NORTHCAPE
CAPITAL

Responsible Investment Policy

January 2022

Commitment to Responsible Investment

Northcape aims to be a responsible investor. We believe the consideration of the financial impact of ESG factors in investment decisions enhances a portfolio's long-term performance and that ESG issues can pose a financial risk if not properly assessed and considered. This means that we incorporate environmental, social, and corporate governance (ESG) factors into our investment decisions and active ownership activities.

Northcape has a legal and ethical duty to follow the terms of the agreements with our clients and to act in the best interests of our clients. This fiduciary duty is the driver for Northcape to be a responsible investor to maximise the overall value to our clients. This involves:

- Considering overall returns across the portfolio in addition to the risk-return profile of individual investments, including minimising harm and maximising overall non-financial value.
- Complying with client directed responsible investment and risk objectives.
- Considering long-term systemic sustainability risks and opportunities, including those that relate to transition to a Sustainable Development Goals (SDG) aligned world.
- Protecting our client's reputation by avoiding negative sustainability outcomes associated with any company held in their portfolio.

We firmly believe that ESG factors have the potential (to varying degrees across companies, sectors, regions, asset classes and through time) to impact the risk return profile of a company and are key elements of long-term value. We believe that companies with good ESG practices and processes can better meet society's long-term expectations by contributing to the sustainable development of the environment in which they operate. Companies focused on these issues are more resilient and are more likely to improve long term returns for all stakeholders.

Conversely, companies that are unwilling or unable to sufficiently support an internal culture that can appropriately consider ESG issues, are more likely to be susceptible to existential threats and will deliver diminished investment value over the longer term.

As owners and active stewards of our clients' capital we believe we can make a positive impact on those companies in which we invest, and we can create a better outcome for all stakeholders.

As a signatory to the United Nations Principles for Responsible Investment (UNPRI), our commitment states:

"We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles."

Approach to Responsible Investment

ESG analysis is an integral part of our investment process and is consistently applied across all our products. ESG risks are one of many factors that are considered on a subjective basis in deciding whether a company is of sufficient quality for inclusion on our Approved Stock List.

Our approach to ESG rests on a set of core values and we rely on our collaborative and experienced team to integrate ESG into our portfolios. Our rigorous bottom-up research efforts are focused on understanding the sustainability of businesses, including ESG issues.

We do not employ staff dedicated solely to ESG, nor do we have separate incentives for ESG insight. ESG analysis is a fundamental and integral part of all our research.

Northcape participates in industry events which focus on ESG issues such as the Asia Corporate Governance Association and ESG forums where we have supported the drive for better ESG standards (particularly in emerging markets countries). We are also a member of and have participated in ESG Research Australia (now a working group of RIAA) initiatives to encourage and recognise inclusion of ESG in broker research.

Integration of ESG into our investment decisions

Our processes are designed to incorporate ESG issues into our investment analysis and decision-making processes and to seek appropriate disclosure on ESG issues by the entities in which we invest. While it is not considered possible or appropriate that we define a predetermined set of rules that determine how ESG assessments are applied to each investment decision, we do ensure that analysts and portfolio managers are properly informed and include ESG considerations as part of their investment evaluations and portfolio weighting decisions.

To achieve this, we undertake a comprehensive ESG assessment of all prospective investments. We carefully analyse a long list of ESG factors and assess the company's practice and performance across these crucial areas. Our investment teams use a template as a base which lists E, S and G factors that may apply to a company. The template is a framework which can be used to consider (and if necessary, comment upon) ESG issues which may affect investment into a company.

Information is gathered through the normal course of company analysis, including internal and external input. Internal input is sourced principally from the analyst responsible for coverage of individual stocks although contentious issues are usually discussed with other team members. External input is sourced from discussions with company management, regular stockbroker reviews, media commentary and advice from proxy advisors. We also subscribe to external ESG research and ratings which are used to supplement our own analysis. All investment teams have access to our internal ESG research undertaken on our Approved Stock List companies as well as any external research to which we subscribe. We check to see if the CSR data provided by the company has been independently verified. Our view is that independent CSR verification creates additional disciplines for better ESG outcomes and we encourage companies to provide a verified report.

Our investment team will make a judgement of the materiality of the issue, considering context, durability and whether there has been any change in company behaviour. At the end of the ESG review, we score each company out 10. This scoring system allows a peer group comparison of each company's ESG performance. A minimum score of at least 6/10 must be unanimously agreed for any potential company to be included in our Approved Stock List.

This effectively applies a positive screen so that only companies with strong ESG practices are included in our investment universe and this tilts our portfolios towards a better ESG position relative to the benchmark.

Once on the Approved Stock List, we continually monitor changes and stay abreast of key ESG issues at each company to ensure the company continues to meet our standards in this area. If a significant ESG issue arises, either when preparing to admit a company to the Approved Stock List or subsequently, we will review the issue and decide the appropriate course of action. We will engage directly with a company on significant ESG issues or where we have a strong view. Our view is that engagement with a company is a more effective tool than divestment alone, but if, after engagement, the score is reassessed to be below 6, then the company is removed from our approved list. If the stock is also held in our portfolios, we would exit the position in an orderly manner.

Screening

In addition to the positive screening effect of our ESG integration, we also apply negative screens for companies and markets subject to any domestic or international laws or sanctions, as well as negative screens to exclude investments in tobacco and controversial weapons. We also apply any other exclusions and benchmarks as directed by our clients.

Northcape views companies exposed to other ESG risks, such as:

- Gambling
- Alcohol
- Fossil fuels
- Nuclear power
- Adult content
- Human rights abuses
- Labour rights violations
- Environment / climate
- Animal welfare

as less attractive investments and their ESG score is marked down accordingly. While we do not apply an absolute screen, we would be less likely to include these companies in our Approved Stock List unless they have measures to manage these risks and are assessed as being higher quality.

We publish a list of our ESG screens through our fund documentation for all products. Where a client requires additional screens to be applied, we discuss the implications of these screens on the construction of their portfolio and agree the appropriate benchmark that should be applied.

Northcape has an internal Compliance team that is independent of the investment teams. The Compliance team is responsible for implementing pre-trade negative screens to prevent any non-permitted execution.

Sustainable Development Goals

The United Nations has established a globally accepted set of 17 Sustainable Development Goals (SDGs) which are underpinned by specific targets and indicators by which they will be measured. The SDGs set the expectations and track progress on key global issues. The SDGs set the global goals for society and all its stakeholders, including investors.

Northcape recognises our role in contributing to the SDGs and we have established these guidelines because:

- We understand that financial risks and opportunities are likely to exist in and during transition to an SDG aligned world and that this may result in additional opportunities in business models, supply chains and products and service.
- We want to protect our client's reputation by avoiding negative sustainability outcomes associated with any company held in their portfolio.
- We seek to manage our clients' portfolios in a manner that allows them to meet their own commitments and goals. SDGs provide a common framework that allows us to communicate progress on these goals.
- We seek to minimise negative sustainability outcomes and increase positive sustainability outcomes of investments as part of delivering overall value for our clients.

Northcape has included the identification of SDGs as a standard element of its analysis of companies. Northcape uses a template to conduct the ESG review of all companies for consideration to be included in our Approved Stock List. This template has a section for the identification of SDGs to which the company is making a substantive positive or negative contribution. This helps us understand the outcomes of our investments and this influences the assessment of the ESG score of the company.

While SDGs are considered during our analysis, they are not used to set investment policies or targets. SDGs do allow us to communicate SDG outcomes to our clients with a globally accepted taxonomy and prepare us for the changing requirements of our current and future clients.

It is expected that further development of the SDG framework within Northcape will occur in the future, in conjunction with our clients' goals and objectives.

In some markets in which Northcape invests, it can be uncommon for companies to be signatories to the UN Global Compact. When this occurs, we encourage the company to join and to conduct benchmarking against the SDGs and to include their progress in their CSR report. This provides the company with a system to target ESG outcomes and to set actions plans to achieve them.

Active Ownership / Stewardship Policy

As owners and active stewards of our clients' capital we believe we can have a positive impact on those companies in which we invest, and we can create a better outcome for all stakeholders by maximising the overall long-term value to our clients, including maximising returns, minimising harm, and maximising overall non-financial value.

Effective stewardship is undertaken by all investment teams to integrate responsible management and robust governance practices into all activities. All stewardship activities are undertaken by Northcape staff.

Our investment process begins with an ESG assessment, which the company must pass to be included on our approved list of stocks. We raise and discuss ESG issues with company management as part of this process. Once a company makes it onto our Approved Stock List, ESG issues are monitored as part of our regular review process. We will often raise ESG concerns in company meetings and our continuous engagement activities are tailored to the specific ESG risks relevant to that company.

If a contentious issue arises in a company, then this is discussed amongst the analysts in the investment team and the appropriate action is agreed. The steps for escalating issues are:

1. Clarify the issue by seeking additional information from the company or other sources.

2. If we are not satisfied with the outcome, then conduct a private engagement process.

3. If the engagement process does not result in the desired changes, then consider further escalation steps:

   (a) Re-assessing the company's ESG score

   (b) Voting against the re-election of directors

   (c) Voting against the annual financial report

   (d) Reducing our holding or divesting

   (e) Removal from our Approved Stock List. If the ESG score has been re-assessed to be below the minimum standard to qualify for our Approved Stock List, then this is communicated to all staff, the company and our investment systems are configured to prevent us owning this company.

   (f) Participating in a class action

The escalation steps will be determined on a case-by-case basis by the Northcape analysts who are guided by the action that will provide the best outcome for our clients.

4. Additional escalation steps may be employed if they are considered to be in the best interests of our clients, i.e., they are not ruled out, but are typically not used by Northcape:

   (a) Collaborative stewardship activities. Northcape does not typically participate in collaborative stewardship activities. We primarily rely on our own research but would consider participation on collaborative engagement efforts if we were approached and we were not confident of achieving our expected outcome on our own.

   (b) Filing or co-filing a shareholder resolution.

   (c) Publicly engaging the company, e.g., via an open letter.

   (d) Dialogue with regulators or policy makers.

Stewardship efforts and results are communicated across the organisation to feed into investment decisions. All company meeting notes are shared and made available to other Northcape analysts.

Stewardship results as well as qualitative ESG analysis, examples and case studies are communicated with clients upon request. Northcape publishes an annual Investment Stewardship Report which summarises our stewardship activities. This is publicly available on our website.

Engagement Process

We believe that engagement is a more powerful tool than divestment alone. We value the benefits of direct engagements with our investment companies, as they enable the investment team to make more informed decisions to contribute positively to the sustainability of the company and society. Engagement activities may result in an alteration to the investment case of a stock in either a positive or negative way.

Northcape will privately engage with a company to express our expectation of the company's practices or public disclosures when we have a strong view regarding an issue of concern. This process is distinct from other ESG discussions which only seek ESG information or have no expectation of causing change. We enter into this engagement process with the desire to influence the company to enact a change and to achieve a specific outcome for the benefit of our clients. We will hold companies to account and will seek confirmation of progress.

The two stages when we engage with companies are the pre-approval assessment stage and post approval to monitor our investment thesis. In the pre-approval stage, we will often enter dialogue on ESG issues as part of our robust research process for inclusion on our Approved List. Once a company is approved, direct engagement with companies on ESG issues often occurs in the lead up to AGMs and EGMs. This is mainly because companies on our Approved Stock List are already assessed for ESG matters and have passed a reasonableness test. We may also engage with companies when we become aware of new issues or changes in behaviour or at a client's request.

Our engagement process consists of the following steps:

- Prioritise issues: Our view is that issues need to be evaluated on a case-by-case basis as there are often many complexities and variables involved. When assessing the ESG issues of a company, it is important to consider factors such as, the materiality of the issue, specific sensitivities of individual clients, the level of leverage we are able to exert on the company, the context in which it arises, the adequacy of public disclosure of ESG factors, the length of time over which any shortcomings are ongoing, dialogue with the company, and whether any change in company behaviour has occurred. The types of issues we may engage in include capital structure, strategy and operations, financial performance, risk management, development opportunities, corporate governance, renumeration, and environmental and social issues.

- Define objectives: Once an issue for engagement is identified, Northcape aims to ensure that it specifically defines clear objectives before initiating conversation. The objectives will reflect Northcape's expectations of the company and aim to achieve specific outcomes. This ensures we engage in meaningfully directed conversation and can track and monitor our engagement activities. We recognise that the impact of our engagements may take months, or even years, to materialise and will revisit and revise engagement objectives on a continuous basis.

- Determine engagement method: The method of engagement and stakeholders we choose to engage with depends on the nature of the issue. For example, for matters concerning operations, financial performance and strategy, meetings will likely be conducted with the executive team, whereas matters concerning stewardship, governance and board oversight are taken up with the appropriate board members. Once the appropriate stakeholders are identified, our investment team will reach out to initiate conversation and coordinate meeting details and the engagement scope and timeline. Where a more formal response is required, we follow up with written correspondence to the company.

- Conduct meetings: The analyst responsible for the stock will engage with the company on a particular matter with defined objectives and purposeful conversation. Company interactions and responses are documented, together with any insights from these engagements. Follow-up meetings may be necessary to confirm the company's progress on agreed actions. We treat the company meeting notes as internally confidential to facilitate open discussion of long-term issues with the company.

- Review and share insights: The meeting documentation is shared with the entire investment team. Material issues from engagement activity affecting the investment case will also be shared at team meetings, presentations, and Approved Stock List reviews where the investment team can actively engage in discussion and debate. All engagement activity is recorded in an engagement register to ensure that Northcape can track the number of engagements and monitor our level of involvement. We report our engagement activity to clients as requested.

- Next steps: Northcape will follow up on an engagement where we believe necessary due to the materiality of the issue or need for further discussion.

Class Action Policy

Class actions need to be considered on a case-by-case basis because the decision on whether to participate is a matter of judgement not suited to a one-size-fits-all approach. This is because participating will generally be in an investor's interests in the short term but maybe against their interests in the long term.

Our starting point is a preference not to participate. This is because as long-term investors, our clients ultimately bear all of the costs of class actions including settlements, legal fees, and commissions for litigation funders and profits for insurers. Every extra participant in a case potentially adds costs to the system and diverts resources to the class action industry. We also prefer not to sue the companies we invest in because litigation from shareholders creates a distraction for boards and management and may deter sensible candidates from taking board roles.

There are circumstances where we will participate in a class action if we believe it is in the best interests of our investors to do so. This judgement will incorporate our assessment of the materiality of any potential settlement and the merits of the case.

Where possible, we provide our opinion to clients and ask them to decide whether to participate. This is because different investors will make different judgements about the various costs and benefits of participating in each case.

Proxy Voting Policy

Northcape has a policy of active involvement in all matters affecting the shareholders of companies forming part of its managed portfolios. Participation in company meetings by exercising their votes is a critical right of shareholders and an important tool that Northcape uses to influence the governance practices of the companies in which it invests on behalf of its clients.

This policy is designed to be in the best interests of Northcape's clients and to be consistent with the Financial Services Council's standard voting policy which state that Operators should vote on all company resolutions where they have the authority and responsibility to do so.

This policy applies to all resolutions considered at general meetings of all companies in which Northcape portfolios invest regardless of the materiality of a resolution, except where the shareholding does not have voting rights attached or where a client has specifically retained the voting rights on its holdings.

Where we are required to abstain from voting on a resolution (for example when we are participating in a capital raising), or where we believe it is more appropriate to neither support nor oppose a resolution (for example when meeting notices are late or unclear and the details cannot be clarified before the meeting deadline), we will record an abstain vote rather than taking no action on the resolution.

Northcape forms its own view on how to vote for each resolution, but recommendations from proxy advisor services are used as a benchmark. The analyst for each stock is required to consider and make recommendations on all company resolutions. The analyst's recommendations, including any supporting explanation of the recommendation or variation from the proxy advisor's recommendations, are documented. These recommendations are also reviewed by the Managing Director.

We do have the ability to implement client specific voting policies, but this is only done on an exception basis following discussion with the client. Normally, votes are cast across all mandates and across all strategies. However, discrete mandate clients may override Northcape's votes directly with their custodian. Where Northcape has a strong view on a particular topic, or where issues may be sensitive to any of Northcape's client, we will engage with our clients to explain our thoughts and concerns.

Where discrete mandate clients have a stock lending program with their custodian, any shares out on loan will not be able to be voted on by Northcape unless the custodian recalls the shares prior to the meeting record date. Northcape will follow its clients' specific instructions which will be to either:

- Instruct the custodian to recall all shares for every meeting so that votes can be lodged for all shares in the Northcape portfolio; or
- Not recall any shares on loan and therefore only lodge votes on unlent shares; or
- Instruct the custodian to recall all shares but only where Northcape has a strong view that voting is necessary to protect the interests of the portfolio.

Northcape will instruct custodians on a best-efforts basis. Northcape cannot guarantee that all shares will be recalled due to custodian-imposed lead time requirements. In certain markets, particularly those in emerging countries, it may be advantageous to invest in a class of shares which does not carry voting rights or carries limited voting rights. This is typically a consequence of liquidity considerations, but there may be additional factors driving this. As part of our approval process the analyst who researches a particular company makes a recommendation as to which class of shares are most suitable for investment, considering issues such as ESG, liquidity and currency exposure.

When there are issues that involve a degree of controversy, Northcape will contact the company to seek more information and/or clarification. In the event that we are not satisfied with the explanation, we express our opposition to the issue and indicate how we will be voting. Our voting recommendation will be guided by what is in the best interest of our clients.

Depending on the nature of the issue, this may be followed up at the next meeting with the company. Even if the vote is ultimately approved and behaviours remain unchanged, we believe that continual engagement with the company on these issues will bring increased focus and scrutiny on company practices and lead to a better outcome for all stakeholders. Depending on the significance of the issue, companies may also reach out to Northcape for our view and an indication of our voting intentions.

Northcape will hold meetings with our external proxy voting advisors to discuss both operational and quality of service issues. We will also review other proxy voting advisors to benchmark their services.

Proxy Voting Governance Guidelines

ESG issues are carefully considered when voting proxies. Our view is that issues need to be evaluated on a case by case basis as there are often many complexities and variables involved. The following guidelines are intended to assist in Northcape's assessment of governance practices of companies, particularly when exercising voting rights.

1. When assessing director election proposals, consider:
    - Performance of the company under the incumbent board and its committees.
    - A director's tenure and performance on other listed Boards, bearing in mind the added value that may arise from directorships of other companies.
    - Attendance at Board and committee meetings.
    - Engagement with shareholders on material governance issues.
    - Capacity and workload (on a case-by-case basis).
    - Board composition and oversight of independent non-executive directors; and
    - Any actual or potential legal proceedings that a director is involved in.
2. When assessing the governance behaviour of the company, consider:
    - The charter or code of governance and ethics which should be publicly disclosed.
    - The clear definition of board and management responsibilities regarding governance issues.
    - Disclosure of risk management policies.
    - Disclosure of how potential conflicts of interest are mitigated.
    - Independent oversight of, and adherence to regulatory requirements for related party transactions.
    - Whether the group and individual performance of the Board is formally evaluated; and

- The timely release of, and equal access to, information that allows investors to make informed and accurate judgements about material issues that could impact their shareholding. This includes:
    - Anti-corruption and bribery.
    - Sustainability reporting.
    - Climate change program guidance; and
    - ESG risks and their management.

3. When assessing capital raisings, consider:
    - The pre-emptive rights of existing shareholders such that all shareholders have an opportunity to maintain their interest or be compensated for the dilution of their interest.
    - The board's oversight of the capital raising process.
    - The context of the capital raising, particularly the need to raise capital quickly.
    - The ability for existing shareholders to participate in the capital raising; and
    - The price paid by subscribers and the dilution caused by the capital raising.
4. When assessing takeovers, consider:
    - The management of actual and potential conflicts of interest; and
    - The composition of an independent takeover committee.
5. When assessing the Board composition, consider:
    - Any gaps in the Board skill sets and experience relevant to the company at its strategy.
    - The size and workability of the board.
    - The role of the chairperson and degree of separation from the CEO role.
    - Succession planning and overlaps in director skills, experience, and expertise.
    - The mix of independent non-executive and executive directors.
    - The independence of any substantial shareholders and the controls in place to ensure that all shareholder interests are properly considered; and
    - Independence of committees.
6. When assessing remuneration, consider:
    - The rationale for any material changes to fixed remuneration.
    - Whether remuneration has been designed to reward sustainable long-term performance and creation of shareholder value. This includes disclosure of performance hurdles, appropriate performance periods, cash and equity mix and ability to claw-back variable pay.
7. When assessing board spill resolutions, consider:
    - Company performance and the performance of the board and management.
    - The materiality of underlying remuneration issues at the company.
    - The potential for disruption and adverse impact on shareholder value; and
    - Shareholder engagement and changes made by the board to address investor concerns.
8. When assessing shareholder resolutions, consider:
    - Whether the proposal is in the best interests of the shareholders.
    - If the proposal results in the disclosure of information that is useful to shareholders and does not overly prejudice their commercial interests.
    - Whether the proposal is linked to improved governance or transparency.
    - The potential impacts on the company; and
    - Company performance and the performance of the board and management.

We will support shareholder resolutions if they are in the best interest of our clients and are expected to advance ESG factors, but only if the company has not already committed publicly to the action requested.

Proxy Voting Procedure

In order to give effect to this proxy voting policy, Northcape has a process whereby the Northcape Operations team creates a cover sheet which is attached to each notice of resolutions. Also attached is the proxy voting research and any available recommendations of our proxy voting advisory services.

Ownership Matters is our proxy voting advisor for our domestic portfolios. ISS RiskMetrics for International portfolios. Our proxy advisors provide proxy voting recommendations to Northcape for each resolution to be considered. These recommendations are based on the standards for good governance set out in their voting guidelines.

The appropriate analyst is then required to consider the resolutions and write their recommendations and commentary on the cover sheet. In many cases, these recommendations are to vote in favour of the resolution, however, where the analyst, in consultation with the rest of the team, believes that proposed resolutions are either not in the interests of the company's shareholders or include inappropriate, illegal, or otherwise unacceptable behaviour, they instruct the custodians to vote against those resolutions. Where there are any contentious issues or any vote against the management recommendations or difference from the advisory service recommendations then the analyst must also provide an explanation of their recommendations. All voting recommendations are reviewed by the Northcape Managing Director prior to casting the votes. A second member of the operations team also reviews the lodgement process to ensure votes are lodged for all holdings.

The Operations team is responsible for sending the recommendations and explanations to the clients that lodge their own votes or for lodging votes electronically via the Proxy Edge system for clients where Northcape has the voting rights. The Operations team is also responsible for instructing the custodians to recall any stock on loan to allow these shares to be voted on (except where a client has instructed that their stock lending program is not to be impacted by proxy voting).

Votes lodged with ProxyEdge are electronically forwarded to each custodian's proxy voting system. We are able to check that our votes have been sent to the custodian but rely on the custodians to lodge these votes at each meeting, noting that each client can instruct the custodian to override Northcape's instructions.

On our proxy voting register, we keep a record of all votes including details and analyst explanations of votes that were not consistent with the recommendations made by our proxy advisor. These exceptions are then reviewed on a quarterly basis by the Audit, Risk & Compliance Committee.

Northcape provide details of all voting recommendations and any commentary to our clients, as well as a quarterly proxy voting report. It should be noted that the Northcape voting report will reflect Northcape's voting instructions and for discrete mandate clients this may not reflect actual votes lodged with the company if the client has overridden Northcape's instructions with the custodian. Northcape also publish aggregate proxy voting results on our website as part of our Investment Stewardship Report.

Anti-Modern Slavery Statement

Northcape is committed to preventing slavery and human trafficking in our business activities and to ensure that our external service providers and the companies we invest in are free from slavery and human trafficking.

The Australian Modern Slavery Act 2018 defines Modern Slavery to include eight types of serious exploitation - trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour (situations where children are subjected to slavery or similar practices, or engaged in hazardous work) and deceptive recruiting for labour or services.

This statement sets out Northcape's actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking within our own business and our external service providers or companies in which we invest client money.

We believe that the risk of modern slavery within our business operations is low but we recognise the need to regularly monitor and assess the risks within our supply chain.

Companies with complex and wide-ranging supply chains, or with operations in high-risk countries or industries have the highest modern slavery risk, e.g., as defined by Transparency International or the Global Slavery Index. The process that we have implemented to monitor and assess our service providers involves:

- Reviewing the business model, sector, industry, and geographic location of service providers to understand the potential risks.
- Obtaining publicly available information and sending specific modern slavery questionnaires to services providers and then assessing their modern slavery risk management practices. When deemed necessary, Northcape may use reputable agencies to verify the practices of these parties.
- Determining Northcape's action necessary to address any residual risk. Our response focuses on action and does not just have a zero-tolerance. A risk-based approach is used, where the risk relates to people, not risk to Northcape or the service provider. Our response to modern slavery risk will vary with the size of the service provider and our leverage with them and their supply-chains. We also consider the unintended consequences of any planned action.

If a service provider's activity is a cause of, or contributes to risk of modern slavery, then the service provider is expected to:

- Stop the activity
- Prevent risky activity from re-occurring
- Provide compensation to those impacted

Northcape will also consider the necessity to inform law or regulatory authorities.

If a service provider's operations or investments are indirectly linked to modern slavery risk, then we will

- Raise awareness of modern slavery with the service provider
- Communicate our expectations to the service providers
- Use our leverage to work with the service provider to prevent or mitigate harm
- Consider including a modern slavery clause in our services contract

If the above steps are unsuccessful then we consider ending the relationship with the service provider.

Northcape has reviewed the practices and policies of our key service providers to assess how they address modern slavery risk. To date we have found this risk to be low and our process is to continually review and assess the service providers on a regular basis. Any medium or high risks will be reported to Northcape's Audit, Risk and Compliance Committee for further consideration.

For the companies we invest in, we consider the risks of modern slavery on a company by company basis. Modern slavery risk forms a part of our responsible investment approach and is included in the ESG assessment of a company. Where we identify any potential modern slavery risk, we will carry out additional due diligence to ensure these companies have the appropriate policies in place to manage these risks and treat their employees fairly. Northcape will engage with a company to express our expectation of the company's practices or public disclosures but we will reserve the right to sell out of any companies which are found to pose any medium to high modern slavery risks.

This statement has been approved by Northcape's Audit, Risk and Compliance Committee and Board of Directors, who will review it on an annual basis.

Climate Policy

Northcape acknowledges that climate change is a rapidly evolving global risk which presents challenges to the valuation of stocks. Northcape also recognises that limiting the increase in global temperatures to 1.5 to 2 degrees Celsius above pre-industrial levels requires significant changes in government policies and coordinated action from all parties, including investors, private business, and government. There has been a global move to reduce carbon emissions worldwide and as an investment manager with a fiduciary duty to protect investor capital, Northcape is supportive of this.

Climate change is one of many ESG risks and opportunities to be considered in our investment process, but it is one of the most globally significant and topical issues and, as such, it is separately addressed on our Responsible Investment policy. Incorporating climate-related risks and opportunities that may apply to our investments is a key part of our fiduciary duty to maximise the long term overall value to our clients. To enable greater transparency and clarity around risks to the financial markets and individual companies, we support and encourage disclosure in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

Northcape does not set specific climate related targets but does monitor changes in each company's climate related metrics and their progress to their own climate related targets (where relevant to that company). Any positive or negative change is reflected in the company's ongoing ESG rating. This is a driver of Northcape's investment decisions.

All members of each investment team are responsible for inclusion of direct and indirect climate related risks into the overall analysis of potential investment companies. Our investment teams are collectively responsible for determining the degree to which climate related risks apply and whether it is appropriate to monitor any climate related metrics as part of the ongoing ESG assessment of each potential investment company. These metrics are measured and reported back to the rest of the team on a regular basis and any changes may lead to a reassessment of the company's ESG rating. The use of a standard ESG template allows consistent application of these measures.

Different sectors or assets are likely to experience varying impacts under a range of climate scenarios. For example, in our view, opportunities for the transition to a low carbon economy presents more tangible investment implications than the effects of climate change itself. This includes a major adjustment for the energy sector and opportunities for financiers of renewable infrastructure projects.

Any relevant climate change issues and their likely impacts (negative or positive) are incorporated into the analysts' assessment of the company for consideration by the wider team when deciding to include the stock on the Approved Stock List.

Where a company is exposed to specific climate change issues, we will have a section of the ESG report specifically focussed on the risks and what the company is doing to mitigate these risks. Where appropriate, we will include a specific climate impact worksheet into our models for these companies. This then forms part of our overall ESG review process and all the relevant issues will be discussed as part of the peer debate on the stock. However, it is unlikely that companies that have onerous risks from climate change issues, whether company specific or from regulation, would make it onto our Approved Stock List in the first place.

Where a company is directly exposed to climate risk or is at risk of becoming stranded, our modelling and forecasting will assess the expected resilience of the company under the scenario where global warming is kept below 2°C. While we need to ensure all investments can perform in a zero net emissions environment, we note that not all companies need to have specific climate related targets. Companies that cannot perform in this environment or fail to contribute to the transition are unlikely to be considered as suitable long-term investments for our portfolios.

Where there is an obvious risk, this will be reflected in our valuation. Where uncertainty is high, we generally avoid the stock / sector.

We track and manage climate related risks by using risk management processes such as:

- Engagement activity with investee companies.
- Proxy voting.
- Monitoring companies TCFD disclosures. We encourage companies to align their climate related disclosures with the TCFD recommendations.

Additionally, we monitor the carbon intensity of our portfolios against their benchmark. We calculate portfolio carbon metrics, such as portfolio carbon exposure, carbon intensity and basic scenario analysis, utilising third party data Northcape does not have dedicated resources specifically for climate risks. Instead, the Northcape Board regularly assesses each Northcape team to ensure they have adequate skills and resources.

Northcape's consistent and collaborative approach, together with the high level of investment experience in each investment team ensures that climate risk always receives the necessary focus. Other controls that are in place at Northcape to address climate risk include regular in-house training sessions, using external resources provided by stockbrokers and proxy advisors, and subscriptions to ESG research and ratings.

Governance of Responsible Investment Activities

Roles and Responsibilities

The Responsible Investment policy is set and reviewed by the Northcape Board. The Board's role is to set the objectives for incorporation of ESG into our investment activities and to contribute to the development of, and approval of, the approach that we take. The Board is also responsible for ensuring that Northcape has adequate staff, training, and other resources to properly assess, implement and monitor ESG related risks and opportunities.

Implementation of policy is the collective responsibility of everyone within the Northcape organisation. The investment teams are responsible for integrating ESG into our investment analysis and decision marking processes. The Operations team and investment teams are responsible for implementing the proxy voting process. The Risk & Compliance team is responsible for ensuring that all our Responsible Investment obligations are being met.

We ensure that this policy is consistently applied across the organisation through the following mechanisms:

- In-house workshops to explain the policies and their implementation.
- A standard template and checklists that are used by all teams in their ESG analysis.
- The requirement for unanimous agreement from the investment team for the approval of every company that is considered for inclusion in our Approved Stock List.
- The participation of the Northcape Managing Director and the Risk & Compliance Manager in stock approval meetings.
- A central Risk & Compliance team that manages the implementation of all investment guidelines.
- The Northcape Managing Director reviews all proxy voting recommendations.

Northcape does not apply any formal key performance indicators (KPIs) for the assessment of our employees' performance in relation to our investment activities, including responsible investment activities. Instead, our process requires peer review and unanimous agreement of all proposals for changes to our Approved Stock List. This ensures that the whole team is accountable.

ESG information disclosure

Northcape publishes a range of information related to our Responsible Investment practices. Information is published on our website and is intended to inform existing and prospective clients as well as any business partners, suppliers or interested members of the public. This includes:

- A commitment to responsible investment and that we are a PRI signatory.
- Our Responsible Investment policy which includes a description of our investment process and how ESG is considered, our stewardship approach and thresholds for ESG criteria applied to our investment process.
- An annual Investment Stewardship Report.

In addition, clients receive more detailed reports:

- Listing of investments held in the portfolios.
- Case studies and analysis of different scenarios.
- Newsletters which regularly discuss topic ESG issues.
- Access to the specific ESG templates and guidance used in our investment process.

Brokerage Allocation

ESG is considered as one of the many factors that influence the overall allocation of brokerage. Northcape does not specifically pay extra for, or allocate brokerage based solely on the provision of ESG research. We are more inclined to award brokerage to firms that offer insight, whether that relates to ESG matters or not. We are prepared to award brokerage for value-adding specific pieces of ESG research.

Training

The Northcape Managing Director is responsible for ensuring on a continuing basis that all employees are adequately trained and competent to discharge their responsibilities, which includes training related to our responsible investment activities. Training includes internal on-the-job training, written instructions such as standard operating procedures, coaching, and external training and courses.

New employees joining Northcape receive appropriate induction training regarding Northcape's policies and processes which are relevant to their role.

All employees are required to maintain a training register which lists all the training undertaken by the employee. Each employee's training register is to be submitted to the Northcape Managing Director annually or upon request. The Managing Director reviews the training registers to assess if an appropriate level of training is being undertaken to meet Northcape's obligations and objectives. This is discussed with the employee during the performance appraisal process in which any necessary training plans are agreed.

Verification and Review

This policy applies to all our portfolios, including discrete mandates and wholesale trusts. It is reviewed and updated where necessary, at least on an annual basis. Changes are presented to the Board for review and approval.

Northcape's Managing Director has reviewed and approved our UNPRI report. Responses related to our responsible investment practices in the UNPRI report are internally reviewed by the Northcape teams before submission.

Environmental Policy

Northcape recognises that it has a responsibility to the environment beyond legal and regulatory requirements. We are committed to reducing our environmental impact and continually improving our environmental performance as an integral part of our business strategy and operating methods, with regular review points.

The Managing Director is responsible for ensuring that the environmental policy is implemented. However, all employees have a responsibility in their area to ensure that the aims and objectives of the policy are met.

We endeavour to:

- Comply with or exceed all regulatory requirements that relate to the Company;
- Continually improve and reduce environmental impacts;
- Minimise waste by evaluating operations and ensuring they are as efficient as possible;
- Incorporate environmental factors into business decisions;
- Increase employee awareness; and
- Review this policy and any related business issues at our regular management meetings.

Specific initiatives to meet these objectives include:

Energy

- A large factor in energy and water efficiency is determined by the office spaces we lease. We will only lease premises which are rated average or better (at least 3) on the NABERS scale.
- We will seek to reduce the amount of energy used as much as possible by:
    - Switching lights and electrical equipment off when not in use.
    - Using power saving settings on equipment.
    - Setting screen savers on PCs to blank.
    - Using energy efficient lights, e.g., compact fluorescent lamps, where possible.
    - Using timed lighting management systems where possible.
- Using motion sensors for lights that are in areas that are not always occupied, e.g., meeting rooms.
- Office heating and cooling will be adjusted with energy consumption in mind.
- The energy consumption and efficiency of new products will be considered when purchasing.

Office Supplies and Equipment

We will minimise the use of paper in the office by:

- Only printing when necessary.
- Printing doubled sided and multiple pages per sheet where possible.
- Encouraging brokers to provide research electronically.
- We will seek to buy recycled or certified sustainably sourced paper products.
- We will evaluate the environmental impact of any new products we intend to purchase, and we will favour more environmentally friendly and efficient products wherever possible.
- We will recycle everything we are able to, including:
    - Paper, plastic, glass, and metal waste.
    - Electronic equipment such as computers and mobile phones.
    - Printer ink cartridges.

Transportation

- We will minimise the need to travel, restricting it to necessary trips only.
- All air travel will be booked with the ‘Fly Carbon Neutral’ option selected. Airlines participating in this program use these funds towards offsetting carbon emissions.
- We will promote the use of travel alternatives such as e-mail or video/phone conferencing,
- We will make additional efforts to accommodate the needs of those using public transport or bicycles.

Version History

Action	Version / Date	Approval
• Update anti-modern slavery statement to reflect updated service provider due diligence process • Updated Climate Policy to reflect greater alignment with TCFD guidelines and monitoring carbon intensity metrics for our portfolios.	**1.1** 6/1/2022	Board circular resolution January 2022.