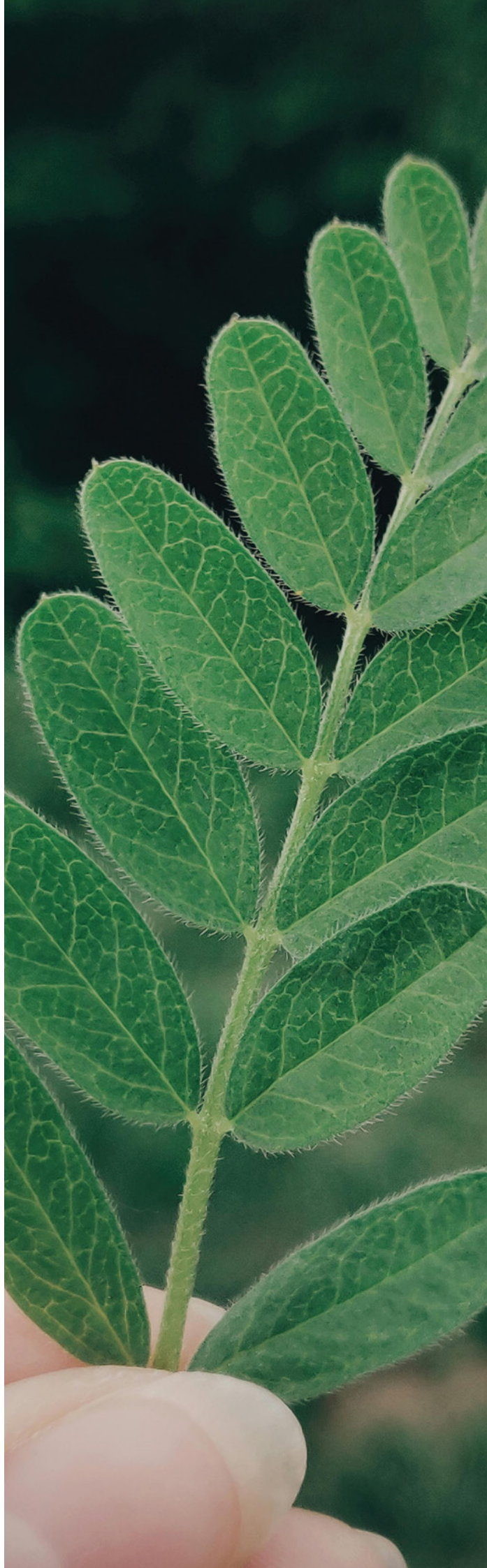
At Firetrail we often invest alongside founders. Founders often have a great ability to make the best strategic decisions for the business and often have strong financial alignment due to higher ownership levels. Simply, founders can be more likely to care about the longevity of the business and do what is right for long term shareholders. As such, at times we can make exceptions for governance structures such as non-independent boards and features that enable greater founder control. Crucially, these exceptions are predicated on whether we feel as though the management team is aligned with our own interests as minority shareholders.

When Alphabet IPO'd in 2004, it was a vastly different business to what we know now. The outcome of the battle for supremacy amongst search engines was yet to be decided, the stock went public at a \$23 billion valuation and M&A in the Tech, Media and Telecommunications space was plentiful after the bursting of the dot com bubble. It may have made sense at this juncture to employ a dual class voting structure to ensure that the founders could deliver upon their vision. A read of Alphabet's IPO Letter³ reveals a long-term focus, rare for management teams impacted by Wall Street's focus on quarterly earnings. And it's fair to say, the founders have delivered upon the promises in that letter.

However, at Firetrail we believe the circumstances surrounding the rationale for this dual class structure are no longer obvious. Neither of the founders have been significantly involved in the day-to-day operations for over 5 years⁴ and it is one of the largest companies in the world, so the prospect of a hostile takeover is almost impossible. As such, we aligned with ISS' voting recommendation, and against management, to remove this share structure that gives common shareholders less influence over the company's strategy. Unfortunately, the proposal was not approved, but we will continue to engage the company on their governance approach.

³ Please find letter here: [IPO Letter - Alphabet Investor Relations \(abc.xyz\)](#)

⁴ We note it was recently announced Sergey Brin had returned to advise the company on new developments in Artificial intelligence





11. Human Rights

Human rights refer to the basic standards of treatment that all people are entitled to receive, and presupposes that economic, social and cultural rights, as well as civil and political rights can be enjoyed by all. Firetrail is committed to respecting and protecting the fundamental human rights expressed, and supporting the principles contained, within the International Bill of Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. In line with these principles,

we believe that universally every individual is entitled to fundamental human rights covering, but not limited to:

- the right to non-discrimination
- the right to health
- the right to an adequate standard of living
- freedom of expression
- the right to privacy
- the right to a living wage

This is irrespective of nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status.

We acknowledge our responsibility to respect all human rights. Responsibility begins with our employees and extends to the rights of those indirectly affected by our operations. Namely, through our supply chain and our investments.

Modern Slavery

Modern slavery is a violation of an individual's human rights and dignity. It is a social issue with a specific focus on human costs that poses a material risk to investment returns. The financial materiality of modern slavery risk is often indirect, through reputational damages or its impact on earnings sustainability.

Our approach to identifying and mitigating modern slavery risk is two-fold. We focus on exposure to modern slavery risk in our supply chain, and investment operations.

We recognise the importance of addressing modern slavery risk across our value chain. However, we see the greatest potential for positive influence in our investment activity. While we do not screen out companies due to modern slavery risk, its impact is factored into our company valuations. We also directly engage on modern slavery with company management and company Boards at least annually, as well as when an issue has been identified.

Firetrail's assessment of modern slavery risks in portfolio companies

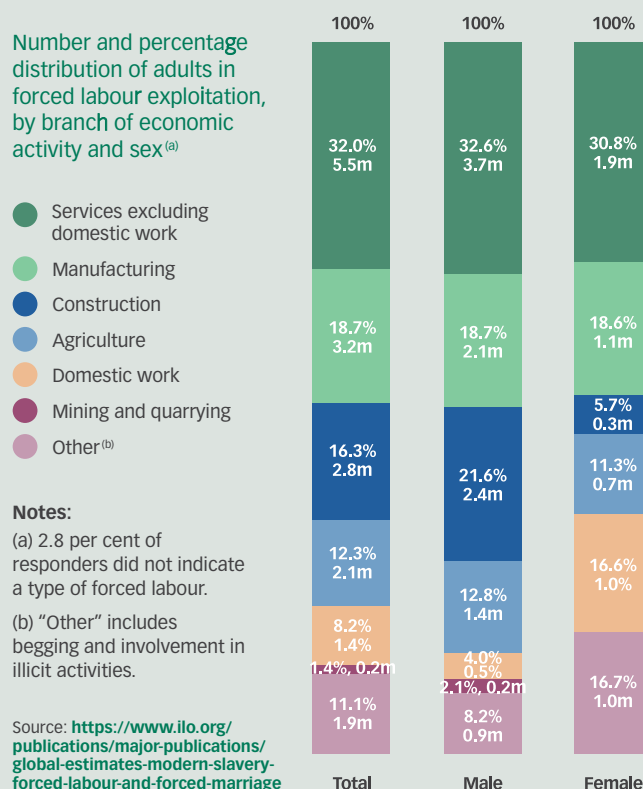
The foundation of our modern slavery risk assessment is the identification of high-risk geographies and sectors. We look at the factors that make people vulnerable to exploitation and

the current estimates of modern slavery around the world.

High risk geographies tend to be conflict affected zones, countries with a weak rule of law, high corruption, or a high number of migrant workers. The Asia Pacific region has the largest concentration of people in slavery-like conditions in the world. It is host to more than half of all incidents of forced labour. As a proportion of the population, the countries with the highest prevalence of modern slavery according to Walk Free are: North Korea, Eritrea, Mauritania, Saudi Arabia, Turkey, Tajikistan, United Arab Emirates, Russia, Afghanistan and Kuwait.

High risk sectors are often labour intensive and tend to employ a large proportion of workers who are migrants, unskilled, casual, or contracted. These workers tend to be in situations of vulnerability. Whether it be migrants who are not protected by domestic law, or women and children who have not had the opportunity to complete schooling. Often, they will have paid extortionate fees to recruitment agencies, unable to leave their job until they have been paid, or will have had their passports held as ransom. The five sectors with the highest risk level are services, manufacturing, construction, agriculture, and domestic work.

The services sector accounts for the largest share of forced labour exploitation



In FY24, we assessed the exposure of companies across all Funds to higher risk countries and sectors, as defined above. Where elevated risk has been identified in companies' operations, we have engaged with management. The engagement process is iterative, and we continue to maintain close relationships with investee companies.

Our Australian investment operations

In recognition of the strong modern slavery regulation in Australia, which has improved over time, we have also developed our approach to modern slavery in our domestic funds. In FY22 we measured the modern slavery risk exposure of the Firetrail Australian High Conviction Fund through looking at the proportion of portfolio holdings with modern slavery statements. In FY23, we extended this assessment to include the Firetrail Australian Small Companies Fund. And in FY24 we have focused on encouraging smaller companies to start or improve their reporting.

In the Australian High Conviction Fund, two companies within the portfolio are yet to publish Modern Slavery Statements as they are pre-revenue. However, we note one of these companies has published plans and progress towards releasing their first report, and we will continue to engage with them as their reporting deadline approaches. The second company has more time to reach their reporting deadline, but we continue to work with them to develop their approach.

In the Australian Small Companies Fund, all companies that are required to report a statement, based on the revenue threshold, have done so. Encouragingly, we are seeing an increased proportion of our small companies holdings reporting a modern slavery statement. We recognise it is harder as a smaller company to implement policies to cover all activities, due to the relatively lower access to resources and time availability. We engage heavily with all portfolio companies, and are glad to see the increased importance placed on developing policies and processes to deal with modern slavery. We will continue to encourage those companies that are yet to report a modern slavery statement to do so.

Actions to address modern slavery risks

Flight Centre

Flight Centre is a new position we entered in the year, so it was subject to our more detailed modern slavery review at the position inception. Flight Centre is a leisure and corporate travel sales network extending across four major regions: Australia and New Zealand, The Americas (specifically, the United States, Canada and Mexico), EMEA (the United Kingdom, South Africa, Ireland, Europe and the United Arab Emirates), and Asia (including India, China, Hong Kong, Singapore, Malaysia and Japan). The group employs 13,065 full-time equivalent employees worldwide. We met with both IR and management to understand what Flight Centre is doing to manage the risk of modern slavery in its supply chain. Following our engagement, we learnt that Flight Centre is engaging with Tier 1 suppliers through annual surveys to identify risk in its supply chain. Early in 2023, Flight Centre launched a new travel consortium in partnership with Intrepid and Informed365. The consortium's purpose is to measure and address modern slavery supply chain risks across the travel industry. As a founding member, Flight Centre have started distributing self-assessment questionnaires (SAQ) to key suppliers, globally, using the Informed365 platform. In addition, Flight Centre have mapped 83% of Tier 1 suppliers by spend. This is a good step but given the depth of Flight Centre's supply chain, we will continue with ongoing engagement to ensure they keep improving, and managing this risk and ensure they have an adequate remediation process in place.

Newmont

Our engagement with Newcrest/Newmont increased through 2023 due to their merger in November 2023. We recognise they are yet to produce a modern slavery statement covering the combined operations so it has been an area of engagement as they progress to the release of their FY24 statement. In the meantime, we have engaged with the company on their broader human rights efforts. A key area of engagement with Newmont was on their Penasquito mines labour dispute, to understand what the issues with the union were and how they would be resolved.

We were pleased to learn Newmont reached an agreement with workers on pay which had halted mining operations for months. They believe their relationship with workers remains strong and the workers are actually quite unhappy with an overly aggressive union. This engagement provided us with more confidence that such disruptions will not occur again/frequently, and that Newmont have interests of workers in focus. We look forward to reviewing their modern slavery statement for FY24 covering the broad global operations.

Guzman Y Gomez

Guzman Y Gomez (GYG) listed in June 2024, and whilst only recently joining the public market, they have developed a strong approach to corporate governance and sustainability. GYG have over 200 restaurants with over 15,000 employees across 4 countries: Australia, Singapore, Japan and the US. The nature of work in the food industry, and generally younger employee demographic in restaurants (who may be employed on either a part time or casual basis) gives rise to modern slavery risks which have the potential to cause both negative financial impacts and reputational damage to the GYG business. Following engagement with the company, we were pleased to learn they have a Modern Slavery Working Group to improve their approach. This Group includes members from the legal, people, supply chain, information technology, marketing, development, finance and operations teams. The Head of Sustainability (the Modern Slavery Officer) leads the Modern Slavery Working Group. GYG provide regular modern slavery training, and have also got an independent email so employees can anonymously report any untoward behaviour. We look forward to reviewing their updated statement next year, and will continue to engage with the company on their progress.

Action

UK listed 3i is the majority owner of Action, a best-in-class discount retailer with more than 2,500 locations across 11 countries in Europe. The business sells over 6000 low-cost stock keeping units (SKUs) across categories such as personal care, clothing and outdoor equipment with an average price per product being less than 2 euros! Whilst Action's low-cost value proposition resonates very well with customers, for the S3 Global Opportunities Fund to invest it was critical

we understood the sourcing risks inherently associated with the offering, so conducted direct engagements with the company.

In 2023, 49% of goods sold by Action were sourced from China and 6% of goods sold were sourced from other parts of Asia, which we consider high-risk geographies. To mitigate supply chain risks, Action is implementing several strategic initiatives focused on sustainable sourcing and transparency including:

- **Sustainable Sourcing:** Action is committed to sustainable sourcing across all its factories. This initiative includes efforts to achieve 100% transparency in tier 1 final factories by 2024, up from the 88% achieved at the end of calendar year 2023.
- **Factory Audits:** Action conducts unannounced spot checks to verify factory performance and requires social compliance audits for all factories. This rigorous auditing process ensures that factories adhere to Action's standards for ethical and sustainable practices.
- **Transparency Goals:** Action aims for a fully transparent supply chain by 2030. As a member of the Amfori BSCI audit program, Action mandates that all wholesalers purchasing from high-risk countries also be members of BSCI, ensuring adherence to social compliance standards.

Examples of Sustainable Sourcing in their supply chain:

- **Timber:** Currently, 95% of Action's timber is sustainably sourced, with a target of 100% by the end of 2024. Action is also preparing to meet new European Union Deforestation Regulation requirements.
- **Cocoa:** All of Action's private label cocoa products are already 100% Fairtrade certified, with a goal of having all cocoa sustainably sourced by 2025.

Action has outlined a clear pathway to maximise supply chain transparency and minimise breaches. As 3i is a UK-listed company, Action is also covered by UK modern slavery laws, providing another level of accountability. Through the company's internal processes and external regulatory requirements, Action is not only mitigating supply chain risks but also setting a benchmark for sustainable and responsible retailing.





12. Diversity, Inclusion and Community Engagement

Firetrail is committed to creating an inclusive workplace and recognises the significance of fostering diversity and inclusion across our team and community. We recognise the benefits of a diverse group of employees reflecting different backgrounds, perspectives, styles, knowledge, experience and abilities, which helps to drive innovation and problem solving. This year Firetrail has continued to support diversity initiatives, staff have undergone cultural training, as well as participated in a workshop to support our objective to promote diversity and have an inclusive workplace environment.

Our Diversity and Inclusion policy is available on our website, which outlines the benefits of a diverse workforce, the objectives and initiatives for the company, and how these will be reported and measured within the company.

Firetrail Employee Diversity Survey

This year Dean Fremder and Matthew Thomson (both Investment Analysts) and Catie Ryan (Product Specialist) have joined our team. Matthew has joined us from South Africa, while Dean and Catie can speak 5 languages combined.

We pride ourselves on our diverse team, made up of members from different genders, ethnic backgrounds, and educational fields. Over 30% of our investment team are females, and we are actively working to increase this figure. Over 30% of our investment team were born outside Australia, in places such as Singapore, Germany, the United Kingdom and New Zealand. And our investment team have had varied educational backgrounds, in fields such as Commerce, Maths, Science and Engineering.

Firetrail has a clear hiring policy that aims to promote key objectives of diversity and delivering outstanding performance outcomes for clients. The hiring philosophy promotes diversity throughout the hiring process; we strive to include inclusive language in our job advertisements, aim to select a gender-diverse candidate pool to move through to the interview stage, and include all staff in the interview process to reduce personal bias. Ultimately, we aim to ensure that the best person for the role and team is hired.

Having a diverse team ensures we incorporate a diverse way of thinking and working.

Firetrail Initiatives

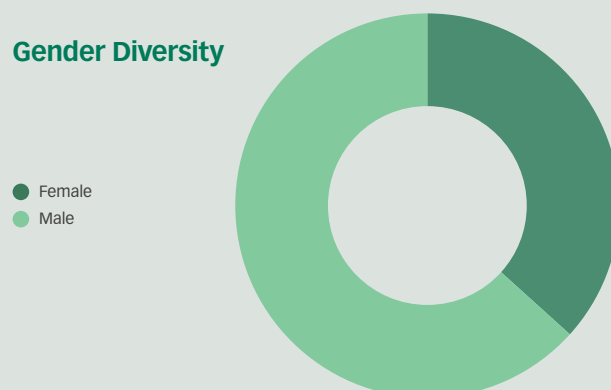
Firetrail has continued to support several Diversity and Inclusion Initiatives. A focus has been the underrepresentation of women in leadership positions across the wider Funds Management industry and striving to make an impact toward a more diverse, inclusive, and ultimately, a stronger, financial sector. We do this by supporting organisations which are aimed at helping women at different points in their careers.

Women in Finance Scholarships

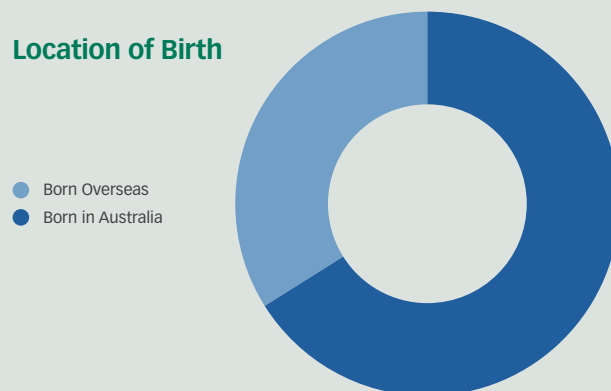
This year Firetrail has continued its partnership with the University of Queensland supporting the Women in Finance Scholarship recipients. Each year, Firetrail offer select scholars' internships and an empowering work environment in which

Team Diversity metrics for FY24

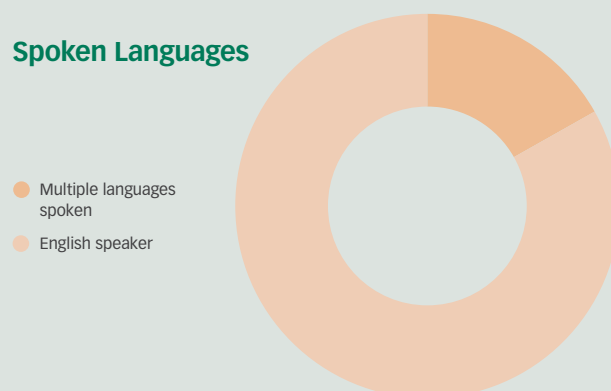
Gender Diversity



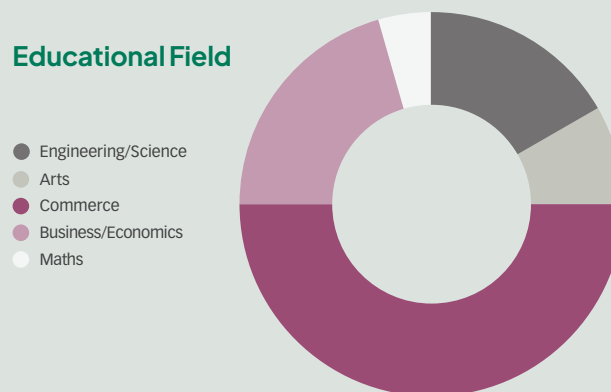
Location of Birth



Spoken Languages



Educational Field



to learn and grow. This year we welcomed Nicole Meyer to Firetrail, who carried out her internship with our Global team. Nicole was able to sit in company meetings, team ideas meetings, and learnt financial modeling from our analysts. At the end of her time with us, she presented her own recommendation at an investment committee. The purpose of the Scholarship is to encourage and assist female students to study finance, and pursue a career in quantitative finance, funds management or investment management.



Firetrail also hosted another intern for a week's placement who was a current student at Sydney University, studying Biomedical Engineering and Commerce with a major in Finance. Our aim was to show her what a job in finance can look like after university. She spent time with different team members to see a variety of roles across the business. She also undertook a mini research project and presented at an investment committee.

We hope that as we have women in senior roles here at Firetrail such as Portfolio Manager, Senior Analyst and Head of Dealing, as well as team members who started by interning at the company, our interns can be inspired to enter the financial sector. We believe it is critical to not only give

women a chance to start their careers in finance, but also confidence to develop their career within the industry.

Women & Allies Network

The Pinnacle Group Women and Allies Network is a group-wide community of women and their supporters. The Network aims to develop and foster a supportive, diverse, and inspiring community of women and allies across Pinnacle and Affiliates through networking, awareness raising forums, and peer mentoring. There are both male and female Firetrail employees that are members of the Pinnacle Women & Allies Network. Firetrail also has 2 representatives on the board of the network. The network has initiatives such as Coffee Roulette which encourages conversations between Pinnacle and Affiliate members around how they can better support women at work and in the industry. Activities have also included events for women to network across the affiliates to promote mentorship and collaboration.



30% Club Australia and 40:40 Vision

Both of these initiatives are focused on women progressing in their financial careers. We are proud that within our own organisation we have over 30% of the investment team identifying as women.

The 30% Club Australia's aim was to have 30% identifying as women on ASX 200 boards by the end of 2018. This goal was reached at 31% in 2021. The campaign is still ongoing, however, as the club is now focusing on boards of ASX 300 companies that have not reached their targets, and

other emerging economies. Firetrail supports this campaign and considers this when engaging with companies within its portfolio.

40:40 Vision is an initiative led by HESTA, supported by industry partners, to pursue diversity in executive leadership in ASX300 companies. Supporting partners include Chief Executive Women, the Australian Council of Superannuation Investors (ACSI), Workplace Gender Equality Agency (WGEA), and the 30% Club. Their aim is to have 40% identifying as men, 40% identifying as women and 20% identifying as any gender by 2030. We have enjoyed participating in this initiative this year and supporting our investee companies to improve their diversity.



Firetrail females in the community

Firetrail hosted its inaugural Women's Networking event for women in the industry at our office. We hosted a vibrant group of women at different stages of their career, from analyst to CEO, who listened to stock stories, as well as stories from the road, of some of our Firetrail females. There was a spirited discussion on shared experiences and the difficulties experienced across careers, and the best way to tackle them. This was a highly interactive event which led to some powerful conversations, and we were proud to learn many attendees had left the event feeling empowered and inspired. We were also proud to raise over \$10,000 for the National Breast Cancer Foundation at this event. We will be hosting future events like this to carry on the important conversations.



Inclusion

One of the goals in Firetrail's Diversity and Inclusion (D&I) Policy is to ensure an inclusive environment where all people feel safe and respected to be their full selves at work. To achieve this, we believe we need to educate and build awareness of diversity initiatives and to encourage conversations around D&I.

Cultural Training

Firetrail has been a proud sponsor of the National Aboriginal Sporting Chance Academy (NASCA) since 2022. NASCA utilises the power of structured educational, sporting, and cultural programs to harness the aspirations of Aboriginal and Torres Strait Islander young people. For over 25 years, NASCA has worked closely with communities to strengthen cultural pride and identity, and build life skills, personal development, and long-term resilience.

In FY24 we were delighted to support NASCA's fourth annual CareerFit careers conference. As part of our partnership with NASCA, Firetrail was invited to attend some cultural training. Daisy Venn attended the training on 'Creating Culturally Strong Workplaces.' It was led by David

Major, a Yuin-Maneroo man from south-east NSW with more than 30 years of experience in engagement, strategy and planning, and facilitation. The workshop's aim was to get participants to consider how they can ensure their organisations are culturally strong using Donna Hick's Dignity Model and the 10 essential elements of dignity. The participants were split into groups to discuss their own workplaces and to listen to the Aboriginal people present lived experiences in corporate Australia. The workshop was extremely powerful, and we thank NASCA for the opportunity to attend.

Firetrail also held an interactive session at our office as part of the career's week, where the children in the program could experience a corporate environment and learn about some of the principles of finance. This was a great opportunity for members of our team to engage with the young people and we look forward to hosting a new crop of NASCA students in 2025.

Firetrail also participated in the NASCA Traditional Indigenous Games Corporate Challenge. It is a core pillar of NASCA's program to use culture, sports, arts, and academic support as tools to provide mentorship for the young people involved in the program. This event strongly embodied NASCA's philosophy, allowing the Firetrail team to learn more about Aboriginal and Torres Strait Islander culture while enjoying an active day playing two classic games – Buroinjin and Munhanganing. We were very proud to be awarded best and fairest on the day – we think it may have been our awesome team cheer that got us over the line, Fire-FIRE-FIRETRAIL!!



Inclusive Language Seminar

As part of our Pride month celebrations, Firetrail held an Inclusive Language morning tea, as education is one of our workplace objectives as outlined in our Diversity & Inclusion policy. All team present in the office joined the interactive morning tea. Inclusive language enables everyone in the organisation to feel valued and respected, and able contribute to their fullest and feel their voice is heard.

The workshop outlined the importance of inclusive language in the workplace and included examples of inclusive language that can be used verbally and in written communication. We also had a quiz with prizes thanks to a corporate kit from Minus 18, a charity which aims to improve the lives of LGBTQIA+ youth.

We hope that this kind of initiative will encourage the team to be more aware of using inclusive language. One of our Portfolio Managers used examples shown from the workshop in his presentation at an investment committee in the week following, so we would consider it a success!



Firetrail First aid

Firetrail had 15 of its staff members complete First Aid training this year. It is important that we feel able to support each other should an emergency situation arise. The team started with some online training followed by a coach coming into the office to run through the practical parts of the course. The HLTAID011 is nationally recognised and provided all participants with a qualification to be a First Aid provider in the workplace and any other required situations. The course was hands on with many practical and real-life scenarios. Following this, we also invested in our own defibrillator for the office. The 15 participants are trained to use the Defib, and it is registered via the Defib Hero app, so can be identified by other people close by who may need to use it in an emergency.

Mirabel

Firetrail has been a proud supporter of the Mirabel Foundation since November 2019. The Mirabel Foundation is an organisation that specifically addresses the needs of children who have been orphaned or abandoned due to parental drug use. Mirabel currently supports over 1,800 children and young people, aged 0 to 17 years who live in kinship care. Its programs focus on the child and their needs and aim to restore their sense of worth, belonging and hope for the future.

In FY24, the Firetrail team attended another Mirabel Big Day Out. This year, 72 Mirabel children had a great day out at Luna Park in Sydney. The Big Day Out initiative serves as a great way to facilitate social re-engagement for the Mirabel young people. The event aims to give the Mirabel guardians a day of rest while the Mirabel kids connect with their peers and corporate volunteers during a fun day of activities. This year, the event was held at Luna Park. We look forward to continuing our participation in the program in FY25. With our support, the Mirabel Foundation operates Youth Support and Therapeutic Groups in the Hunter Valley region. The program is focused on taking preventative action, by working one-on-one with families experiencing a crisis regarding a child's behaviour. It also includes group activities which bring children and young teens together in a regular format, to connect with each other based on shared experience.





13. Looking Forward

We have built a strong philosophy on which we approach sustainability from an investment and business perspective. We appreciate the opportunity to engage with clients, peers, and corporates on any aspects of sustainability, and use these encounters to reflect upon, and enhance, our approach.

We do not anticipate significant shifts in our areas of focus on sustainability, as we believe they are grounded in enduring factors that will continue to be relevant.

Looking ahead, we plan to:

- Continue our direct engagement with companies across our investment universes to constantly develop our knowledge on sustainability practices, as well as share learnings with our peers, corporates, and clients.
- Increase the initiatives we support to improve our community involvement around

sustainability, particularly in areas we believe Firetrail have a competitive advantage in. This includes areas like gender diversity, where we hope to share our learnings with our peers and the wider community to improve diversity across the industry.

- Continue looking for ways to reduce our operational carbon emissions, as well as measuring the carbon emissions of the business and portfolios, and investigating whether it is appropriate to verify the emissions through an independent source.
- Support the development of sustainability standards to improve the transparency and consistency of reporting across our investee companies and peers.

We look forward to continuing our progress on sustainability measures and contributing to a responsible investment environment alongside our clients, portfolio companies and peers.



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Links to the Product Disclosure Statement: [WHT3810AU](#); [WHT5134AU](#); [WHT3093AU](#); [WHT7794AU](#); and [WHT4609AU](#)

Links to the Target Market Determination: [WHT3810AU](#); [WHT5134AU](#); [WHT3093AU](#); [WHT7794AU](#); and [WHT4609AU](#)

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Positive change definition: Firetrail has recalibrated fifteen of the UN Sustainable Development Goals (SDGs) into the Firetrail Positive Change themes to describe the global investment opportunity set. Financial and non-financial metrics are combined via proprietary quantitative models to reduce a starting universe of over 20,000 companies to a target investment universe of around 800 global opportunities. Firetrail then conducts deep-dive fundamental analysis on the most attractive opportunities within this 800-company global

opportunity set. Upon conducting fundamental analysis, a qualitative assessment by the Firetrail analyst is conducted to ensure the company is appropriately categorised according to Firetrail's Positive Change themes. A company is also assigned a qualitative categorisation of 'future leader' or 'current leader' according to the company's position on the Firetrail Positive Change curve (an illustrative representation of the relationship between valuation and positive change progress). Positive Change theme categorisations are reviewed weekly by the portfolio management team.

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An aerial photograph of a dense forest with a winding path, overlaid with a semi-transparent teal filter. The path curves from the bottom left towards the upper right.

Firetrail

Invest with Conviction

Stewardship Report

2024

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