

Environmental, Social and Governance Policy

Introduction

As an investor in international equities Talaria Asset Management has an interest in the long-term drivers of shareholder value. We recognise that environmental, social and corporate governance (ESG) factors not directly captured in financial statements can materially impact shareholder value. As fiduciaries, it is our duty to incorporate ESG matters into our investment research. This document discusses the incorporation of ESG factors into our investment process which we believe delivers improved long term investment outcomes.

ESG Integration

We define ESG integration as an investment decision-making process that considers ESG risks and opportunities in conjunction with financial analysis. Our ESG considerations are investment driven as we seek to make better informed decisions through analysis of non-financial factors that may materially impact an investment's performance, thus assisting us to achieve our investment objectives.

We believe the consideration, understanding and management of ESG issues in conjunction with financial analysis can generate better long-term performance for clients. Similarly, active engagement with company management seeks to encourage greater awareness of issues impacting corporate sustainability.

To assist with the identification of relevant issues we complement our internal analysis with the resources of dedicated ESG research firms. ESG issues are reviewed to identify material factors at the:

- global thematic level (e.g. climate change, demographics);
- country level (e.g. political risk);
- sector level (e.g. energy intensity or greenhouse gas emissions); and
- company level.

Governance matters are addressed at the individual company level with consideration given to issues including shareholder rights, board independence, diversity and executive compensation.

Specifically, we believe:

- The CEO and Chairman should be separate roles;
- A majority of the board should be independent;
- The audit and remuneration committees should mostly or completely comprise independent directors.

These best practices benefit the long-term interests of shareholders and we will vote against resolutions that do not promote these practices.

Exclusions

If a material ESG issue emerges relating to a sector, the industry may be excluded from our investment universe. Specifically, we do not invest in companies who have a material source of revenue (greater than 5%) is in the sale and production of:

- Tobacco;
- Armaments;
- Gambling; or
- Pornography.

Companies that are conclusively found to be engaged in practices of needless animal cruelty or environmental degradation, or human rights abuses, are excluded. In addition, we exclude any companies that are legally required to be excluded (for example by domestic or international laws, bans, treaties or embargoes).

Investment Decisions

Our investment decisions are based on both financial and non-financial factors which include relevant ESG considerations. Each situation and its potential impact is considered on an individual basis with material issues discussed by the portfolio management team as part of the investment decision making process. Significant concerns are reflected by way of a discounted assessment of intrinsic value. In cases where the ESG issue is perceived as too great a risk, we may elect not to invest or to divest an existing holding.

ESG issues, along with all investment decisions, are monitored and analysed by the investment team. The co-Chief Investment Officers Chad Padowitz and Hugh Selby-Smith formally oversee these decisions including ESG and other principles of responsible investment.

Dialogue and Engagement

We are an active investor and engage with companies on ESG related matters. Where applicable, we question management regarding ESG concerns and seek to improve disclosure and effect change through constructive dialogue.

We are prepared to engage collectively with other like-minded investors on ESG issues. We believe constructive engagement highlights the growing importance of ESG factors within the investment community and its broad client base.

UN Principles for Responsible Investment

Talaria is a signatory to the UN Principles for Responsible Investment (UN PRI) which seeks to improve understanding of environmental, social and governance factors and the incorporation of these factors into investment and ownership decisions.

In accordance with our signatory responsibilities we submit an annual report on our ESG related activities to the UN PRI and our Responsible Investment Transparency Report is made publicly available.

Tobacco Free Finance Pledge

Talaria is a Founding Signatory to the [Tobacco-Free Finance Pledge](#), an initiative founded by Tobacco Free Portfolios and developed in collaboration with the United Nations' Environment Programme Finance Initiative. Objectives of the Tobacco-Free Finance Pledge include:

- Raising awareness among financial institutions of the essential role the finance sector must play to assist effective tobacco control and to ensure a tobacco-free world.
- Encourage the transition towards tobacco-free finance policies.
- Prioritise tobacco on the corporate agenda as a product and industry distinct from any other with no safe level of use and no opportunity for effective engagement.

Proxy Voting

As an active shareholder and fiduciary of client funds we are committed to exercising voting rights on assets managed on behalf of clients. We believe this is an important right, recognising the strong link between good corporate governance and investment value. Our primary objective when voting is to maximise the value of our investments.

Our decision to assess and vote all proxies represents a commitment to holding companies accountable for their actions and maintaining sound corporate governance practices. We complement our internal analysis with research from dedicated proxy voting research firms.

A record of each vote is maintained and our proxy voting record is made publicly available.

Development and Enhancements

Talaria is committed to the education and further development of staff particularly within the realm of ESG. Consequently, the firm provides training to the investment team on ESG issues and encourages attendance at educational events to expand our knowledge base. We also seek to engage with the broader ESG community regarding best practices and effecting change.

We are committed to continually improving our approach to ESG integration and accordingly our approach will remain flexible and evolve over time.

The Policy will be reviewed on an annual basis, at a minimum, and any proposed changes submitted to Board for approval.