Greencape Capital ESG Policy

June 2024

Greencape became a Signatory to the UN Principles of Responsible Investment in 2009.

Greencape believes environmental, social and governance (ESG) factors are key elements of long-term value and have the potential to impact both the risk and return profile of a company. Greencape's role as an active investor is to maximize shareholder value for its clients. However, in doing so, Greencape must investigate and understand each company's risks and opportunities—including those relating to ESG factors. Greencape's research efforts are firmly focused on the sustainability of a business and the implications of this and its impact on valuation.

Greencape's investment team has fully integrated ESG into its research process, including voting proxies.

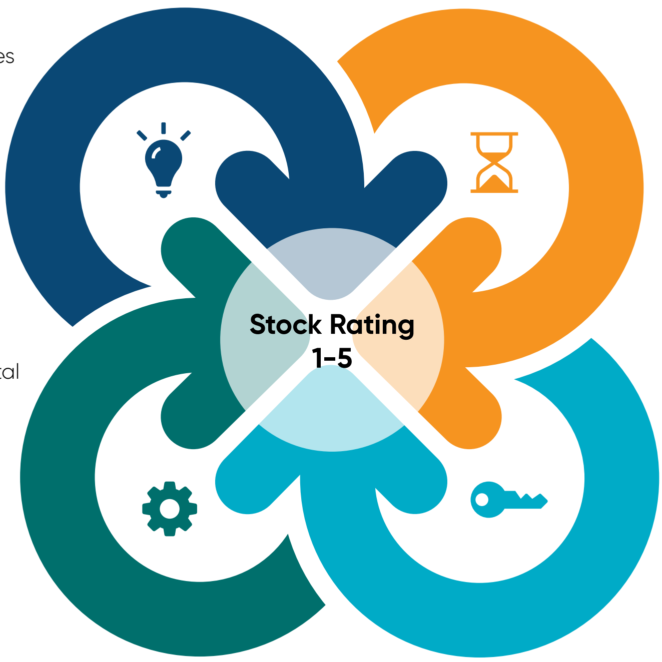
At Greencape each member of the investment team has the necessary flexibility and resources to incorporate ESG factors in a manner that aligns with promoting long-term financial sustainability.

While ESG implementation will vary based on the investment team's judgment of materiality, Greencape is committed to unwavering stewardship of long-term capital.

Greencape believes its role as thoughtful stewards of client capital and its focus on business sustainability creates strong alignment of values.

1. ESG Integration

Stock Rating
Driven by disciplined investment process



Business Evaluation

This involves assessment of the current return a company makes on investment – and likely change in this metric in future, particularly relative to market expectations. This involves a thorough evaluation of principles such as:

- Competitive advantage
- Industry structure
- Barriers to entry
- Consideration of the capital intensity of growth
- Potential for asset and operating cost leverage in the business

Valuation

Valued through one or a combination of

- Net Present Value of Cashflows having consideration for all cash outlays to sustain or grow the business
- Franking

Market Milestones

An assessment of how the share price will likely react to the next piece of news flow (most likely to be the next result).

Shareholder Stewardship

An assessment of whether a company's Senior Management and Board have, and are likely to continue to act, in the best interests an analysis of shareholders. This includes an analysis of

- Historical decision making
- Management and board effectiveness
- Remuneration structures
- Corporate governance
- Culture
- Financial controls
- Disciplines and focus

The same discipline embeds our assessment of ESG risks in our stock rating

Business Evaluation

- We consider the delta in Competitive advantage
- Industry structure
- Capacity intensity
- Regulatory changes

Market Milestones

Our expectations on

- Earnings certainty
- Outlook statements
- Valuation risk

Valuation

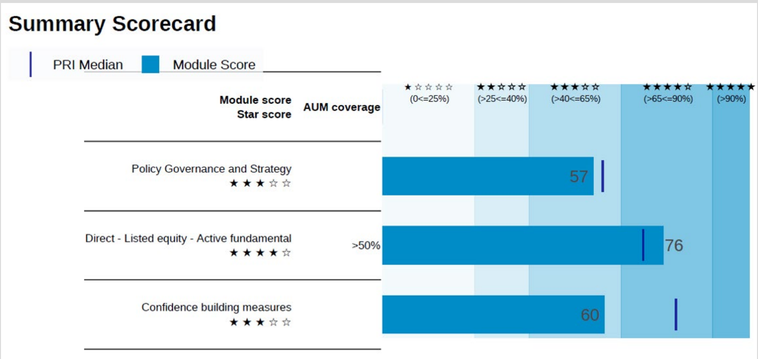
Valued through one or a combination of

- Net Present Value of Cashflows having consideration for all cash outlays to sustain or grow the business
- Franking

Shareholder Stewardship

- Remuneration
- Management and board effectiveness
- Corporate culture
- Sustainability
- Financial controls

PRI Principles for Responsible Investment



We are equipped to actively engage with management boards on material ESG issues.

2. ESG Factors

Greencape embeds ESG in their investment process rather than overlay an ESG process. The table below seeks to summarise the components of Greencape's investment process in which ESG factors are particularly relevant and are highlighted in red.

Fund characteristics

	Shareholder Stewardship	Business Evaluation	Valuation	Market Milestones
What we look for?	Remuneration Management & Board Corporate culture & Sustainability Financial controls	Current returns Delta in: • Competitive adv • Industry structure • Capital intensity • Regulatory changes • Asset & liability leverage	Our valuation vs current share price	Our expectations on: • Earnings certainty • Outlook statements • Valuation risk • Strategic milestone
How we act?	Score Activist shareholding	Score	Score	Score

Greencape constructs its portfolios from the bottom-up, based on detailed stock-level analysis. As such, Greencape does not generally consider the portfolio in terms of exposure to thematic or trends. That said, Greencape are conscious of aggregate exposures and biases in its portfolio and monitors these closely to ensure they remain acceptable and consistent with its bottom-up views.

Greencape has a particular focus on governance issues at the current point, including capital allocation policies and executive remuneration structures. Capital allocation decisions can, in Greencape's view, have a very material impact on the future performance of a stock, and Greencape is heavily focused on assessing company management's track record of allocation decisions, and strategy for the business going forward. Executive remuneration arrangements are also of importance, as they influence behaviour and culture. In general, Greencape advocates for structures that promote a focus on long-term shareholder value creation and have appropriate and quantifiable metrics in place to assess performance.

3. Special ESG considerations

3.1 How Greencape considers Climate Change risks and opportunities in its investments

Greencape subscribes to the scientific consensus that carbon dioxide in the atmosphere, predominantly as a result of human activity, has led to global warming with consequent changes in climate. There has been a global move to reduce carbon emissions worldwide. The Paris Agreement, ratified by 195 countries, outlines country-specific targets for reducing carbon emissions. Greencape believes that uncertainty surrounding both the physical changes in climate as well as the policy response around the transition to a low carbon economy can pose a risk to its investments across all industries to varying degrees Equally, there will be companies that benefit from such a transition. As such, Greencape considers the physical and transition risks and opportunities of climate change as part of its fundamental analysis.

Physical risks can involve the increased frequency and severity of extreme weather events such as drought, flooding, hurricanes, heatwaves and rising sea levels. Transition risks include the risk of regulation around carbon emissions such as the introduction of a carbon tax, both within Australia and globally, which may affect demand for exports, the development of new technologies which are more aligned with a low carbon world as well as changing consumer preferences for low emission/energy efficient products.

Opportunities arise out of companies that develop technologies or solutions to deal with the physical aspects of climate change as well as those companies that are better prepared and less exposed to the negative effects of a transition to a low carbon economy. Greencape considers all investee companies through this lens in Greencape's fundamental analysis.

Greencape encourages the companies it invests in, or is considering for investment, to assess and disclose their exposure to climate-related financial risks, adopting where possible the framework set by the Taskforce for Climate-Related Financial Disclosures (TCFDs).

3.2 How Greencape considers modern slavery risks in its investments

Greencape recognises that modern slavery, as well as being a serious ethical concern, can also pose a financial risk to businesses both from both a reputational perspective and from a disruption to their supply chains. Greencape recognises that, although less common, there are still instances of modern slavery within Australia, particularly in high risk industries such as textiles, financial services (through their supply chains), mining, construction, property, food and beverages, agriculture, and healthcare. When analysing companies in these higher risk industries Greencape will conduct additional due diligence to ensure the company has appropriate policies in place to manage these risks and treats its employees fairly. With companies that have supply chains in high risk regions overseas Greencape takes a similar approach, ensuring that the investee company has awareness of the risks of modern slavery within its supply chains and has policies in place to mitigate these risks.

3.3 How Greencape considers gender diversity in its investments

Research has shown that companies with higher gender diversity on their boards achieve higher financial performance and were associated with lower variability of stock market returns. Greencape believes that greater gender diversity (as well as other forms of diversity), reduces the risk of groupthink and leads to greater diversity of thought. This can reduce risks and boost performance in investee companies. As such Greencape considers the number of females on boards as part of its governance assessment. Through its engagement activity, Greencape also encourages its investee companies to improve the gender balance of their boards.

4. Engagement

Greencape recognises that as a steward and fiduciary, it has a duty to act responsibly and with reasonable skill, care and diligence, in pursuit of sustainable value for its clients. Engagement is a core element to fulfilling Greencape's stewardship obligations and is a prerequisite for the construction of more effective active portfolios for its clients. Greencape is very selective about the frequency and intensity of its engagements with companies. It carefully selects the issues it regards as warranting strong engagement, so intense active engagement is quite rare. The provision of feedback to companies and its lodging of proxy votes is, however, regular.

4.1 Purposeful engagement

The purpose of Greencape's engagement is generally connected to improving:

- Governance
- Management and strategy
- Incentive structures
- Capital allocation
- Corporate culture
- Interaction with society
- Ecological efficiency
- General alignment with long-term shareholder interests

By defining purpose, Greencape strengthens its ability to measure the impact of its engagement activities. Whilst the scope of Greencape's engagement activity generally refers to:

- The subject matter of the engagement
- The parts of the organisation (regions, divisions, etc.) and associated activities, products and services being addressed
- The time frame for the engagement

4.2 The engagement process

Greencape's engagement activity can generally be categorised into four stages:

Plan – planning is generally made up of:

i) Profiling and identifying key stakeholders,
ii) Determining the strategy,
iii) Establishing boundaries for disclosure,
iv) Drafting the engagement plan, and
v) Establishing indicators and outputs to help determine success.

Prepare – some engagement activity may require additional resources, for example outside expertise, whilst other engagement activity may require a period of capacity building, for example building understanding, awareness and additional knowledge of a particular issue. Engagement is not without its risks, for example risks associated with compliance, operations, disclosure and strategy, amongst others.

Being properly prepared for these risks contributes to a robust process and better outcomes.

Implement – this stage includes bringing potential parties together, setting out the details, initiating conversation, documenting and communicating outcomes and action plans.

Engagement activities are the responsibility of each member of the investment team.

Greencape has, in the past, been involved in collaborative engagement activities with other asset management firms, non-governmental organisations (NGOs), industry bodies and other relevant institutions and organisations where it regards the collaboration will improve outcomes for its clients.

4.3 Reporting

Greencape reports its engagement activity to clients as requested.

In coming to its voting decisions Greencape subscribes to a number of proxy adviser services and will utilise these as an input to its own decision. Greencape's annual report will include information on the use of the services of this proxy advisor.

Where Greencape take a view on a resolution that is contrary to the advice of the proxy adviser it will document its rationale and decision-making process for internal purposes. Greencape will communicate this to clients upon request.

4.4 Conflicts of interest

In accordance with regulatory requirements, Greencape maintains a detailed conflicts of interest policies designed to ensure that any conflicts of interest that may arise both between itself and its clients, a staff member and a client and between clients – are identified and prevented or managed in the best interests of clients.

Greencape is able to provide details of its policy to clients upon request.

Where Greencape's Compliance Manager decides that Greencape's clients' interests are best served by managing the conflict, Greencape will make a disclosure to any impacted client or clients. Disclosure should ideally take place prior to us accepting any engagement to act for that client, or prior to providing that particular client with the work requested. Where prior disclosure is not possible, Greencape must disclose such conflict as soon as reasonably practicable.

Greencape team members are required to complete annual conflicts of interest training to ensure they have the appropriate understanding to identify and report conflicts of interest – which can then be prevented or managed pursuant to its conflicts of interest framework.

Personal activities of employees (such as personal investments and outside business activities) are required to be disclosed to Greencape's Compliance function, to ensure that any conflicts of interest that may arise as a result of such activities are prevented or appropriately managed. Conflicts of interest may arise due to Greencape's investment in a specific security and stewardship responsibilities. In such circumstances, Greencape's relevant investment professionals are required to identify and report these conflicts for review in accordance with Greencape's Conflicts of interest policies.

5. Responsibility for ESG integration

ESG integration is embedded in Greencape's investment process therefore every member of the investment team is responsible for ESG research and integration.

6. Review and Oversight of Policy

Greencape's ESG policy is reviewed annually. It is approved by Greencape's Board and senior executive-level staff, who have ultimate oversight on responsible investment activities and ESG strategy and policy.