



Active Ownership & Stewardship Policy

Owner	CIO
Approval	CIO
Relates to	ECP Asset Management Pty Ltd
Date Last Updated	30-06-2021
Primary Rules/Rationale	To outline commitments of being an active owner and the incorporating of ESG issues into ownership policies and practices.

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Policy

Introduction

Overview

This policy formally outlines ECP Asset Management Pty Ltd (ECP) principles and commitments to being an active owner and incorporating Environmental, Social and Governance (ESG) issues into our ownership policies and practices including share voting, company engagement and advocacy activities.

The issues captured by the term 'ESG' are not necessarily static but may change over time as issues become more important or community values or sentiment changes. ECP believes that ESG factors can have a material impact on the long-term outcomes of investment portfolios and the assets in which we invest.

While ECP is committed to ensuring superior investment returns to our clients, we recognise the importance and effectiveness of active ownership in producing real-world outcomes at scale, as too sharp a focus on maximising returns while minimizing risks may undermine broader investment, economic and social goals.

Active ownership is our opportunity to improve sustainable corporate practices and is a key way to help deliver long-term value creation for our investors. We believe that focusing on common goals and outcomes, we can help drive responsible investment practices and support our community in sustainable activities, climate stability, and a financial system that supports the real economy.

Objective

ECP's approach to active ownership and the incorporation of ESG issues into our ownership practices will differ depending on the underlying investment characteristics.

Where appropriate, ECP will seek to exert influence on the governance, policies, practices, and management of that entity.

Application

This policy applies to ECP's Investment team.

ECP's Active Ownership Policy will be consistent with other ECP investment, strategic or operational policies and processes, including ECP's Investment Policy.

This policy should be read in conjunction with the ECP Investment Policy and Process Overview, ECP Responsible Investment Policy and ECP Voting Policy.

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Active Ownership Principles

Principles

We aim to improve the long-term investment outcomes of the asset through our active stewardship and voting policy by promoting:

1. Transparency;
2. Accountability;
3. Independence; and
4. Long-term value.

Commitment to PRI

ECP became a signatory to the United Nations-backed Principles for Responsible Investment Initiative (PRI) in 2016.

The principles for responsible investment provide guidance on how we can integrate the consideration of ESG factors into our investment decision-making and ownership practices.

We are committed to applying the principles in our investment processes. In particular, this Policy represents ECP's commitment to PRI Principle 2 'we will be active owners and incorporate ESG issues into our ownership policies and practices'.

Framework

Application

The responsibility for the development, implementation and monitoring of this policy sits with the Chief Investment Officer (CIO).

The investment team is responsible for providing advice to the Board in reviewing and updating this policy, the ESG policy framework and the implementation of this policy across ECP's investment process.

The ECP Board is responsible for ensuring we meet our commitment to the PRI.

Implementation

ECP will be an active owner and incorporate ESG issues into our ownership policies and practices including engagement with companies, share voting and advocacy.

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Company Engagement

Company engagement means to have discussions with a company, usually at Board or at least senior management level within the company, on ESG issues. The aim of the engagement is to improve the ESG policies, practices and performance of the company and thereby protect or increase its economic value.

This will generally occur when ECP have identified that the company's ESG policies, practices or performance are deficient relative to standards established by government, regulators, industry, peers, or society at large, or that the company's conduct threatens its reputation and value. In general, these discussions will be conducted on a confidential basis to encourage trust and openness thereby increasing the likelihood of achieving the aim.

See the ECP Board Engagement Guide for further details.

Active Ownership Benefits

As a long-term shareholder, ECP has long recognised the important role that active ownership plays with respect to short-termism. Our investment process places a material emphasis on ensuring we take a long-term approach – a focus on short term returns can undermine long-term portfolio performance.

The use of ESG integration to help draw long-term risks into the investment view is now widely accepted. We view short-termism is a fundamental issue of many investors and has been central to why we have always adopted a long-term approach that encompasses ESG-thinking and active ownership principles.

We believe that there is a material relationship between a company' and its stakeholders, which may (negatively) impact economic returns through time as their conduct trickles through over time. These may include externalising costs onto others, exploiting common ESG assets (and the greater harm to society), securing favourable regulation or exploiting loopholes, etc.

Share Voting

Executing the voting rights attached to shares ECP holds in listed companies is something we regard as being an integral element of active ownership. Share voting is an important tool for engaging with companies. A vote is a visible and concrete expression of what may have been expressed in private discussion with the company's Chair or Board, particularly in relation to a range of governance issues including board composition and executive remuneration. Voting is an effective way for ECP and other investors to publicly express our views on what a company is doing right, and what a company needs to improve.

See the ECP Voting Policy for further details.

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Advocacy

As with all active ownership practices, ECP undertakes advocacy with the aim of improving the long-term risk-adjusted returns delivered to clients. Advocacy undertaken by ECP focuses on laws, regulations, standards, or guidelines that will improve the performance or reduce failures of the market. Such laws, regulations, standards, and guidelines may be established at a global level, for example, accounting standards, a country level, or a local level.

Our investment companies must observe these laws, regulations, standards, and guidelines to comply with the law or best practice. There are specific rules that must be observed for companies to legally operate or have their shares publicly traded in a particular country, for example, rules governing the disclosure of financial information to shareholders, company law governing the meetings of the company and the election of directors. It is these laws, rules, and regulations that set the minimum rules for corporate behaviour and transparency.

Advocacy can include many activities that an individual investor or group of investors undertake including engagement with and submissions to government, regulators or other rulemaking bodies, commissioning and publishing research and industry and media campaigns.

Class Actions

Class actions allow shareholders, as a collective group, to claim for losses against a company where a reasonable case can be made that the loss occurred due to breaches of corporate laws or regulations.

ECP will participate by way of providing information to our clients, who as owners of the stock, will make their respective decision to pursue class actions.

As part of its fiduciary duty ECP participates in class actions, at our client's request, to ensure that financial losses suffered by ECP clients as a result of 'legally actionable deficiencies' in corporate behaviour are, to the extent possible, recovered.

ECP may take either an active or passive role in a class action. In general, ECP takes a passive role. Only in rare instances would ECP take on an active role. These instances would be determined on a case-by-case basis.

Appendices