

Blackwattle Investment Partners Stewardship and Engagement Policy

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Owner: Managing Director and CIO

Approved by: Blackwattle Board of Directors

Review frequency: At least annually (or earlier if regulatory, market, or business changes warrant)

1. Purpose

Blackwattle Investment Partners (“Blackwattle”, “we”, “our”) is an active investment manager. This Stewardship and Engagement Policy (“Policy”) describes how we may exercise active ownership, where permitted by the client mandate and operational arrangements, by:

1. Engaging with boards and management teams of investee companies (and other relevant issuers); and
2. Where we have authority, using our shareholder rights (including proxy voting) to protect and enhance long-term value.

This Policy is designed to support robust investment decision-making, sound governance, and disciplined risk management. It is not intended to position Blackwattle or any strategy as an “ESG fund”, “impact fund”, or “sustainable investment product” unless explicitly disclosed in the relevant product documentation.

2. What stewardship means at Blackwattle

For the purpose of this Policy:

- **Stewardship** is the responsible use of engagement and shareholder rights (including proxy voting, where available) to help protect and enhance long-term value for clients.
- **Engagement** is our structured dialogue with investee companies (typically boards and/or management) to better understand risks and opportunities, improve disclosure and practices where relevant, and test management accountability and strategy.

Our stewardship is materiality-led and fiduciary-led: we focus on issues we reasonably believe could affect long-term risk, return, and resilience.

3. Scope

This Policy applies to:

- All Blackwattle staff involved in investment decision-making and client asset stewardship (including Portfolio Managers, Analysts, and relevant Operations/Compliance personnel); and
- All strategies and mandates where Blackwattle has discretion and practical ability to undertake engagement and/or instruct voting (subject to each client’s mandate, governing documents, and operational arrangements).

Where a client retains voting rights or directs stewardship activities, Blackwattle will act in accordance with the client’s instructions and the governing documentation.

4. Stewardship principles

Blackwattle’s stewardship activities are guided by the following principles:

1. **Act in clients’ best interests**
Stewardship is conducted to support long-term, risk adjusted returns consistent with each strategy’s objectives and constraints.
2. **Focus on financially material matters**
We prioritise issues that may reasonably influence company value, downside risk, cost of capital, cash flows, franchise durability, or strategic optionality.
3. **Be selective and proportionate**
We allocate engagement effort where the issue, holding size, and opportunity for influence justify it.
4. **Be constructive and outcomes-oriented**
We seek professional, respectful engagement and clear objectives, while recognising that outcomes may take time and are not guaranteed.

5. Maintain independence of judgement

External research, proxy advisers, or collaborative initiatives may inform our work, but stewardship decisions remain Blackwattle's responsibility.

6. Escalate when warranted

If progress is inadequate on material issues, we may escalate (including through voting actions and, where appropriate, portfolio actions).

7. Manage conflicts and act with integrity

We identify, manage, and disclose conflicts as required, and we conduct engagements in a manner consistent with market integrity and legal obligations.

8. Be transparent without overstating influence

We will describe our approach clearly and avoid overstating the degree of influence we can reasonably exert.

9. Act lawfully and maintain market integrity

We conduct stewardship activities in accordance with applicable law, including market conduct and insider trading obligations.

5. Stewardship priorities

Our engagement and voting focus is non-exhaustive and is determined by financial materiality, mandate constraints, and practicality of influence, and may include (but is not limited to) the following themes, assessed in context and by materiality:

5.1 Governance and accountability

- board composition, independence, tenure, skills and succession
- governance structures, controls, audit quality and financial reporting integrity
- culture, conduct, and accountability mechanisms
- shareholder rights and capital allocation discipline

5.2 Remuneration and incentives

- alignment of incentives with strategy and long-term value creation
- transparency, stretch in performance hurdles, and avoidance of reward for failure
- appropriateness of quantum and structure, including risk adjustment

5.3 Strategy, risk management and resilience

- competitive position and strategy execution risks
- major transactions (M&A, divestments, restructures) and capital raising structures
- operational resilience, cyber, and material legal/regulatory risk

5.4 Material environmental and social factors (where financially relevant)

- matters that may reasonably affect cash flows, asset values, supply chains, licence to operate, or cost of capital
- disclosure quality and governance of material environmental/social risks and opportunities
- where relevant: climate-related physical and transition risks, human capital, safety, and supply chain standards

6. Engagement framework

Blackwattle uses a structured engagement framework intended to be repeatable, evidence-based, and decision-useful.

6.1 Identification and prioritisation

Engagements may be initiated:

- **Proactively** (e.g., as part of ongoing research coverage, ahead of an AGM, following strategy changes, or during industry-wide risk repricing); or
- **Reactively** (e.g., following incidents, controversies, earnings surprises linked to governance or operational risk, or significant shareholder votes).

We prioritise engagements based on a combination of:

- materiality of the issue to long-term value and risk;
- the seriousness and urgency of the concern;
- our level of exposure (position size, portfolio concentration, duration of holding thesis);
- the quality of current disclosure and governance; and

- feasibility of progress (including access, timing, and likelihood of influence).

6.2 Engagement planning

For priority engagements, we document:

- the issue(s) and our investment rationale for engagement;
- objectives (what “good” looks like);
- key questions and information required;
- who we should engage (management vs board, chair, committee chairs);
- timeframes and milestones;
- any potential escalation path if progress is insufficient.

6.3 Engagement execution

Engagement can occur via:

- meetings and calls with management and/or board representatives;
- written correspondence (letters or emails);
- participation in investor briefings and roadshows;
- targeted follow-up with additional information requests; and
- collaborative engagement (where appropriate and subject to conduct requirements).

Engagements should be:

- well-prepared (issue clarity, evidence, and specific asks);
- two-way (testing assumptions and understanding constraints); and
- documented where material and practical (see record-keeping section).

6.4 Escalation

Where we consider progress inadequate on a financially material issue, we may escalate in a measured way. Escalation options may include:

- additional engagement at a more senior level (e.g., chair, lead independent director, committee chairs);
- setting clearer expectations and time-bound milestones;
- signalling potential voting action (e.g., against directors, remuneration report, capital actions), without making commitments in advance;
- collaborating with other investors (where appropriate and lawfully allowed);
- supporting or opposing shareholder resolutions (case-by-case and mandate-dependent);
- reducing exposure, exiting the position, or other portfolio risk actions.

Escalation decisions are not automatic and will depend on our assessment of:

- materiality and urgency;
- the company’s responsiveness and credibility;
- the likely effectiveness of the escalation option; and
- the client mandate and portfolio construction context.

6.5 Monitoring and closure

If deemed necessary, we will track specific engagement progress over time. Engagements may be closed when:

- objectives are substantially achieved;
- the issue is no longer material, or information gaps have been resolved;
- the company’s trajectory is acceptable and continues to be monitored through standard research; or
- we exit the investment (or exposure materially reduces), making further engagement impractical.

7. Voting and shareholder rights

Voting is a key stewardship tool where Blackwattle has voting discretion.

7.1 Voting principles

We aim to vote:

- in clients' best interests;
- case-by-case, informed by the company context and the resolution specifics;
- to support long-term value creation, sound governance, and appropriate accountability;
- with appropriate escalation where engagement has not delivered sufficient progress on material issues.

We reserve discretion to apply judgement based on materiality and context.

7.2 Voting process

Our voting approach typically includes:

- monitoring upcoming meeting agendas and material resolutions;
- reviewing relevant research (internal analysis and, where used, at times external inputs);
- considering engagement insights and the company's responsiveness over time;
- documenting rationale for votes on contentious items whenever deemed necessary; and
- ensuring votes are instructed in a timely manner through our operational arrangements.

7.3 Use of proxy advisers and research providers

We may use third-party proxy advisers and/or governance research providers to support efficient coverage and benchmarking. Where used:

- they are inputs, not decision-makers;
- Blackwattle retains responsibility for voting decisions; and
- we may override third-party recommendations where our analysis supports a different outcome.

7.4 Practical limitations and instruments

In some circumstances, voting may be constrained, including:

- operational limitations in certain markets or custody arrangements;
- holdings via instruments that do not carry voting rights (e.g., some derivatives);
- timing constraints (e.g., meeting notices, share blocking, or corporate action deadlines).

Where a strategy uses derivatives (including options) to manage income or risk, stewardship influence will generally be exercised through the strategy's physical shareholdings and direct issuer engagement, recognising that derivative exposures may not provide voting rights.

8. Collaboration and collective engagement

Blackwattle may participate in collaborative engagement with other investors or industry initiatives where we believe it:

- Can improve effectiveness and information sharing.
- Is consistent with clients' best interests and our investment objectives.
- It is lawful and allowed under regulation.

Any collaboration must be conducted appropriately, including consideration of confidentiality, legal obligations, and market conduct expectations. Collaboration does not remove the need for Blackwattle to form its own judgement and will not involve coordination that could breach market conduct laws (including inappropriate sharing of material non-public information or acting in concert).

9. Conflicts of interest

Blackwattle maintains a Conflicts of Interest management framework, which is outlined in Blackwattle's Compliance Plan & Framework. Blackwattle's Compliance Risk Committee manages the framework and associated register, the committee also regularly review this document to ensure its relevance.

In the context of stewardship, conflicts may arise where:

- Blackwattle (or staff) has business relationships with an investee company;
- personal interests could influence engagement or voting decisions;
- the firm manages multiple strategies with differing exposures; or
- there are competing client instructions.

Where a conflict is identified, we will manage it appropriately, which may include:

- escalation to Compliance/Management;

- restricting involvement of conflicted individuals;
- using independent review;
- documenting the conflict and mitigation steps; and/or
- disclosing the conflict where required.

Where Blackwattle has voting discretion, votes are cast in the best interests of clients and in accordance with the applicable mandate, notwithstanding any commercial interests of Blackwattle.

10. Market conduct, confidentiality and inside information

Blackwattle will conduct stewardship activities consistent with applicable laws and market integrity. In particular:

- we aim to avoid receiving material non-public information (MNPI) during engagement, including reminding counterparties not to disclose MNPI;
- if MNPI is received, we will follow internal procedures regarding information barriers and trading restrictions;
- we respect legitimate confidentiality constraints while seeking sufficient disclosure to make informed decisions; and
- we conduct engagement in a professional manner and maintain appropriate records.

If we believe MNPI may have been disclosed, we will consider whether to end the engagement and will escalate internally immediately.

11. Record-keeping and reporting

11.1 Engagement records

We maintain internal records of material engagements on a proportionate basis, which may include:

- date, attendees, and engagement channel;
- issues discussed and key questions raised;
- company responses and commitments (if any);
- follow-up actions, milestones, and timeframes; and
- assessment of progress and any escalation steps.

11.2 Voting records

Where Blackwattle instructs votes, we maintain records of voting instructions and, where relevant, rationale (particularly for significant or contested votes).

11.3 Client reporting and public disclosure

We may provide stewardship reporting to clients as appropriate to the mandate and audience, which may include:

- summary engagement activity and themes;
- selected case studies (where confidentiality permits), chosen to be representative and not misleading;
- voting summaries and notable votes; and
- discussion of how stewardship insights informed investment decisions or risk management.

Public disclosure (e.g., on our website) will be prepared carefully to ensure it is accurate, balanced, and does not overstate outcomes or influence, including by ensuring the overall impression of stewardship disclosures is not misleading.

12. Review and continuous improvement

This Policy will be reviewed at least annually and may be updated to reflect:

- changes in regulation or market practice;
- learnings from engagement outcomes and voting experience;
- changes in business operations, strategies, or client requirements; and
- improvements in stewardship processes and reporting.

Appendix A: Escalation ladder

Depending on context and materiality, Blackwattle may escalate through the following stages:

1. **Initial engagement** with management; clarify issue, request disclosure, set expectations.
2. **Follow-up engagement**; request milestones; test responsiveness and credibility.
3. **Board-level engagement** (chair, lead independent director, committee chairs).
4. **Voting action** (e.g., against remuneration report, director elections, capital actions).
5. **Collaborative escalation** with other investors (where appropriate).
6. **Portfolio action** (risk reduction, exit, or other action consistent with mandate).
7. **Other actions** (rare; assessed case-by-case and mandate-dependent), such as supporting shareholder resolutions where lawful, feasible, and consistent with fiduciary duty.

Appendix B: Definitions

- **Active ownership / stewardship:** Use of engagement and shareholder rights to protect and enhance long-term value.
- **Engagement:** Structured dialogue to improve understanding, disclosure, governance, and/or practices on material issues.
- **Material:** A matter reasonably expected to influence long-term value, risk, or return.
- **Proxy voting:** Voting on resolutions at shareholder meetings, typically via an appointed custodian or voting agent.
- **MNPI:** Material non-public information.