



ESG Investment Framework and Policy

Blackwattle Investment Partners

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Owner:	CEO

1. Purpose

The purpose of this policy is to outline Blackwattle's recognition, commitment and support for the development and integration of responsible investing across its investment strategies.

This policy sets out the ESG philosophy of Blackwattle Investment Partners covering:

- Responsible Investment Approach
- Oversight of ESG

2. Scope

This policy applies to each of Blackwattle's Investment strategies

3. Blackwattle ESG Philosophy

Blackwattle aims to deliver long-term sustainable risk adjusted returns for our investors. To achieve this outcome, and to contribute to a more sustainable and responsible business environment, we believe the integration and assessment of environmental, social and governance [ESG] factors are essential in fulfilling our fiduciary duty to our investors.

4. ESG Integration

We believe ESG factors can have a significant impact on company operations and performance. Blackwattle's Portfolio Managers integrate ESG factors into their fundamental analysis.

There are different ESG themes with varying materiality depending on sector, geography, investment style, and client objective. However, there are common ESG issues that investors consider when conducting investment analysis and which are a consideration within our investment process.

Environmental: We believe that a sustainable business must be able to effectively respond to the physical and transition risks of climate change, and position strategy to capture opportunities from environmentally friendly products and technologies.

A company should also address biodiversity loss, waste, pollution, and other environmental impacts that result from business operations.

Further we believe that many natural resources are finite, as such we consider how companies reduce, recover and recycle materials in their operations and supply chains to manage risk.

Social: We believe that a sustainable business should attract, motivate, and incentivise its workforce in a way that fosters employee engagement and creates intellectual capital. Companies with engaged workers will better anticipate, align with, and promote the interests of customers and communities.

We believe in the protection of workers' rights and employer obligations. This includes adhering to global standards against the exploitation of children and modern slavery.

We expect companies to promote diversity and inclusion and make health and safety a priority for all workers.

Product quality and safety, data privacy, human rights, sales practices, affordability of products/services, and community relations are examples of social factors that should be effectively managed over the long term.

Governance: We believe that a sustainable business needs to have good corporate governance.

Strong and robust governance frameworks are essential for long term value creation and risk management

As such our investment teams will often assess board composition and effectiveness, audit committee structure, internal controls and compliance, executive remuneration, transparency, and whistleblower schemes. Each of which must be carefully designed to align incentives with the long-term economic interests of all shareholders.

5. Responsible Investment Approach

We believe ESG factors can have a significant impact on company operations and performance. To deliver on our commitment to ESG integration, it covers these essential elements

1. Investment Analysis
2. Active Stewardship

Investment Analysis: Blackwattle's Portfolio Managers integrate ESG factors into their fundamental analysis. These ESG factors are combined to form a Portfolio Dashboard which is the primary tool used to assess portfolio settings and ESG exposures.

ESG factors are integrated into the Portfolio Dashboard and are considered alongside other key financial factors. ESG is considered at a stock and portfolio level to enable a more holistic assessment of investment risks and opportunities and considers current ESG performance as well as the change in performance over time.

Where appropriate, we utilise external ESG data suppliers and conduct proprietary research to assess the impact of financially material ESG factors on companies.

Thematic & Negative Screening: Blackwattle currently does not undertake thematic ESG investing as a part of its investment analysis and portfolio construction.

The approach to applying generic negative screens will vary depending on the investment strategy and investor appetite. However, Blackwattle may choose to exclude certain investments based on illegal or fraudulent activities.

Active Stewardship: We believe that as stewards of our clients' capital, we owe them a responsibility to manage their assets and to protect and enhance long-term, sustained value, while taking account of material ESG considerations.

We believe that an investor should be vigilant and active with its investments via regular engagement with Boards and/or Management teams and exercise the right to vote as a shareholder.

a) Company Engagement

Blackwattle undertakes ESG engagement with the companies it invests in, analysing and reviewing relevant ESG factors, practices, and policies.

Engagements are designed to enhance the long-term value of our shareholdings and facilitate better ESG performance in portfolio companies. These dialogues can also inform our proxy voting decisions, providing an opportunity for two-way communication.

ESG engagement is an important part of investment research, from the purely quantitative type to those based on a combination of fundamental research and qualitative judgments. There is ongoing monitoring of ESG performance by the CIO.

Blackwattle may also seek to undertake collective shareholder engagement. Engagements with other investors enable us to discuss issues of common concern. We see the benefits of joining forces with like-minded shareholder to speak collectively on governance and sustainability issues and raise matter affecting long term value creation. We maintain close relationships with various investors and stakeholders to help us guide our investee companies.

b) Voting

We carry out our fiduciary duty by voting at shareholder meetings and expressing our support for (or concern with) management and shareholder resolutions where appropriate. We will spend time and attention on matters that we deem to be material and that may require escalation.

We vote proxies in our clients' best interests.

Voting is applied taking into consideration individual circumstances of each company, and under the principle of promoting good corporate governance standards. We may use third party proxy voting provider(s) to help us implement the voting policy.

Our voting generally focuses on:

- **Board of directors:** Board directors play a key role in ensuring company management operate in the best interests of shareholders. We examine board composition, capacity, independence, tenure and committee structures. We support boards whose approach is consistent with creating sustainable, long-term value.

- **Capital management:** Regarding capital structure, M&A, and other transactions, we priorities the long-term economic interests of shareholders. The rationale for an action must

be clearly explained and justified and should not be unnecessarily dilutive to existing shareholders.

- **Financial statements and independent auditors:** True and fair financial reporting is fundamental to capital markets. We look for effective audit committee oversight, comprehensive disclosures, and auditor independence.

- **Compensation practices:** Compensation plans are evaluated based on the alignment with corporate strategy and shareholder returns. Pay should be risk-adjusted and align to performance outcomes in the business. Overall incentive plan metrics should be appropriate, rigorous, and transparent.

- **Environmental and social (E&S) issues:** We believe high quality disclosure is key for E&S issues, and the board and management should put in place a sustainable business model considering material E&S opportunities and risks.

6. Oversight of ESG Integration

Blackwattle embraces an approach of continuous improvement on ESG matters and has established two elements to its oversight approach.

- Establishment of an independent ESG Review Council.
- Undertake an annual internal audit of ESG processes

ESG Review Council: The ESG Review Council provides additional oversight from experts in the ESG space and will promote discussion, debate, and guidance around Blackwattle's investment portfolios.

The Council meetings at minimum every 3 months for an in-depth workshop with each portfolio team. The Council will include a majority of independent advisors to participate in each meeting.

The responsibilities of the ESG Review Council includes investment portfolio and process review; the monitoring of ESG trends, development and risk, the analysis of reputational risk management practices; and ensuring regulatory compliance and reporting.

The ESG Review Council is a key component of Blackwattle's approach to responsible investment and risk management. By providing oversight and guidance on ESG and reputational risk issues, the Council ensures that the Company's investments align with its values in achieving long-term sustainable risk adjusted returns for our investors.

Annual Internal ESG Audit: Blackwattle performs an annual review (ESG Audit) of its investment portfolios. This provides valuable information on whether ESG factors are improving or deteriorating at a company and / or portfolio level.

The information collected provides valuable insight for Blackwattle and provides the Investment team with critical insight which may alter investment decision making or form the basis for engagement.