HYPERION
ASSET MANAGEMENT

Sustainability Report 2023

Disclaimer

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Responsible Investment Framework

Introduction to responsible investment at Hyperion

Hyperion Asset Management Limited (Hyperion) believes that a high standard of business conduct, as well as a responsible approach to social, environmental, and ethical issues, makes good business sense and enhances shareholder value over the long term.

Sustainability-related issues are essential because over long time periods, the value proposition to all relevant parties associated with a business including the wider community and society, needs to be sufficiently attractive for the business to grow and thrive. Conversely, poor management of these issues may pose a risk to the reputation and value of a business. Companies that externalise costs will likely be forced by stakeholders to internalise them, either through regulation or changing expectations of society.

As an investment manager, we consider sustainability-related risks and opportunities to be materially relevant to our primary objective of maximising long-term investment returns and minimising the risk of permanent loss of capital for our clients.

Environmental - We believe activities detrimental to the environment are not sustainable in the long term and will lead to increased costs and/or lower returns on capital.

Social - Our view is that company activities that do not respect human rights and/or have a detrimental impact on society will not be conducive to long-term economic performance.

Governance - Our view is that poor governance will result in companies being unattractive investments. Good governance and effective management are vital to the successful implementation of a company's objectives.

This report spans the calendar year 2023 and describes Hyperion's approach to responsible investment in the management of our portfolios, including those related to climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

There have been no material changes to our policies, approach and governance in relation to responsible investment over the 12-month period to 31 December 2023.

Our ESG Policy can be viewed from our website at https://www.hyperion.com.au/sustainability/.

Signatory of:

PRI Principles for Responsible Investment

Signatory to the **UN Principles for Responsible Investment (PRI)** since February 2009

riaa Responsible Investment Association Australasia

Member of the **Responsible Investment Association Australasia (RIAA)** since February 2022.

Our investment style

Hyperion is a long-term, quality structural growth manager. Our portfolios are constructed using a 'bottom-up' methodology and typically highly concentrated with 15-30 stocks.

Our investment style is based around investing in what we believe to be proven, high-quality companies with superior long-term structural growth opportunities arising from their sustainable* competitive advantages. Our investment style is similar to that of an active growth manager, but we have a heavy quality component, and the growth must be organically driven and economically sustainable over the long term. We focus on expected long-term returns and business quality rather than company size or benchmark weighting. As part of our investment process, we look for innovative companies that are disrupting old-world businesses with legacy assets.

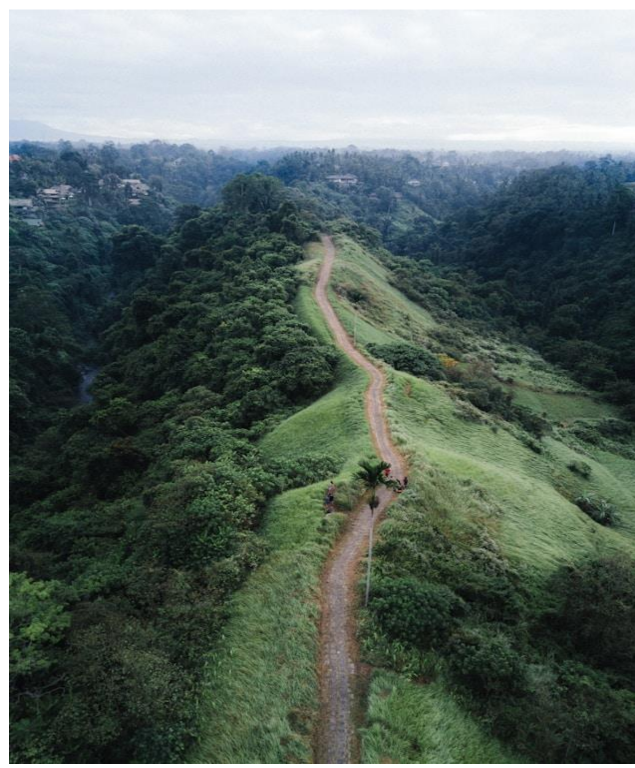
Stock identification focuses on companies which have the following "ideal world" characteristics:

- disruptive technologies/strategies;
- sustainable* competitive advantages;
- structural tailwinds and long-term focus;
- innovative, creative, customer-centric culture and management;
- capital light business models; and
- large addressable markets.

**By 'sustainable', we mean high quality attributes, including strong and resilient value propositions, which we consider can be maintained beyond the short term, innovative cultures and large addressable markets.*

From a metrics standpoint, our investment style favours low carbon intensive businesses, evidenced by the weighted average carbon-intensity (Scope 1 & 2) of our portfolios being materially lower than, and typically 1/10th of, their respective benchmarks based on emissions data sourced from MSCI ESG Research.

Notwithstanding our investment style, we conduct a thorough assessment of sustainability-related risks and opportunities as part of the qualitative step of our fundamental research process, prior to any decisions to approve a company for portfolio inclusion. Investment decisions are based on long-term business fundamentals.



Our research effort and approach to risk management

Following the identification of a prospective company, our research seeks to thoroughly understand a company and determine whether it has sustainable* competitive advantages and attractive organic growth options over the long term.

Companies that do not offer strong and resilient long-term value propositions are unlikely to possess the required business quality and risk characteristics to be included in our portfolios, which are typically highly concentrated with 15-30 stocks. We have the mindset of long-term business owners, not short-term traders, with the long-term growth of those businesses core to our philosophy.

We define risk as permanent loss of capital. Risk management focuses on thoroughly understanding a business including the industry and region in which it operates. Consideration of sustainability-related issues assists in reducing the risk of permanent loss of capital across our portfolios.

The key risk management tool is the investment process and portfolio construction process. Hyperion believes the biggest risk for our strategies is the risk that companies do not meet or are materially different from our long-term estimates. Due to this, we place significant focus on quality and the predictability of the various drivers of a company's intrinsic value throughout our fundamental research process, which links to the portfolio construction process.

**By 'sustainable', we mean high quality attributes, including strong and resilient value propositions, which we consider can be maintained beyond the short term, innovative cultures and large addressable markets.*

Our fundamental research is highly structured, and all the key qualitative information and insights are captured in our proprietary research document. This includes an assessment of a company's exposure to sustainability-related issues and how these can impact its long-term intrinsic value. This analysis extends to a company's broader stakeholder group, including its customers and supply chain.

The drivers and risks of each company are reviewed continuously. We regularly reassess the investment thesis for each company and whether they remain on track in meeting our initial investment thesis.

Portfolio construction

The link between fundamental analysis and portfolio construction is an important feature of our investment process and risk management framework.

A key output of our fundamental research and proprietary research document is a company's 'Business Quality Score' (BQS). Various qualitative factors including sustainability-related risks and opportunities are evaluated and impact a company's specific Environmental, Social and Governance (ESG) Score as well as broader business sustainability* scoring, which represents approximately 30% of a company's overall BQS. Our proprietary research document and scoring system is highly structured and designed to be holistic and interconnected.

The structure enables a thorough and cohesive evaluation of all the material issues that can impact a company's long-term intrinsic value, across various dimensions, including but not limited to:

• the stability of a company's industry structure and future trends.
• the probability of adverse tax or other regulatory changes that may increase a company's operating costs or materially impact its ability to offer a strong value proposition.
• whether a company has substantial organic growth opportunities with strong sustainable* competitive advantages.
• the long-term outlook for the strength of a company's value proposition, compared to competitors and substitute producer value propositions.

**By 'sustainability' and 'sustainable', we mean high quality attributes, including strong and resilient value propositions, which we consider can be maintained beyond the short term, innovative cultures and large addressable markets.*

• whether the factors that enabled a company to achieve attractive returns on equity and strong profit growth in the past will continue to exist in the future.
• the company's business units, regions in which they operate, level of innovation and product differentiation.
• secular trends that can affect demand for the company's key products.

Our portfolio construction process uses a combination of quantitative and qualitative inputs. The primary quantitative factor is a company's 10-year internal rate of return (IRR). Ceteris paribus, stocks with a higher 10-year IRR have a higher portfolio weighting. This 'raw weight' is adjusted by our proprietary BQS that is calculated for each stock. It follows, therefore, that a poor evaluation of material sustainability-related issues which could impact a company's long-term intrinsic value will result in a lower BQS, all else equal. This in turn either impacts a company's chances of being included in our portfolios or its weight within our portfolios.

Ongoing monitoring

We believe the biggest risk for our strategies is the risk that companies do not meet or are materially different from our long-term estimates. We place significant emphasis on the drivers and risks of each company and regularly reassess our investment thesis for each company. Our fundamental research for each company has formal oversight from three investment team members, including two portfolio managers.

Our analysts continuously monitor for regulatory changes, innovation, developments with competitors, substitute products and services, and any other events that may impact the overall long-term value proposition. This extends across a company's broader stakeholder group including its customers and supply chain, and allows us to monitor for any material deteriorations to a company's sustainable* competitive advantages or ability to grow organically.

Hyperion regularly meets with company management teams, customers, suppliers, ex-employees and industry consultants, which facilitates our internally generated research and affords us an opportunity to understand and verify information. We further supplement our knowledge with sell-side research, although this is predominantly for industry-related knowledge and never used as our primary source of analysis.

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Governance

The Hyperion Board (Board) is responsible for overseeing organisational strategy and risks. The Board reviews the design and effectiveness of Hyperion's Governance Framework, Risk Management Framework and the Compliance Program, which collectively govern Hyperion's activities, ensure compliance with Hyperion's obligations, and assist with the management of risks. The Board has delegated the day-to-day operations of Hyperion to Hyperion's management team.

With respect to Hyperion's investment strategies, Hyperion has a single investment team managing a suite of long-only equity portfolios, using the same investment philosophy and process. The team is led by two Lead Portfolio Managers. Hyperion is a 'bottom-up', active equity manager. As such, sustainability-related factors are considered at the individual company level through detailed fundamental company research. All research is overseen by the Lead Portfolio Managers.

Hyperion also has an Investment Committee, which is responsible for overseeing and monitoring the whole investment process for each investment strategy. This includes investment research, investment decision-making, portfolio construction, performance, the investment risk management framework and portfolio trading.

Stewardship

Ongoing dialogue with investee companies and proxy voting is a natural extension of our long-term approach to investing and forms an important part of being good stewards of our clients' capital. Regularly meeting with company management teams and boards enables us to understand, evaluate and monitor the material issues that can affect a company's ability to create long-term shareholder value. This in turn facilitates better-informed decision making in the management of the capital entrusted to us by our clients.

These meetings also afford us an opportunity to express our thoughts and concerns, and where practical, encourage company management to incorporate appropriate strategies to address them. Hyperion believes constructive dialogue with company management to be more effective than immediately divesting in most circumstances, given our long-term focus and the substantial qualitative and quantitative research completed on all our holdings prior to portfolio inclusion.

Engagement activities are conducted by our analysts, who we believe are best placed to have in-depth conversations with the companies within their research coverage, and portfolio managers, where appropriate. We prioritise issues with the greatest materiality to financial or operating performance, and further assess the level of practicality and our ability to influence when determining our priorities. We seek improvements that create long-term shareholder value.

Regarding proxy voting, Hyperion will vote against management proposals if we believe they are not in the best interests of our clients' investments or if any concerns we have raised with company boards about proposals have not been appropriately mitigated or resolved. We use Ownership Matters and Institutional Shareholder Services Inc., for proxy voting services and general advice.

Engagement is embedded within our proprietary research template, alongside all the key qualitative information and insights captured from our fundamental research. Given the concentrated nature of our portfolios and the heavy quality component that we place on our portfolio holdings, timeframes, escalation and the decision to divest is determined on a case-by-case basis.

Climate change

Hyperion considers climate change to be a key risk within our investment framework. This includes the potential implications from the global effort to collectively transition towards a low carbon economy, from both a regulatory and market standpoint.

We believe the limits to natural resources and the effects of climate change may well prove to be the biggest structural headwind the global economy faces. The potential disruption from climate change to both the global economy and the ecological systems in which we rely on, is a real and significant risk. More extreme weather, floods, droughts, heat waves, super storms and changing weather patterns are likely to adversely affect agricultural production and reduce productivity levels.

When it comes to identifying, assessing and managing climate-related risks and opportunities, our approach is no different to how we identify, assess and manage broader risks and opportunities across our portfolios. Consideration of climate-related risks and opportunities is integrated throughout our fundamental research process as part of quality determination relating to a company's sustainable* competitive advantages and ability to grow organically, and in our portfolio construction process. Investment decisions are based on long-term business fundamentals.

Hyperion acknowledges the recent developments and various approaches to data solutions in the climate space. From our review, these solutions appear to be in their early stages and there remains significant challenges to data availability, reliability, and comparability. Meanwhile, some of the more innovative approaches we have reviewed rely on a set of simplified assumptions.

**By 'sustainable', we mean high quality attributes, including strong and resilient value propositions, which we consider can be maintained beyond the short term, innovative cultures and large addressable markets.*

While such data solutions may serve as a useful tool for reference, Hyperion believes that any projections built on imperfect data and varying assumptions, when stretched across time, can drastically increase the error in end output. To this end, we believe it is sensible to remain consistent with our established investment framework based on fundamental research, and thoroughly understanding the materiality of climate risks and opportunities to the businesses within our portfolios and under our research coverage.

Given the complexities in assessing the likelihood, timing and scale of climate transition and physical risks, we take a broad view on materiality based on the extent to which companies externalise costs and are likely to be forced by stakeholders to internalise them, which can vary by region, industry, scope, and are further dependent on individual company factors.

We leverage select external data solutions to supplement our fundamental research, as opposed to relying on it as a primary input. We continue to monitor the data space carefully to better understand the potential inputs that may provide useful insights.

Climate-related risks and opportunities

Risk	Description	Examples of potential impacts
Policy and legal	• Policy actions that attempt to constrain actions. • Policy actions that relate to operating compliance. • Policy actions that look to support solutions. • Litigation due to false or insufficient disclosures of material climate-related risks in financial reports.	• Increase in operating costs (e.g., costs to comply with regulations). • Decrease in valuation of assets (e.g., asset impairment). • Increase in financing costs (e.g., availability and cost of capital).
Technology	• Substitution and displacement of outdated technology, products, and services. • Costs to keep pace with technological advancements. • Unsuccessful investment in new technologies and attempts to innovate.	• Decrease in revenues (e.g., substitution of products and services by consumers). • Increase in capital expenditure (e.g., investment in new technology). • Decrease in valuation of assets (e.g., asset impairment of outdated technology).
Market	• Supply and demand for products and services due to changing consumer behaviours. • Cost structure changes across the value chain.	• Decrease in revenues (e.g., demand for products and services). • Increase in operating costs (e.g., commodity supply levels).
Reputational	• Societal perception of an organisation or their products. • Brand damage from greenwashing and failure to see through promises. • Stakeholder-forced changes.	• Decrease in revenues (e.g., demand for products and services). • Increase in operating costs (e.g., public relations and brand management). • Decrease in valuation of assets (e.g., asset impairment). • Increase in financing costs (e.g., availability and cost of capital).
Acute	• Extreme weather events.	• Decrease in revenues (e.g., production levels). • Increase in operating costs (e.g., insurance premiums). • Increase in capital expenditures (e.g., replacement of assets). • Decrease in valuation of assets (e.g., asset impairment).
Chronic	• Rising sea levels and temperatures.	• Decrease in revenues (e.g., supply chain disruptions). • Increase in operating costs (e.g., supply chain disruptions). • Decrease in valuation of assets (e.g., asset impairment). • Increase in capital expenditures (e.g., investment in assets).
Opportunities	**Description**	**Examples of potential impacts**
Resource efficiency	• Operating efficiency across production and distribution. • Energy efficiency in buildings, machinery, and transport.	• Decrease in operating costs (e.g., general efficiency and energy efficiency). • Increase in revenues (e.g., innovation in efficiency).
Energy source	• Renewable energy capacity exceeding investment in fossil fuel generation.	• Decrease in operating costs (e.g., long-term savings on annual energy costs outweigh capital expenditure). • Increase in revenues (e.g., innovation in new energy and storage technology).
Products and services	• Adapting value proposition of products and services may improve competitive position and capitalise on shifting consumer and producer preferences.	• Increase in revenues (e.g., development and marketing of products and services).
Market	• Seeking opportunities in new markets.	• Increase in revenues (e.g., collaboration with stakeholders to enter new markets). • Increase in valuation of assets (e.g., investment in new technology).
Resilience	• Development of adaptive capacity for organisations with long-lived fixed assets or extensive supply or distribution networks.	• Safeguard organisation's long-term intrinsic value.

Modern slavery

Hyperion seeks to invest our clients' capital in businesses that we believe are high quality with strong and resilient value propositions to all stakeholders. These include the company's employees and down-stream supply chains. Our view is that company activities that do not respect human rights and have a detrimental impact on society will not be conducive to long-term economic performance.

In support of these principles, we assess our portfolio companies for risks of modern slavery practices occurring in their operations and supply chains. While Hyperion actively engages with company management and boards and may voice concerns in relation to certain activities or directions a company is taking, we acknowledge that our portfolio companies' operations are distinct. We also acknowledge the inherent information asymmetries in accessing publicly available information.

Where a company does not have a publicly available statement or policy on Modern Slavery, we engage with the company for details on their approach or policy in regard to modern slavery risks.

The assessment of modern slavery risks is embedded within our proprietary research document which we complete for all current and prospective portfolio holdings, as part of our highly structured research process. This detailed document contains key qualitative information and insights and is regularly updated for each portfolio company. The document requires analysts to conduct an evidence-based assessment of the company's likely modern slavery risks within their operations and supply chain. The information contained in this document is used as a tool for assessing the modern slavery risks in our investee companies.

While Hyperion is not mandated by the requirements of the Commonwealth Modern Slavery Act 2018 (Cth) (the Modern Slavery Act) to formally disclose our efforts to assess and address modern slavery risk, we seek to apply this best-practice approach to the way we conduct business. Accordingly, Hyperion produced and published on our website our Modern Slavery Statement, which covers the period 1 July 2022 to 30 June 2023. This Statement complies with the obligations required of Modern Slavery Statements as per section 16 of the Modern Slavery Act, however, is not formally registered with the Australian Border Force.

Our Modern Slavery Statement can be accessed from our website at:
https://www.hyperion.com.au/sustainability/.

Our operations

Hyperion is acutely aware of our own carbon footprint and the material risk that climate change poses to the economy, financial markets and society. Hyperion is committed to reducing our operational impact and supporting the environment. To demonstrate this commitment, we are proud to have received Climate Active Carbon Neutral certification (for Organisations) for our business operations for the reporting period 1 July 2021 to 30 June 2022. We are in the process of certifying our GHG inventory for the Financial Year ending 30 June 2023 under Climate Active Standards (for Organisations).

Climate Active is a partnership between Australian businesses and the Australian Government to promote voluntary climate action. Certification is awarded to Australian businesses who meet rigorous requirements to achieve carbon neutrality, including measuring, reducing, and offsetting emissions through innovation, sustainable operations and industry leadership. For more information about our certification and a detailed breakdown of our carbon inventory, please visit the Climate Active website at:

https://www.climateactive.org.au/buy-climate-active/certified-members/hyperion-asset-management-limited

Certifications

All three of Hyperion's flagship funds are now certified by the Responsible Investment Association Australasia (RIAA).

Hyperion Small Growth Companies Fund – 19 December 2022

The Hyperion Small Growth Companies Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program.

Hyperion Global Growth Companies Fund (Managed Fund) – 19 December 2022

The Hyperion Global Growth Companies Fund (Managed Fund) has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program.

Hyperion Australian Growth Companies Fund – 19 December 2022

The Hyperion Australian Growth Companies Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program.

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

Metrics and Data

Summary of emissions metrics reported on our investment strategies

Metric	Description	Source
Financed Emissions	The absolute greenhouse gas (GHG) emissions associated with an investment portfolio, expressed in tons CO_2e. GHG emissions are allocated based on the share of the outstanding amount of investments over the total equity and debt of a company. Under this approach for listed companies, the total equity and debt is the enterprise value including cash of the respective company.	MSCI – from company reported and MSCI estimated emissions data.
Economic Emission Intensity	Financed Emissions for an investment portfolio normalised by the current value of investments of the portfolio, expressed in tons CO_2e / AUD$M invested. GHG emissions are allocated based on the share of the outstanding amount of investments over the total equity and debt of a company as described under Financed Emissions.	MSCI – from company reported and MSCI estimated emissions data.
Weighted Average Carbon Intensity (WACI)	Exposure to carbon-intensive companies, expressed in tons CO_2e/USD$M revenue. Aggregated carbon intensities (CO_2e/USD$M revenue) of the companies in a portfolio, allocated based on portfolio weight (the current value of the investment relative to the current portfolio value).	MSCI – from company reported and MSCI estimated emissions data.
PCAF Data Quality Score	Data quality score 1 indicates the highest quality, while data quality score 5 represents the lowest. Generally, data quality scores 1 and 2 correspond to reported (and verified for quality score 1) emissions. The data quality score 3 corresponds to estimated emissions using granular information on the assets. The data quality score 4 often corresponds to estimations using less specific data. Financed emissions estimated with limited information correspond to data quality score 5. Calculated as the weighted average quality score of the portfolio.	MSCI

Our investment strategies and assigned benchmarks

Strategy	Assigned benchmark
Hyperion Australian Equities Broad Cap Composite	S&P/ASX 300 Index
Hyperion Australian Equities Large Cap Composite	S&P/ASX 300 Index
Hyperion Australian Equities Small Cap Composite	S&P/ASX Small Ordinaries Index
Hyperion Global Equities VSG Composite	MSCI World Index
Hyperion Global Equities Hybrid Composite	S&P/ASX 300 Index

Financed Emissions from our investment strategies

	AUM (in AUD$M)	Financed Emissions (Scope 1 & 2)	Financed Emissions (Scope 3)
Hyperion Australian Equities Broad Cap Composite	$3,020	4,797	60,217
Hyperion Australian Equities Large Cap Composite	$4,387	6,528	78,382
Hyperion Australian Equities Small Cap Composite	$877	1,350	37,927
Hyperion Global Equities VSG Composite	$3,325	4,422	57,988
Hyperion Global Equities Hybrid Composite	$1,417	2,469	19,908
Firm Total	**$13,025**	**19,566**	**254,422**

Source: Hyperion Asset Management Limited and MSCI ESG Research. Data as at 31 December 2023.

Economic Emissions Intensity from our investment strategies

	Economic Emissions Intensity (Scope 1 & 2)		Economic Emissions Intensity (Scope 3)	
	Strategy	Benchmark	Strategy	Benchmark
Hyperion Australian Equities Broad Cap Composite	1.59	60.89	19.94	470.87
Hyperion Australian Equities Large Cap Composite	1.49	60.89	17.87	470.87
Hyperion Australian Equities Small Cap Composite	1.54	46.22	43.25	447.80
Hyperion Global Equities VSG Composite	1.33	26.13	17.44	237.18
Hyperion Global Equities Hybrid Composite	1.74	60.89	14.05	470.87

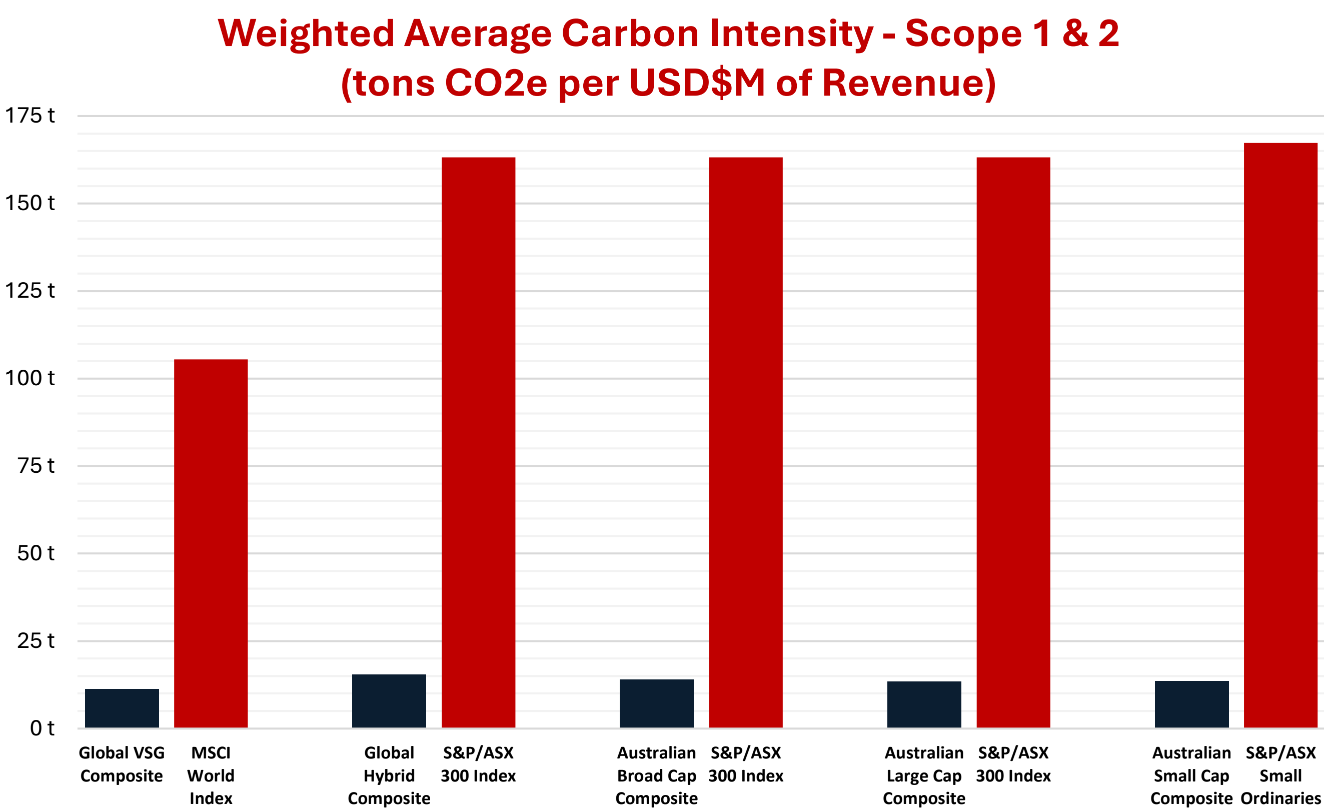
Source: Hyperion Asset Management Limited and MSCI ESG Research. Data as at 31 December 2023.

The tables above provide an overview of our *Scope 3 Category 15 emissions (Financed Emissions)* and *Economic Emissions Intensity* across the investment strategies that we manage. We use the industry standard developed by the Partnership for Carbon Accounting Financials (PCAF) to calculate our Financed Emissions, applying the attribution factor for listed companies (Outstanding amount as the numerator, Enterprise Value including Cash as the denominator).

Weighted Average Carbon Intensity of our investment strategies

	WACI (Scope 1 & 2)		
	Strategy	Benchmark	Assigned Benchmark
Hyperion Australian Equities Broad Cap Composite	14.0	163.2	S&P/ASX 300 Index
Hyperion Australian Equities Large Cap Composite	13.5	163.2	S&P/ASX 300 Index
Hyperion Australian Equities Small Cap Composite	13.6	167.3	S&P/ASX Small Ordinaries Index
Hyperion Global Equities VSG Composite	11.3	105.5	MSCI World Index
Hyperion Global Equities Hybrid Composite	15.5	163.2	S&P/ASX 300 Index

Source: Hyperion Asset Management Limited, MSCI ESG Research, FactSet. Data as at 31 December 2023.



Source: Hyperion Asset Management Limited, MSCI ESG Research, FactSet. Data as at 31 December 2023.

Emissions data availability for Scope 1 and 2

	Data availability from our data provider (% of AUM invested)		
	Company Reported Scope 1 and 2 emissions data	Estimated Scope 1 and 2 emissions data	Unavailable Scope 1 and 2 emissions data
Hyperion Australian Equities Broad Cap Composite	92.7	5.3	2.1[1]
Hyperion Australian Equities Large Cap Composite	93.3	4.6	2.1[1]
Hyperion Australian Equities Small Cap Composite	70.9	27.3	1.8[1]
Hyperion Global Equities VSG Composite	93.7	5.0	1.3[1]
Hyperion Global Equities Hybrid Composite	97.4	0.7	1.9[1]
S&P/ASX 300 Index	91.2	8.0	0.8
S&P/ASX Small Ordinaries Index	51.9	43.4	4.7
MSCI World Index	88.9	10.9	0.2

Source: Hyperion Asset Management Limited, MSCI ESG Research, FactSet. Data as at 31 December 2023.

[1] Comprised entirely of cash weighting.

PCAF Data Quality Score

	Data Quality Score (1 – 5)	
	Scope 1 and 2	Scope 3
Hyperion Australian Equities Broad Cap Composite	2.07	2.46
Hyperion Australian Equities Large Cap Composite	2.06	2.45
Hyperion Australian Equities Small Cap Composite	2.63	3.11
Hyperion Global Equities VSG Composite	2.24	2.36
Hyperion Global Equities Hybrid Composite	2.10	2.33

Source: Hyperion Asset Management Limited and MSCI ESG Research. Data as at 31 December 2023.

MSCI description of data quality scores

Data quality score 1 – This is currently not offered by MSCI.

Data quality score 2 – PCAF considers reported emission data to fulfill the requirements for data quality score 2 (data quality score 1 requires reported and verified data). MSCI collects carbon emissions for companies which are disclosed in corporate disclosure or through CDP (formerly the Carbon Disclosure Project). For companies where historic reported emission data is available but no reported emission data of the most recent year is available, MSCI extrapolates the historic data to arrive at more recent carbon emission estimates. Carbon footprints which are estimated with historic reported data extrapolation, are considered to also fulfill data quality score 2 (even if this approach is not specifically covered by the PCAF standard).

Data quality score 3 – If physical production data is used to estimate the carbon footprint for a company, PCAF assigns the data quality score 3. For power generating electric utilities where no carbon footprint is publicly reported, MSCI uses the company's power generation mix to estimate its carbon footprint. MSCI collects the company's power generation by fuel type and calculate the emissions using emission factors by fuel type.

Data quality score 4 – When the carbon emissions of a company are estimated by multiplying the company's revenue with emission factors by sector, PCAF considers this to fulfill the requirements for data quality score 4. MSCI relies on their existing methodologies. For Scope 1 and 2 emissions, average sales intensities for 1,000+ industry segments are estimated using reported emission data. To then estimate the footprint of a company, the sales figures of the company are multiplied by the average carbon sales intensities of the corresponding segments. For Scope 3 emissions, MSCI relies on their proprietary Scope 3 estimation model (for companies in MSCI's carbon metrics coverage universe). MSCI's proprietary estimation model uses a hybrid approach, combing bottom-up and top-down modelling to estimate each category of a company's Scope 3 emissions. The model follows the publicly available Greenhouse Gas Protocol (GHGP) framework. Each emissions category is estimated individually with an appropriate methodology. For listed companies outside of MSCI's carbon metrics universe, Scope 3 emissions are estimated purely using average Scope 3 sales intensities.

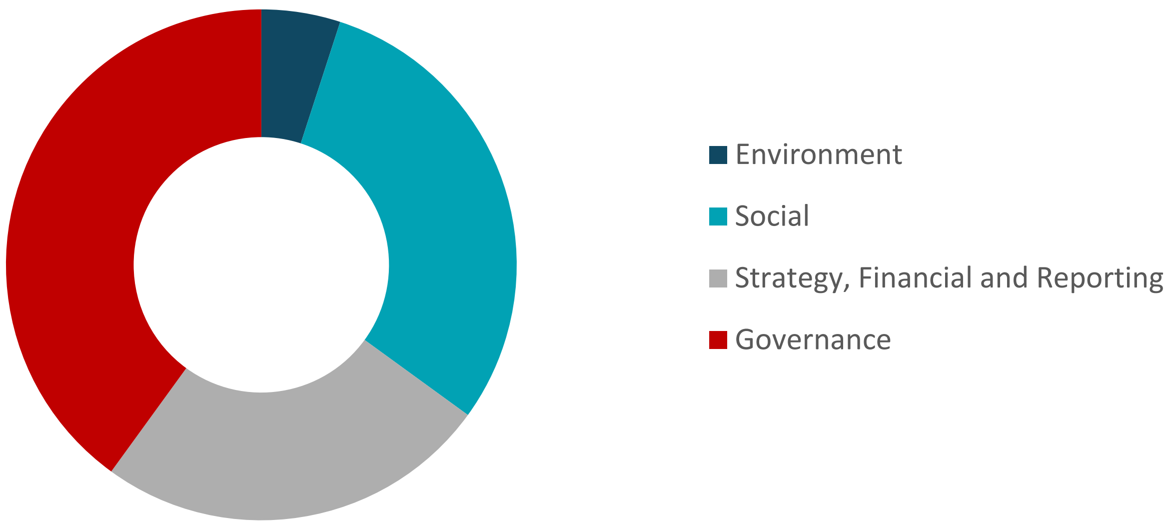
Data quality score 5 – The financed emissions calculations for data quality score 5 are not based on company emissions but use an investment intensity (unit: tCO2e/yr/mUSD invested in a company within a defined sector). The annual average investment emissions intensities are modelled for each sector using a statistical regression process:

• Average Scopes 1 and 2 investment intensities by sector are calculated on a dataset of ~4,000 companies that reported Scope 1 and 2 emissions data, and for which Enterprise Value Including Cash (EVIC) and sector classification is available.

• Average Scope 3 investment intensities per sector are calculated by on a dataset of ~10,000 companies where Scope 3 emission data (estimated using MSCI ESG Research's proprietary model), as well as EVIC and sector data are available.

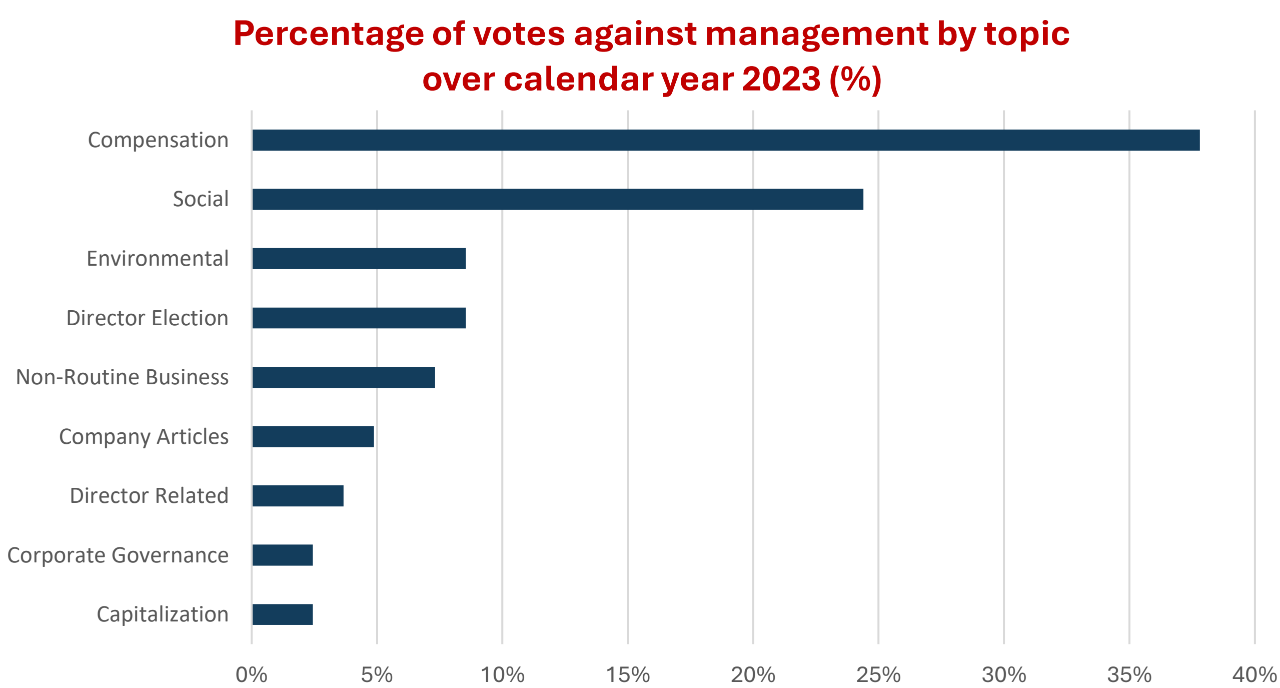
Engagement activity

Engagements with company management on **98 ESG-related topics** over calendar year 2023.



Source: Hyperion Asset Management Limited

Proxy Voting



Source: Hyperion Asset Management Limited

Modern Slavery Statement or Policy Availability

	(% of portfolio holdings)		
	Have a publicly available statement or policy on Modern Slavery	**Have a non-publicly available statement or policy on Modern Slavery**	**Have no available statement or policy on Modern Slavery**
Hyperion Australian Equities Broad Cap Composite	100	0	0
Hyperion Australian Equities Large Cap Composite	100	0	0
Hyperion Australian Equities Small Cap Composite	100	0	0
Hyperion Global Equities VSG Composite	100	0	0
Hyperion Global Equities Hybrid Composite	100	0	0

Source: Hyperion Asset Management Limited. Data as at 31 December 2023.

Appendix

Task Force on Climate-related Financial Disclosures (TCFD)

Hyperion supports the recommendations of the TCFD. The below table provides an overview of how the TCFD recommendations are embedded in Hyperion's disclosures in relation to the management of our portfolios.

	Page references
Governance	
Describe the board's oversight of climate-related risks and opportunities	8
Describe management's role in assessing and managing climate-related risks and opportunities	8
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	10, 11
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	6, 7, 10, 11
Supplemental guidance for asset managers: How climate-related risks and opportunities are factored into relevant products or investment strategies; how each product or investment strategy might be affected by the transition to a low-carbon economy.	
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks	6, 7, 9, 10, 11
Supplemental guidance for asset managers: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers' ability to assess climate-related risks. Describe how material climate-related risks are identified and assessed for each product or investment strategy.	
Describe the organization's processes for managing climate-related risks	6, 7, 9, 10
Supplemental guidance for asset managers: Asset managers should describe how they manage material climate-related risks for each product or investment strategy.	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	6, 7, 10
Metrics and Targets	
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	15
Supplemental guidance for asset managers: Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, describe how these metrics have changed over time. Where appropriate, provide metrics considered in investment decisions and monitoring.	
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	16, 17, 18, 19
Supplemental guidance for asset managers: Disclose GHG emissions for assets under management and the weighted average carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. In addition to WACI, asset managers should consider providing other carbon footprinting metrics they believe are useful for decision-making.	
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	N/A

Contact us

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