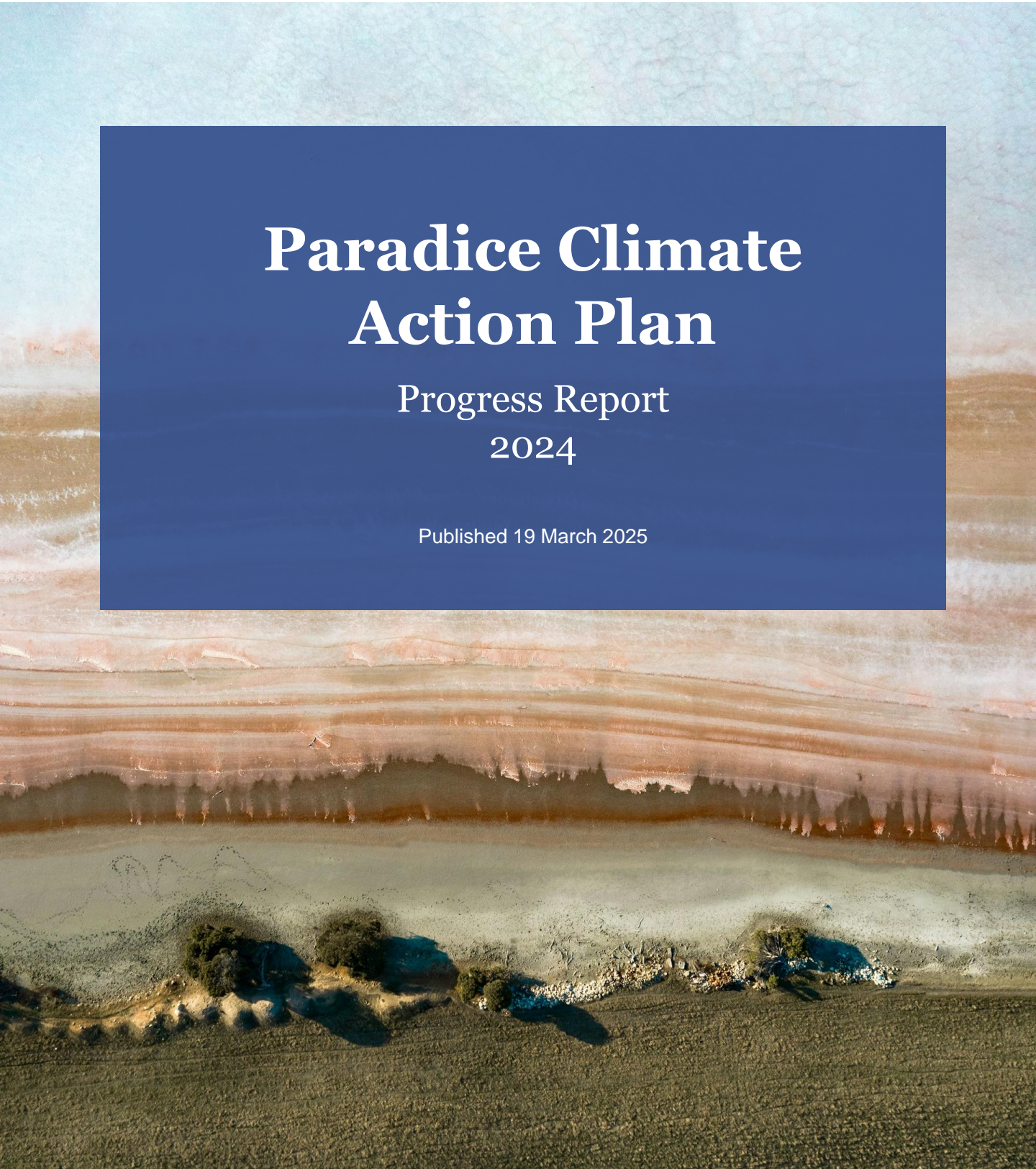


Paradice Climate Action Plan

Progress Report
2024

Published 19 March 2025



Climate Action Plan Summary*



Overall ambition:
net zero emissions by 2050

Three pillars of action



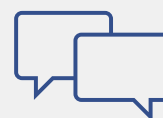
Governance

Policies,
governance
structures and
Board oversight



Investments

Integrating climate
considerations,
measuring and
monitoring emissions



Stewardship & Advocacy

Driving net zero-
aligned action at
investee company
and policy level

Targets

1

By 2030 divest any company emitting over 150 ktCO₂e p.a. which does not have a credible transition plan

2

Engage the top 40 highest Scope 1 & 2 emitting companies held by Paradice at least once annually

3

Offset operational carbon emissions annually



Introduction

Paradice¹ is pleased to provide our stakeholders with an update on the second year of implementation of our multi-year Climate Action Plan, calendar year 2024.² We encourage you to refer to the full multi-year Plan which is available on our website while reading this progress report.

Our plan outlined a net-zero ambition by 2050, alongside three formal targets, and detailed the actions we aim to take as part of our evolving response to climate change. In this progress report, we provide an update on our 2024 achievements and ongoing initiatives.

Additionally, we highlight key climate-related stewardship activities carried out during the year, including corporate engagement with investee companies on climate change—encompassing both transition and physical climate risks—and related proxy voting actions.

Pleasingly, as we enter the third and final year of the Plan's implementation in 2025, we have substantially completed it. We continue to pursue ongoing improvement and further embed our enhanced practices in respect of climate change. In due course, we will develop our next Plan.

Update on formal targets

With respect to our three formal targets, two require achievement annually.

- 2 Engage the top 40 highest Scope 1 & 2 emitting companies held by Paradice at least once annually

In line with this target, we proactively sought to engage with our top 40 emitting investee companies and were successful in engaging all during the year. Most were engaged once although some companies were engaged multiple times. For one company we held 7 direct engagements, as well as supported 5 collaborative engagements.

- 3 Offset operational carbon emissions annually

We were pleased to measure, validate and offset our emissions through PathZero for FY24. Please see more information about PathZero [here](#).

Pillar One: Governance



Initiative	2024 Planned	2024 Actual	Status ³
Board approval of the Climate Action Plan	✓	✓	Completed in 2022
Define formal climate change responsibilities in the Sustainable Committee Terms of Reference and role descriptions	✓	✓	Completed in 2023
Update policies and statements as relevant to reflect the Climate Action Plan	✓	✓	Completed in 2023
Climate risk included in PIM risk registers	✓→	✓→	Ongoing
Climate change training and awareness for Board and investment teams	✓→	✓→	Ongoing
Offset PIM's own operational emissions annually	✓→	✓→	Ongoing
Report on progress against the Plan	✓	✓	Achieved
Implement processes to review and revise the Plan as commitments are met and climate risks exposures and best practices evolve	→	✓→	Ongoing
Report regularly to the Board and senior management on climate performance and portfolio climate risk exposures	✓→	✓→	Ongoing

✓	Completed
→	Start
--▶	Ongoing / continue
●	Target completion
⊗	Not completed

Pillar Two: Investments



Initiative	2024 Planned	2024 Actual	Status ³
Assess and monitor portfolio exposure to transition risk, including through monitoring of carbon footprint	✓→	✓→	Ongoing
Establish internal criteria for a credible climate transition plan to be applied in our target	Planned for 2023	✓	Achieved
Monitor relevant portfolio companies' climate action plans and their alignment to net zero by 2050 including: <ol style="list-style-type: none"> Overarching net zero by 2050 commitment Interim targets Credible plan to deliver commitments 	✓→	✓→	Ongoing
Expand assessments and monitoring of portfolio exposure to physical climate risk	✓→	✓→	Ongoing
Monitor exposure to green economic activity	Planned for 2023	✓→	Achieved & ongoing
Employ third party tools to supplement internal assessments	✓	✓	Completed in 2023
Evolve our product offering over time to better enable capital allocation to climate solutions	Planned for 2023	⊗	Behind
Disclose portfolios' weighted average carbon intensity (WACI) to clients	✓→	✓→	Ongoing
Expand scenario analysis undertaken	✓→	✓→	Ongoing

✓	Completed
→	Start
→	Ongoing / continue
●	Target completion
⊗	Not completed

Pillar Three: Stewardship & Advocacy



Initiative	2024 Planned	2024 Actual	Status ³
Set clear escalation process for insufficient climate responses at investee companies	<i>Planned for 2023</i>	✓	<i>Achieved</i>
Engage with companies we assess to be higher risk	✓ →	✓ →	<i>Ongoing</i>
Advocate for the goals of the Paris Agreement and the uptake of TCFD recommendations	✓ →	✓ →	<i>Ongoing</i>
Participate in collaborative engagement initiatives such as Climate Action 100+	✓ →	✓ →	<i>Ongoing</i>
Participate in industry associations which positively advocate on climate matters	✓ →	✓ →	<i>Ongoing</i>
Publish annually trade association memberships and membership fees	✓ →	✓ →	<i>Ongoing</i>
Participate in government and other public policy consultations and advocate for ambitious policy	✓ →	✓ →	<i>Ongoing</i>
Exercise voting rights in line with relevant position statements and policies, in support of better climate outcomes	✓ →	✓ →	<i>Ongoing</i>
Engage with clients and stakeholders such as asset consultants to communicate our approach to climate change and to help deliver on their own climate commitments	✓ →	✓ →	<i>Ongoing</i>
Publish an annual summary of outcomes achieved through corporate engagement	✓ →	✓ →	<i>Ongoing</i>
Support, file or co-file climate resolutions at companies who have not responded appropriately to engagement	✓ →	✓ →	<i>Ongoing</i>

✓	Completed
→	Start
→	Ongoing / continue
●	Target completion
⊗	Not completed

Progress on the Plan in 2024

We are pleased to share an update on the progress made in the second full year of implementation of our three-year Climate Action Plan.² After having also completed many actions in the prior year, we are now well positioned in the delivery of our Plan.

With the front-loaded nature of the Plan and some initiatives requiring greater effort than initially intended, we missed the targeted completion of several action items in the first year. Positively we were able to complete all but one of these outstanding items this year, as well as the intended 2024 actions.

We have now defined the internal criteria to determine whether an investee company's climate transition plan should be considered 'credible'. This was an action item under the Investments Pillar of our Plan.

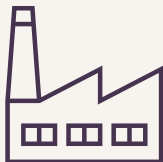
For our climate risk engagement efforts, we have formalised an escalation framework for instances where our engagement is not progressing as hoped. This includes various stewardship-related actions which serve to increasingly apply pressure to investee companies. For example, voting actions we could take at shareholder meetings. Divestment remains the last resort.

This year we also embedded our enhanced climate risk assessment tool. Our portfolios are assessed quarterly, with the results shared with our investment teams to help their understanding of risk exposures and prompt additional analysis as required. The tool also informs our engagement activity.

One item we continue to fall short on is the evolution of our product offering. While we have the capabilities to offer an investment strategy which includes climate-related objectives in addition to financial returns, and would welcome the opportunity, this must be client-led. To date, there has not been sufficient interest in such a strategy. We will keep working to understand our clients' needs and interests, with a view to pursuing future opportunities should they present.

In terms of next steps, we continue to elevate our focus internally on climate change and look forward to finalising the delivery of our inaugural Plan in 2025. We will also begin the required work to establish the subsequent plan to shape our efforts from 2026 and beyond.

Climate-related engagement statistics



over **72**
companies engaged
in relation to climate
change



over **121**
engagements on
transition risk



over **39**
engagements on
physical risk



Note: some engagements covered topics in addition to climate change



Engagement Snapshots

Climate-related engagement in 2024

Newmont Corporation

After having acquired Newcrest, we engaged gold miner Newmont on what the transaction would mean for the company's climate strategy. We sought to understand the work that would be done to understand climate risks at the new assets and develop an updated decarbonisation plan for the combined entity. We also provided feedback on opportunities for governance and disclosure enhancements around climate lobbying and industry association participation.

ANZ Banking Group

Major bank ANZ's direct emissions are comparatively low, however, we are focused on emissions associated with its lending activity. We engaged during the year on how it is managing climate risks in its lending portfolio, in particular how it assesses its customers' exposures and robustness of their transition planning. We provided feedback on transparency improvements for its customer transition plan assessment framework. We note this was also the subject of a resolution at the bank's AGM.

ams OSRAM

During the year we engaged European semiconductor manufacturing company ams OSRAM regarding its decarbonisation plan. The majority of its operational emissions come from electricity use, so the key focus is shifting facilities to 100% renewable energy. Concurrently, the company is investing in energy efficiency technologies such as upgrading heat pumps and installing cooling systems. We encouraged management to pursue ambitious targets; the company intends to have targets approved by Science-based Targets Initiative (SBTi) in due course.

Beach Energy

We have engaged Beach Energy on climate change for an extended period and were pleased to see the company publish its first Climate Action Plan this year. Positively, the company's joint venture carbon capture and storage (CCS) project at Moomba successfully injected its first carbon in Q4. However, we will continue to look for appropriate ambition in its climate response and robust risk management given the company operates in the oil and gas sector.



Proxy Voting

Paradice's share ownership entitles us to vote on a range of matters at shareholder meetings. Climate change considerations have become increasingly relevant to our voting decisions in recent years. In part, this has been driven by the increased number of companies putting forward their own climate plans to an advisory ('Say on Climate') vote. Climate change is also often a topic for shareholder-requisitioned proposals lodged at these meetings (not supported by company management). As our stewardship practices mature, how we vote on items such as the remuneration report or director elections may form part of our climate engagement with a company in line with our escalation framework.

In 2024, we voted on several climate-related shareholder resolutions and two 'Say on Climate' votes. We took each vote on its merits, supporting some and voting against others. We supported fewer shareholder resolutions than last year, reflecting our views that some were not sufficiently relevant to the company in question.

We found one of the shareholder resolutions supportable, for example, because it sought enhanced disclosures from the company which we thought aligned with shareholder interests and we agreed the company could make improvements. The same resolution was put to a peer, however, and we did not support it due to our view it had better disclosures.

Collaboration and Advocacy

We collaborate with other investors on ESG matters through a number of initiatives. Our primary collaborative effort focused specifically on climate change is our participation in Climate Action 100+. Through this initiative, we support collective engagements with several companies which have been prioritised as they are among the world's heaviest emitters. In 2024, we continued our active participation and pursued change objectives at three companies.

Where appropriate to do so, we participate directly in government consultations on climate-related policy which is relevant to our investee companies. This year, however, we did not undertake any direct advocacy. Through our membership in groups such as Responsible Investment Association Australasia, however, we indirectly participate in public policy advocacy as submissions are completed on behalf of members.

Endnotes:

- ¹ For the purposes of this Climate Action Plan, 'Paradice' shall mean Paradice Investment Management Pty Ltd and, only insofar as it relates to those Australian trusts, or strategies covered by the sub-delegation of investment advisory services arrangements in place, Paradice Investment Management LLC.
- ² The Plan was initially approved by the Board of Directors of Paradice in December 2022.
- ³ In some cases achieved status was confirmed prior to the date of publication of this report.

Paradice

Paradice Investment Management Pty Ltd
Level 27
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

www.paradice.com

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