

Paradice Climate Action Plan

December 2023
Version 2.0

This Plan has been approved¹ by the Board of Directors of
Paradice (the “Board”).²



Introduction

For Paradise,¹ the implications of a changing climate are two-fold. We must consider climate change as a business, and how it may impact our operations, and as an asset manager, understanding the consequences for the investments we make on behalf of our clients.

We strive to not only be a responsible corporate citizen and avoid contributing to social or environmental harms, but to be a viable business over the long term. As such, we must understand climate change's potential effects upon our operations and respond accordingly to capture opportunities and remain resilient in the face of emerging climate-related risks.

Additionally, we acknowledge that we have a role to play in supporting the achievement of globally-agreed climate goals such as the Paris Agreement. Doing so is not only in our interest as a business and in the interest of the planet, but in line with the objectives of many of our clients.

While we outline our beliefs and approach to climate change in various policy documents across Paradise, this inaugural Climate Action Plan has been developed to formalise our ambition to support the goals of the Paris Agreement as well as outline the actions we intend take in the coming years to support the decarbonisation of our portfolio.

**We have
established
a net zero
emissions
by 2050
ambition**

Developing our Climate Action Plan

As a firm we are committed to our focus – as a business and investor – on ensuring that material climate risks are managed appropriately, that our contribution to harmful climate outcomes is reduced as much as practicable, and that we use our influence where reasonable to affect positive action.

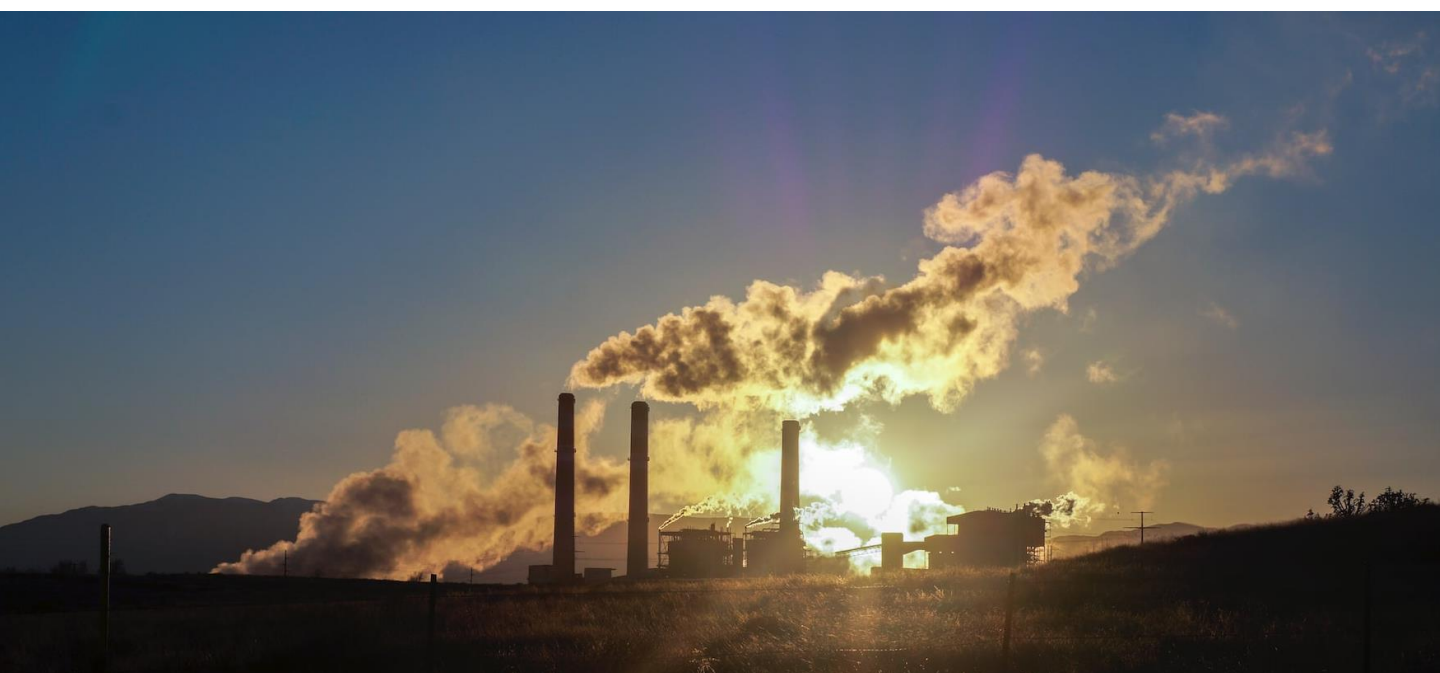
However, in developing our Climate Action Plan we have had to also consider not only our formal obligations but other operating realities to ensure that we put forward a plan which we can deliver on. Considerations in our plan design include:

- Fiduciary duty to our clients must always come first. While financially material climate risks are integrated into investment decision making, our obligations as a fiduciary mean we must not be overly prescriptive.
- Paradice strategies are managed out of two national (Australia and the United States) and multiple state jurisdictions which differ in their approaches to regulation of financial markets (including

as this relates to climate change) and have differing public policy agendas. We note Australia and the United States are both signatories to the Paris Agreement and have made formal net zero by 2050 commitments.

- Our clients have differing climate-related objectives. It is our view that we can best serve our clients through tailored decarbonisation pathways as needed, rather than through our group-level plan.
- Paradice investment teams have autonomy in making investment decisions most appropriate to their strategy, subject to fiduciary obligations. An overly prescriptive framework would inhibit the teams' investment style.

We believe our Climate Action Plan provides accountability to our stakeholders while enabling enough flexibility for us to best meet other business and investment obligations. As climate science and our operating environment evolves, we will update this plan accordingly. We intend to review and update this inaugural plan in due course.



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

Pillar One: Governance



Initiative	2023	2024	2025
Board approval of the Climate Action Plan	✓		
Define formal climate change responsibilities in the Sustainable Committee Terms of Reference and role descriptions	●		
Update policies and statements as relevant to reflect the Climate Action Plan	●		
Climate risk included in PIM risk registers	→	-----	→
Climate change training and awareness for Board and investment teams	✓	-----	→
Offset PIM's own operational emissions annually	✓	-----	→
Report on progress against the Plan		→	-----
Implement processes to review and revise the Plan as commitments are met and climate risks exposures and best practices evolve	→	-----	●
Report regularly to the Board and senior management on climate performance and portfolio climate risk exposures	✓	-----	→





- ✓ Completed
- Start
- ▶ Ongoing / continue
- Target completion



Pillar Two: Investments



Initiative	2023	2024	2025
Assess and monitor portfolio exposure to transition risk, including through monitoring of carbon footprint	→	→	→
Establish internal criteria for a credible climate transition plan to be applied in our target	●		
Monitor relevant portfolio companies' climate action plans and their alignment to net zero by 2050 including: <ol style="list-style-type: none"> 1. Overarching net zero by 2050 commitment 2. Interim targets 3. Credible plan to deliver commitments 	→	→	→
Expand assessments and monitoring of portfolio exposure to physical climate risk	→	→	→
Monitor exposure to green economic activity	→	→	→
Employ third party tools to supplement internal assessments	●		
Evolve our product offering over time to better enable capital allocation to climate solutions	→	→	→
Disclose portfolios' weighted average carbon intensity (WACI) to clients	→	→	→
Expand scenario analysis undertaken	→	→	→

-  Completed
-  Start
-  Ongoing / continue
-  Target completion

Pillar Three: Stewardship & Advocacy



Initiative	2023	2024	2025
Set clear escalation process for insufficient climate responses at investee companies	●		
Engage with companies we assess to be higher risk	✓	-----▶	
Advocate for the goals of the Paris Agreement and the uptake of TCFD recommendations	✓	-----▶	
Participate in collaborative engagement initiatives such as Climate Action 100+	✓	-----▶	
Participate in industry associations which positively advocate on climate matters	✓	-----▶	
Publish annually trade association memberships and membership fees	●	-----▶	
Participate in government and other public policy consultations and advocate for ambitious policy	→	-----▶	
Exercise voting rights in line with relevant position statements and policies, in support of better climate outcomes	→	-----▶	
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	→	-----▶	
Publish an annual summary of outcomes achieved through corporate engagement	●	-----▶	
Support, file or co-file climate resolutions at companies who have not responded appropriately to engagement	→	-----▶	

- ✓ Completed
- Start
- ▶ Ongoing / continue
- Target completion

Footnotes:

¹ For the purposes of this Climate Action Plan, Paradise shall mean Paradise 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, Paradise Investment Management LLC.

² The Plan was initially approved in December 2022.

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