

Responsible Investment Policy

Paradice Investment Management Pty Ltd

Dated: 15 September 2023

Paradice Investment Management Pty Ltd (“Paradice”) provides investment management services to managed investment schemes and institutional investors. The Paradice Board has delegated responsibility for the approval of this Responsible Investment Policy (the “Policy”) to the Sustainability Committee (hereinafter the “Committee”).

This policy applies to investments directly managed by Paradice only.

Purpose and scope

The purpose of this Policy is to set out Paradice’s approach to responsible investing (“RI”), in particular how material environmental, social and governance (“ESG”) risks and opportunities are integrated within investment decision making, and our stewardship practices.

Paradice has developed an ESG Glossary to ensure the consistent application and understanding of commonly used ESG-related terms, including those used in this Policy.

Approach to Responsible Investing

Paradice is committed to RI and applies ESG integration and stewardship, consistent with our duty to our clients and our contractual responsibilities. We, as part of the Paradice Group,¹ are a signatory to the Principles for Responsible Investment (PRI), meaning that we endorse the six aspirational principles set out by the PRI to assist investors in incorporating ESG issues in all aspects of the investment process.

Our investment teams share an overarching belief in the link between sound management of ESG-related risk and opportunities, and a company’s long-term success and value creation for shareholders. In short, considering relevant ESG information can help us to make better informed investment decisions.

In actively managing investments on behalf of our clients, Paradice seeks to maximise long-term investment returns, subject to an acceptable level of risk. As such, we consider the fulfilment of our investment objective and RI to be interdependent.

While each investment team has autonomy over their respective investment strategy and has discretion to practice RI in a manner most relevant to their investment philosophy, Paradice views it as important to outline minimum expectations with respect to RI via this Policy. This helps to support consistency where appropriate.

¹ The Paradice Investment Management Group (Paradice Group) is a signatory to the PRI. The Paradice Group consists of Paradice Investment Management Pty Ltd (PIM Pty) and Paradice Investment Management LLC (Paradice LLC), a US entity.

ESG integration

Paradice recognises that ESG factors can financially impact our investments, both positively and negatively. Seeking to analyse and understand ESG information can help us better understand the full range of risks and opportunities to which a company may be exposed and assess whether it is adequately managing risks or pursuing opportunities in support of long-term value creation.

Where we identify an ESG factor as being financially material to a company within the strategy's investment time horizon, it is the ultimate responsibility of the respective portfolio manager to integrate this into the investment process, like any other investment-relevant factor. We consider this to be a part of fulfilling our duty to our clients, our contractual responsibilities and striving to produce superior risk-adjusted returns.

We apply ESG integration across our investments and a key resource in doing so is our dedicated ESG team which assists our investment teams in identifying the most material ESG issues in portfolio companies and other stocks of interest as required. The ESG team provides sub-sector specific guidance, which is informed by the Sustainability Accounting Standards Board's ("SASB") Materiality Map[®], as relevant. The ESG integration approach also directs analysts to draw upon company-specific knowledge to ensure idiosyncratic ESG risks are captured in the investment analysis and decision making. The outcome is a blend of both top-down and bottom-up approaches.

We also supplement this guidance with two in-house tools to support assessments of exposure to climate change and modern slavery risk. Paradice's individual investment teams may also tailor their ESG integration approach in a manner most relevant for their specific strategy.

Paradice also has access to a range of third-party investment research and data, including specialist ESG research. Additionally, as active managers, we gain ESG-relevant insights directly from companies through reading corporate disclosures and undertaking engagement with senior leaders.

We note that while ESG factors may be integrated in our investment analysis and decision making, financial factors remain the primary driver of all decision making, consistent with our duty to our clients and our contractual responsibilities. Further, even where ESG factors are identified as financially material and may change our view on matters such as a company's earnings forecast, valuation or quality of management, an ESG factor alone may not necessarily result in a buy or sell decision. ESG factors complement a range of investment considerations most relevant to the respective strategy and its investment time horizon. Finally, we note that in many cases exposure to ESG risks will be within the strategy's risk appetite – it is the responsibility for the portfolio manager to manage the portfolio within this risk appetite and in compliance with any other established investment guidelines, including requirements of client-specific mandates.

We are committed to continuing to advance our ESG integration practices, and progressively deepen our ESG analysis. We recognise that enhancing our capabilities in this area will support better investment outcomes. As such, both in-house and external training and education form an ongoing part of our overall RI approach.

Stewardship

Engagement

Engagement with companies is not just fundamental to Paradice's RI practice, but our active approach to investment management. It includes all our interactions with company boards and management such as in-person meetings, site tours, conference calls and written communications. We believe engagement helps us make better investment decisions and manage investment risk, but it is also an important tool to help us enhance long term value.

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We engage to deepen our understanding of the company and, while our interactions include a range of areas such as financials, risk management and the pursuit of opportunities, often these interactions will also serve to ensure we fully understand the company's ESG profile so we can feed this into our investment decision making.

In the context of ESG-related engagement we distinguish between "Engagement for change" and "Engagement for knowledge".

- **Engagement for change.** We consider engagement for change to be those interactions with a company which are conducted, at least in part, with the purpose of improving practice on an ESG issue, enhancing ESG risk management, changing a sustainability outcome, or improving public disclosure.
- **Engagement for knowledge.** We refer to engagement for knowledge as those interactions with a company to gather information and better understand the business from an ESG perspective, such as the risks to which it is exposed or the opportunities it may be able to leverage. This can be an input to our ESG integration processes.

Where we have identified areas of concern or we see an opportunity to drive improved practices, we will also seek to constructively leverage the influence afforded to us through share ownership to achieve outcomes in the long-term interests of shareholders through engagement for change. Where we engage to drive change, we may encourage companies to adopt better practices with respect to corporate governance, ESG risk management and disclosure, or seek that they pursue relevant ESG opportunities. We acknowledge that companies pursuing best practice in the interest of all stakeholders, including the environment, can be linked to value creation for shareholders.

At times our ability to engage may be impacted by the size of our shareholding, resourcing constraints, the location of the company or the asset class in which we are investing. Nevertheless, we strive to be as active in engagement as practicable and prioritise our efforts accordingly.

Proxy voting

Exercising the voting rights afforded to us through share ownership, referred to as proxy voting, is a responsibility we seek to fulfil in a considered manner. We believe that doing so is a key part of our investment stewardship and is in line with our commitment to RI.

The investment teams have access to specialist proxy research as well as other investment research which may be drawn upon in decision making. Paradise does not apply automated voting rules based off proxy adviser recommendations and considers each resolution on its merits.

Our approach is to cast votes in the best interests of our clients. Paradise has in place a Proxy Voting Policy and employees who have the authority to vote client securities must familiarise themselves with and strictly adhere to this Policy.

Escalation

On issues where Paradise is seeking change, direct engagement with the management and board of the company is the preferred option if appropriate/available. If we are dissatisfied with progress, investment teams can escalate the issue in several ways including, but not limited to, collaboration with other investors, filing a shareholder resolution, voting against resolutions at companies' annual meetings or divestment.

Investor collaboration

Paradice is a participant in several industry groups alongside other institutional investors, including some which facilitate collaborative engagement on ESG issues. We seek to be active participants and contributors where

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possible. We believe involvement in such organisations not only supports our own understanding of current and emerging ESG issues, but it also serves to drive change on complex and systemic issues where individual engagement is less effective.

Paradice is currently a signatory to or member of:

- PRI
- Climate Action 100+
- Responsible Investment Association Australasia
- Investors Against Slavery and Trafficking

We have also signed Tobacco Free Portfolio's Tobacco-Free Finance Pledge and as such have in place a formal exclusion of companies involved in the production of tobacco products.

Advocacy

We consider advocacy to refer to activities such as our membership of ESG-related industry associations or collaborative investor initiatives, participation in the shaping of relevant public policy, and contributing to knowledge-building of ESG issues. While advocacy can take many forms, it is generally undertaken in the interests of change with respect to ESG which we believe supports the long-term financial interests of our clients – whether at a company, sector, country or whole of system level.

Where appropriate, we support the improvement of RI practices across the finance industry, increased public debate and the shaping of policy to enhance understanding and management of ESG matters. Either directly or through our involvement in industry associations, we will participate in relevant policy consultations or provide submissions to government. We also seek to participate in the public sphere through speaking engagements, publication of thought pieces or other media commentary on RI and ESG matters.

Paradice-wide exclusions

There are certain activities in which Paradice has chosen not to invest and, as such, we apply formal exclusions to avoid investments in companies involved in these activities, subject to any specific investment mandate instructions from our clients.

Specifically, it is our policy to not invest in companies which derive revenue from the:

- Production of tobacco products
- Manufacture of controversial weapons²

Paradice has also made a commitment to not become a substantial shareholder (defined as owning more than 5% of the company) in a company which derives more than 25% of its revenue³ from mining thermal coal.

Our internal compliance and ESG teams monitor the portfolios to ensure that these exclusions are upheld, and the Committee has responsibility for oversight of this process. Paradice utilises a third party provider to perform business involvement screening for the purposes of identifying companies that fit the exclusion criteria. Formal

² We define controversial weapons as cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.

³ Our third party research provider assesses a company's gross revenue or, in instances where this figure is not reported by the company, it applies a revenue estimation methodology.

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portfolio restrictions are applied in our trading system, with the list of excluded securities reviewed on a regular basis using the third party provider resource and updated as required.

Climate change

We acknowledge that we must consider how climate change will impact the investments we make on behalf of clients consistent with our duty or contractual responsibilities. Each investment team is responsible for considering climate change within the investment process like any other material financial risk or opportunity, in a manner most relevant to their strategy (refer to ESG Integration above). We also acknowledge that our engagement with companies can support the appropriate management of climate-related risks or opportunities by investee companies. It is in our interest to engage on climate change in order to enhance long term shareholder value.

Please see also the Paradise Climate Action Plan.

Human rights and modern slavery

We believe in respecting and upholding all human rights unconditionally and acknowledge that we may impact people indirectly through the investments we make. Paradise seeks to understand human rights risks within our investments so we can minimise our potential complicity in human rights abuses. We acknowledge share ownership provides investors with influence which can help us to hold investee companies to account with respect to their management of human rights.

Paradice also acknowledges we have a duty and an interest to support efforts to address modern slavery. Modern slavery refers to instances where workers are subject to forced labour or deprived of personal freedoms, often through coercion or deception. While addressing modern slavery is the right thing to do, it is also an issue that can present investment risks and as such we must understand our exposure via investee companies and their supply chains.

To support our understanding of human rights and modern slavery risk exposure, we have developed an in-house modern slavery risk assessment tool and utilise third party provider data to monitor relevant controversies such as those relating to labour issues. This supplements our core ESG research. Where we have concerns or a company's disclosure could be improved, we will undertake direct engagement.

Governance

The Paradise Board has oversight of the firm's approach to RI. It has delegated accountability and responsibility for implementation of RI governance and practices to the Committee. The Committee has in place structures which ensure policies and procedures relevant to RI are implemented in an aligned and consistent manner. The Committee is required to escalate certain matters to either the Board or the Paradise Risk and Compliance Committee in a timely manner as relevant, as well as provide periodic reporting to the Board to enable its oversight of RI.

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