YARRA
CAPITAL MANAGEMENT

Responsible Investment Policy

Contents

Yarra Capital Management (YCM) is a leading independent, active Australian investment manager responsible for managing approximately AUD$20 billion on behalf of our clients across asset classes, including listed equities, fixed income and multi-asset strategies.

01. Introduction

This Responsible Investment (RI) Policy describes principles and commitments that guide Yarra Capital Management (YCM) for considering environmental, social and corporate governance (ESG) factors in the firm's investment processes.

This policy applies to YCM personnel making active investment decisions within strategies managed by Yarra Public Equities, Yarra Private Companies, and Yarra Fixed Income.

- The Yarra Public Equities team is a fundamental and bottom-up active investor, undertaking substantial company research and engagement. Investment strategies include ASX listed large, mid, small and micro capitalisation companies;
- The Yarra Private Companies team invests predominantly in Australian based mature unlisted companies, that have an intention to go public or conduct a sales process within a three-year time horizon;
- The Yarra Fixed Income team offers a broad range of fixed income investment strategies, with underlying investments predominantly in Australian investment grade bonds, corporate credit, listed credit, leveraged loans, asset backed securities and private debt.

This policy also references the Responsible Investment approach undertaken by Tyndall AM, a separate investment franchise within the YCM Group. Tyndall AM has a separate RI Policy specific to its investment team and process.

This policy also includes the approach that YCM takes in relation to selecting external sub-advisers for its international equity and multi-manager products.

As long-term investors, YCM aims to grow its clients' capital sustainably. YCM believes that a high standard of business conduct as well as a responsible approach to investing makes good business sense and is necessary in order to deliver long-term value for clients and their underlying beneficiaries.

YCM believes ESG risks and opportunities can have material long and / or short-term impacts on the valuation and investment performance of individual investments. Consequently, ESG risks and opportunities are a fundamental component when assessing investment opportunities, across asset classes and investment instruments.

Hence, systematically integrating the understanding, assessment and incorporation of ESG risks and opportunities into YCM's investment decision making processes, alongside all other material criteria, is paramount.

We believe that investing in a responsible manner, where material issues including ESG factors are considered, is a part of our fiduciary obligation to clients.

01. Introduction (cont.)

What do we mean by Responsible Investment and ESG?

We define Responsible Investment as the strategy and practice of investing with the explicit consideration of environmental, social and governance factors that inform our decision making and approach to investment management.

'E' Environmental factors include issues that affect the natural environment, including activities and products that impact the health and quality of the world's natural resources, natural systems and biodiversity. Examples of environmental issues include: climate change, pollution and airborne emissions; impacts on waterways, land and soil, ecosystems and biodiversity; and environmental resource management.

'S' Social factors include issues that impact people, notably the rights, health and well-being of people and communities. Examples of social issues include: human rights; work conditions; fair treatment of people and communities; health and well-being.

'G' Governance factors include issues that relate to the way businesses are run, managed and led; and how businesses operate, make decisions and respond to material issues. Examples of governance issues include: board skills and composition; remuneration; management of material issues such as Artificial Intelligence (AI) and cybersecurity; corporate ethical behaviour; and corporate citizenship.

Why Responsible Investment?

1. **YCM is focused on driving long-term sustainable investment returns**
   - We believe that our approach to responsible investment inherently draws on key investment considerations and engagement that drive fundamental value and investment risk and returns.
2. **YCM recognises and embraces its role as a steward of clients' capital**
   - We know that financial capital unavoidably shapes our world and, as stewards of capital, we have a responsibility to play a conscious role in managing our investments.
3. **We are accountable**
   - We are accountable to our clients, our staff, and our communities. We aim to remain ahead of their expectations and requirements and know that each of these groups have a mature and evolving set of expectations about how we operate and how we invest responsibly.

For YCM, responsible investment means incorporating ESG risks and opportunities into investment decision making processes, exercising influence through its investments and engagement with companies. It also requires monitoring and responding to evolving trends, standards, and our own performance, to deliver the best outcomes possible.

02. Responsible Investment Objectives and Principles

As investment managers, we are committed to managing client capital responsibly and sustainably, and operating as a responsible business. Our objectives are to:

- Integrate material ESG considerations into investment management decisions;
- Engage actively with companies and key stakeholders on ESG issues that have a material impact on company performance and/or client objectives;
- Track and report on social and environmental metrics to evaluate performance and help guide future investment decisions;
- Demonstrate accountability and transparency and publicly disclose, where appropriate, our RI and ESG policies, positions and performance; and
- Ensure that our investment strategies reflect the RI commitments and targets set by our clients.
  - The interests and ambitions of our clients are varied. As managers, we work to understand our clients' diverse objectives related to issues such as climate change, human rights, and the wellbeing of people, biodiversity and the natural environment. We then align our investment strategies with these client requirements.

In addition, we aim to manage our business in a way that reduces harm to the natural environment and improves outcomes for people.

YCM is a signatory to the United Nations Principles for Responsible Investment (UNPRI). We are guided by the UNPRI Principles in implementing responsible investing in the management of funds, engagement with companies and communication with clients.

03. Responsible Investment Approach

YCM's approach to responsible investment incorporates material Environmental, Social and Governance (ESG) issues in a way that seeks to reduce risk and deliver clients long-term and sustainable investment returns.

The exact methodology and approach to ESG integration varies based on the relevant asset class and the investment team's process and judgment of materiality. Generally, across asset classes, YCM's responsible investment approach is comprised of three key components:

a) ESG Integration;

b) Active Stewardship (Engagement and Proxy Voting); and

c) Measurement and Reporting

ESG Integration – Overview

ESG integration is a mainstream part of our investment processes. We consider long-term, positive and negative ESG issues in our research and analysis. ESG factors must be integrated both quantitatively and qualitatively when analysing a company / issuer.

As part of YCM's ESG integration processes, investment teams consider a wide range of specific issues. These include: climate change; impacts on nature and biodiversity; modern slavery, human rights issues; diversity, equity and inclusion issues; board and leadership composition; and issues related to remuneration.

Across all teams, YCM is committed to the continued tracking and updating of ESG assessments of companies through its ESG integration processes on an annual basis, at a minimum, or when new material information arises.

As the approach to ESG Integration is investment team specific, each team has different means by which consideration of ESG issues is factored into the research, valuation, investment and portfolio construction processes.

Yarra Public Equities

The Yarra Public Equities team is a fundamental and bottom-up active investor, undertaking substantial company research and engagement. As part of the fundamental research process, the team makes use of a proprietary ESG scorecard which includes defined topics, weightings and a scoring rubric. This is used as a guide by each analyst and portfolio manager.

In the first step of ESG integration, the investment team may assess identified ESG issues as being sufficiently material to render a company as un-investable. Alternatively, where ESG issues are identified and found not to be threshold issues, they are incorporated into the valuation framework. For example, they may be included as a specific charge to cash flows (e.g. a potential environmental liability) or an adjustment to the weighted average cost of capital / valuation multiple.

03. Responsible Investment Approach (cont.)

ESG Integration – Overview (cont.)

Yarra Public Equities (cont.)

Material ESG topics may require more in-depth or nuanced analysis given the nature of the challenge. For example, YCM respects all human rights and acknowledges its responsibility to manage modern slavery risk which requires navigating the challenges of uneven and opaque information. As such, a supplementary Modern Slavery scorecard has been developed to ensure the team is responding to this complex and serious issue and complying with emerging standards. The Modern Slavery scorecard tracks the level of known risks associated with geography of operation; industry/sector of operation; supply chain; and known current/historical responses to modern slavery issues.

Yarra Public Equities undertakes significant research and engagement of ESG issues through extensive company and industry due diligence. This includes a program of proactively engaging with company boards, reviewing board structures/compensation guidelines and engaging third-party consultants/brokers to undertake bespoke research.

Aligned with the team's focus on ESG integration and development of portfolios in conjunction with clients, Yarra Public Equities does not make exclusions solely on moral or ethical grounds, but through the ESG integration may identify companies which do not meet an acceptable ESG risk level and are consequently deemed not investable.

In conjunction with clients, and upon request, the team implements negative screening in the form of exclusions in accordance either with client instructions or a portfolio's investment strategy.

Yarra Public Equities does not currently incorporate positive screening into its ESG investment processes.

Yarra Private Capital

The Yarra Private Capital team invests in late stage mature private companies, generally taking minority stakes. Prior to any investment, the team undertakes substantial due diligence on each investment. This process incorporates assessment of ESG factors.

To support ongoing good governance and monitoring of portfolio holdings, the Private Capital team may also seek Board Representation or Observer status, thereby providing strong access and engagement with the company and management on business, financial and ESG matters.

Yarra Fixed Income

The Yarra Fixed Income investment team undertakes in-house credit assessment and develops an internal credit rating to all individual issuers / issues within its opportunity set using an internally developed credit risk model. The credit risk model explicitly incorporates ESG factors, with this assessment given a separate weighting by the credit analyst alongside the financial, business and market profile of an issuer.

The team has developed an ESG Scorecard, with different weightings according to issuer types, reflecting the nature of ESG risks specific to an issuer's profile. The ESG assessment, along with other factors, is incorporated into the expected return-for-risk profile and factored into pricing expectations. Issuers are consistently monitored for new information.

The Yarra Fixed Income team does not make exclusions solely on moral or ethical grounds, but through the ESG integration process does identify issuers which do not meet an acceptable ESG risk level and are consequently deemed not investable.

03. Responsible Investment Approach (cont.)

Active Stewardship

Stewardship encompasses a set of activities that embed material ESG considerations into the way we engage with investee companies. We have outlined our Approach to Stewardship on our website.

Yarra Public Equities

Yarra Public Equities takes pride in being an active steward of clients' assets. The stewardship activities include monitoring and engagement, informed active voting, and holding companies to account on material issues and being transparent in relation to these activities.

- **Engagement**

  Engagement is a core element to fulfilling Yarra Public Equities' stewardship obligations for clients.

  Yarra Public Equities has a long history of engaging with companies, with the objectives being to improve company value, further the understanding of the company and its environment, to improve the management of ESG issues and improve disclosure of ESG issues.

  Analysts and portfolio managers regularly meet with senior management and members of the board of investee companies. We expect the investment professionals to engage with companies in a productive, respectful and collaborative manner that is likely to lead to more positive outcomes.

  Collaborative engagements, where Yarra Public Equities works with other parties to engage with a company, are used where the investment team considers this likely to lead to more beneficial outcomes.

  A range of escalation actions are pursued if the team does not believe a company is suitably addressing the issue or responding to our feedback.

  All company meetings and engagements are recorded to track outcomes and effectiveness of engagement. For more information, please refer to our Stewardship Approach on our website.

- **Proxy voting**

  For Yarra Public Equities the guiding principle in relation to proxy voting is that voting rights should be exercised and proxy votes should be cast in the best interests of portfolios and client objectives.

  The Yarra Public Equities Proxy Voting Policy includes a requirement to vote on all resolutions put forward by companies except in cases where there is a reason to abstain from casting a vote, such as when a conflict of interest might exist. In the process of determining how to vote, the team develops its own views, including internal research and reviewing research and advice from various sources, with client input and review. The team casts and records its votes via a third-party platform.

  For further information, please refer to the Yarra Public Equities Proxy Voting Policy.

  We publicly disclose our proxy voting record on our website.

Yarra Fixed Income

Yarra Fixed Income and Yarra Public Equities have an integrated approach to company research and jointly participate in company meetings. The Fixed Income team's views on ESG matters can be jointly raised with Yarra Public Equities and, where relevant, provided as input into a proxy voting matter being assessed by Yarra Public Equities.

03. Responsible Investment Approach (cont.)

Measurement and Reporting

Across all active investment management teams and asset classes, there is an increasing expectation and requirement from clients and other stakeholders to both measure and report how investee companies are performing against ESG objectives. Tracking how investments are performing relative to the investment thesis is also critical to assess ongoing investment decisions and portfolio construction.

Our investment teams monitor material ESG performance metrics and report these metrics to clients upon request or when relevant. The most common portfolio performance ESG metrics to date have been related to climate emissions (as well as company-specific material issues). In addition we have collated and publicly disclosed our aggregate portfolio risk ratings for modern slavery risks in our Modern Slavery Statement. We are committed to continually improving our approach to measurement and reporting of environmental and social impacts. We continue to be informed by our clients and key stakeholders' requirements and expectations which help to guide our ongoing approach to disclosures and reporting.

04. YCM Global Equity and Multi-Manager Strategies

YCM offers a range of Global Equity products and manages multi-manager portfolios for clients. YCM selects external third-party sub-advisors to manage these strategies or portions of the portfolios.

Guidelines for assessing and selecting third-party sub-advisors include:

- All managers are required to have a formal ESG / Responsible Investment Policy, including a statement in relation to Modern Slavery;
- We prefer our appointed external managers to have a clearly documented ESG Integration approach;
- External managers are expected to actively engage with investee companies on ESG issues; and
- External managers provide records of engagements on ESG issues.

05. Tyndall AM

Tyndall AM, a separate Australian Equities investment franchise within the YCM Group, considers ESG factors in the same way as more traditional factors such as market structure, innovation and industry growth.

Any material ESG issues are incorporated into the valuation using the same methods that more traditional factors are handled. This way, the impact is neither under nor over-stated.

Tyndall AM does not exclude particular asset types, industry sectors or securities wholly on moral or ethical grounds, unless this is expressly built into the product's investment strategy or client agreement.

Engagement with companies held in the portfolios is an important component of the investment process, with the aim to improve the outcome for investors as well as increasing the value of companies by addressing ESG issues.

Tyndall AM is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is guided by the UNPRI Principles in implementing responsible investing in the management of funds, engagement with companies and communication with clients.

For further information, please refer to the separate specific Tyndall Responsible Investment Policy.

06. Managing a Responsible Business

We believe that responsible investment managers must also apply the same values and standards internally as they do to the companies in which they seek to invest. We believe that responsible governance, harm minimisation to the environment, and managing social issues in a responsible manner are not only the right thing to do, but also leads to increased business value.

Our objective is to operate as a responsible and sustainable business, long-term client partner and employer of choice. To support this objective, we pursue a range of responsible business intiatives, including:

- Seeking to reduce our corporate GHG emissions, including targeting our scope 3 emissions in conjunction with our key suppliers over time;
- Seeking to offset our corporate GHG emissions, through procuring a diverse portfolio of carbon offset project credits;
- Developing a meaningful strategy that reflects a long-term commitment to build diversity within our high-performing teams, and providing a fair, equitable and inclusive working environment;
- Integrating ESG principles and selection criteria into our vendor selection process;
- Supporting our communities through facilitated employee volunteering and corporate and employee philanthropy; and
- Reducing harm to our natural environment, beyond climate emissions, by identifying where we can reduce our impacts (e.g. waste, water use, procurement of products/services).

07. Further Information

Requesting Further Information

If you have any questions in relation to this policy, please contact us.

Version History

Version	Issue Date	Approval	Comment / change
1	26 March 2024	Approved by the Boards of Yarra Funds Management Limited and Yarra Capital Management Limited on 7 and 26 March 2024 respectively.	Initial issue of policy.
2	19 September 2025	Approval by the Boards of Yarra Capital Management Limited and Yarra Funds Management Limited.	Regular review of policy.