



PENGANA CAPITAL GROUP LIMITED

SUSTAINABILITY AND RESPONSIBLE INVESTMENT POLICY

About Pengana

Pengana Capital Group Limited (ASX: PCG, 'Pengana') is an ASX-listed investment management company founded in 2003, focussed on the provision of fund management services to Australian retail and high net worth investors.

Headquartered in Sydney, Pengana currently manages over AUD\$3 billion across a range of international and Australian strategies, including unlisted and listed vehicles investing in public and private markets; employing active investment strategies with non-benchmark focused mandates and an emphasis on delivering superior long-term risk adjusted returns to investors. All strategies are managed within capacity constraints in order to maximise potential for outperformance, with each strategy managed by a separate investment team.

Pengana believes that the optimal active funds management environment exists when the interests of expert investment managers are aligned with the interests of investors within a disciplined and risk-controlled structure. Pengana offers a unique business model delivering centralised specialist support from the corporate team, allowing managers to concentrate solely on managing their portfolios.

Distribution is focused on the retail and high net worth markets in Australia, predominantly through financial planners with large, sophisticated clients.

Approach to Responsible Investment

Pengana's range of investment products employ active strategies with non-benchmark aware mandates, giving our investment teams the freedom to invest in the most appropriate portfolio of assets to meet their objectives.

Each strategy is run by a separate investment team with unique skills relevant to their investment class. Our aim is to provide investors with superior long-term risk adjusted returns.

Assessment of material environmental, social and governance ("ESG") factors is an inherent part of the investment process and we have a dedicated ESG policy for each of our main investment strategies. As long-term investors, assessment of non-financial risks and opportunities through a robust ESG framework is essential when assessing a potential investment. Our investment managers invest under the premise that companies with strong environmental, social, and governance practices prove to be the best long-term investments.

Pengana believes that ESG factors are long term value drivers and therefore incorporating an ESG framework into an investment process aligns with an investment managers duty to act in the best interests of investors and maximise value for them.

Pengana also recognises that investors have different ESG needs and offers a range of investment strategies including ethically screened and sustainability focused products.

Principles

Pengana has been a member of the Responsible Investment Association Australasia (RIAA) since 2006. RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. Pengana offers a number of RIAA certified products.

Pengana has been a signatory to the United Nations' supported Principles for Responsible Investment since 2010, committing to the following:

- to incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;
- to be an active owner and to incorporate ESG issues into our ownership policies and practices;
- to seek appropriate disclosure on ESG issues by the entities in which we invest;
- to promote acceptance and implementation of the Principles within the investment industry;
- to work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
- to report on our activities and progress towards implementing the Principles.

Through its association with responsible investment organisations, Pengana is able to assess and continuously improve its responsible investment processes and capabilities.

Stewardship

Effective monitoring of company performance is an essential element of our investment approach. As active investors, our portfolio managers engage in regular dialogue with investee companies to ensure they understand all aspects of their business.

Pengana considers corporate governance of, and engagement with, investee companies as an important aspect of the investment decision-making process. We recognise that we have the potential to influence investee company practices by virtue of significant holdings in those companies, which are held on behalf of our clients. We take a thoughtful and deliberate approach to asset stewardship.

Pengana does not subscribe to a "house" approach to investee company engagement. We believe the best framework is for each investment team to develop its own distinct approach to engagement that is tailored to their asset class and client base.

As part of engagement with investee companies, investment managers :

- Meet regularly with the board/senior management and question them on their strategic priorities and any areas of particular interest or concern;
- Keep up to date with each company's financial and non-financial performance, the main drivers of each, and risk factors (both internal and external as well as financial and non-financial, including ESG factors) which are, or may in the future, impact these;
- Encourage that the leadership of each investee company and its corporate governance structures adhere to best practice (taking into account the jurisdiction in which they operate); and
- Exercise voting rights in a manner which supports investor's best interests.

The main objective of company engagement is to maximize overall value to investors. Engagement activities will vary depending on the mandate of the product, the size of the holding, the materiality of ESG risk factors identified and the investment manager's ability to affect change. Engagement activities inform investment decisions and vice-versa. Pengana does not impose any restrictions on engagement or escalation strategies as each investment team is ultimately responsible for the implementation of the asset stewardship function over their respective portfolios.

Consideration of Environmental, Social and Governance factors

Pengana believes governance policies, environmental footprint and corporate social responsibility all have the potential to impact a company's valuation and financial performance.

ESG issues are considered throughout the investment process as each investment team identifies, researches and manages investment opportunities. ESG issues can be key elements when considering investment return and risk mitigation. Fund managers consider ESG factors to the extent that they are relevant to a particular business and may have a material impact on its investment performance.

Pengana has not adopted a common rating process or benchmark to measure a company's ESG standing. Each fund manager is responsible for incorporating the factors they believe to have a financial impact into the investment process of their strategy. As such, each fund manager is responsible for the integration of ESG considerations into their company analysis.

Significant ESG issues may impact the assessment of intrinsic value or may lead a fund manager not to invest or to divest from an existing holding. For strategies with Responsible Investment mandates, this oversight can extend to monitoring investee companies with higher ESG risk relative to the average portfolio holding, discussion of material ESG issues for a company or sector, consideration of new and ongoing controversies, review of voting records, consideration of engagement opportunities and monitoring the sustainability and carbon risk of the portfolios against peers and appropriate benchmarks.

Oversight and Reporting

Pengana's Risk Team, including Pengana's Chief Investment Officer, provides oversight over each strategy's compliance with this policy and their respective ethical and ESG mandates.

For strategies that have Responsible Investment mandates, portfolios are monitored on an ongoing basis for contraventions of applicable ethical screens, deviation from thematic mandates, major controversies and ESG related issues.

Assessment of the responsible investment capabilities and training needs of our various internally managed investment teams is conducted on an ongoing, need-basis.

Responsible Investment Overview of Internally Managed Strategies

Pengana Australian Equities

The Pengana Australian Equities Fund (the Fund) has been managed with the same investment philosophy and process since 2008.

The team believes every business requires a social license to operate successfully and target investments in companies which act in the interests of their shareholders, obey relevant local laws, and seek to comply with prevailing community expectations about corporate responsibilities.

If a company does not have a sustainable social license, based on the trust and confidence of the community and other stakeholders, the team believes this will impact financial performance and impair shareholder value. The assessment of this license, and its sustainability, is at the heart of the Fund's Responsible Investing approach.

The Fund will not invest in companies that the team believes perpetrate any of the following activities:

- Labour rights violations
- Human rights abuses
- Animal cruelty
- Environmental degradation

Certain industries such as healthcare, education, aged care, and childcare have positive social attributes to which the team is favourably disposed.

The Fund incorporates environmental, social and corporate governance considerations into its investment analysis process, to the extent that these matters have the potential to impact the factors upon which investment decisions are based.

The Fund has a defined policy for engagement with companies, with the process of engagement systematically tracked and recorded for progress. The team has clear disclosure expectations and a defined policy for voting on company resolutions and will engage with the company prior to the vote to discuss its stance and rationale.

For more detail, please refer to the Pengana Australian Equities Fund Responsible Investment Policy.

Pengana Emerging Companies

The Pengana Emerging Companies Fund (the Fund), since its inception in 2004, has been managed with a strict and consistent process around risk controls and valuation disciplines.

The Fund seek to avoid investing in businesses that the investment team believes are involved in activities that are unnecessarily harmful to people, animals or the planet. The Fund does not invest in producers of tobacco, manufacturers of nicotine alternatives and tobacco-based products, or companies involved in the development and production of controversial or nuclear weapons. To do so, the Fund aims to avoid investments in companies that derive material operating revenues from direct business involvement in the activities listed in the table below.

Excluded activities	Threshold
Adult content	5% of revenue from the production of adult content 15% aggregate revenue from the production, distribution and retail of adult content
Non-regulatory animal testing for cosmetics	5% or more of revenue from production of non-regulatory animal-tested cosmetics. 15% aggregate revenue from production, distribution and retail of non-regulatory animal-tested cosmetics
Cryptocurrency	No direct investment in crypto currencies No direct investment in crypto currency exchanges
Fossil fuel generation (coal, coal seam gas, oil)	Primary source of income is exploration and production of fossil fuels
Problem gambling	5% of revenue from casino related revenue 15% of revenue from poker machine related revenue Companies skewed to “leisure gaming” for example lotto tickets fall within our accepted level of social impact
Predatory lending	5% of revenue from predatory lending activities
Human rights abuses and exploitation	Companies involved in serious or systematic human rights related controversies
Mining	Primary source of income is mining or exploration
Mining Services	Maximum 20% exposure to companies that derive more than 50% of revenue from providing products or services to mining companies Nil exposure to companies that derive more than 20% of revenue from providing products or services to coal miners
Nuclear	5% of total electricity distributed from nuclear power in a given year 5% of power generating capacity attributed to nuclear sources in a given fiscal year
Tobacco	Nil revenue from growers, producers or licensors of tobacco products, nicotine alternatives and tobacco-based products
Weapons	Nil revenue from the manufacture, development and/or production of controversial weapons (being biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/submunitions and their key components). Nil revenue from the development, production and maintenance of nuclear weapons 5% of aggregate revenue from the production, distribution and retail of firearms and ammunitions

The Fund favours companies which contribute to positive social and environmental outcomes and where prudent, seeks to allocate capital to such investments. In all cases, the Fund seeks investment where the returns are predictable and valuations allow for capital appreciation. Favourable sectors of current focus include:

Environmental	Social
Sustainable energy	Education
Circular economy and waste management businesses	Healthcare and wellbeing
Sustainable infrastructure	Affordable housing Aged and child care

Governance policies, environmental footprints, and corporate social responsibility all have the potential to impact a company's valuation and long-term financial performance. ESG considerations are therefore aligned with long-term investment goals.

The Fund aims to invest in companies which we consider to be responsible corporate citizens. These companies act in the interests of their shareholders by obeying relevant local laws, maximising relationships with stakeholders, and complying with prevailing community expectations about corporate responsibilities. These standards and expectations will continue to evolve through time and the process will accordingly evolve along with them.

Meetings with company management provide an opportunity to discuss material non-financial risks and opportunities. Non-financial factors are assessed and weighted in a proprietary quality scoring matrix which seeks to formalise the assessment of key criteria.

Consideration of ESG issues raised by prospective and existing investments are investigated within the investment research process and incorporated into the quality scoring matrix. The investment team does not use third party ESG scores.

The investment team does not outsource voting intentions to third party advisors. The investment team use direct contact with management teams to form and express a view on the company's capabilities and strategies.

The investment team do not seek to invest in a flawed company in the hope of forcing change at board level to achieve an outcome or invest in a company with poor ESG principles in the hope of advocating for change. The investment team will consider a company's corporate governance practices in the context of what is in the best interests of clients and have appropriate regard to the company's circumstances.

The investment team generally vote shares as they believe a voice is important in avoiding poor governance or financial outcomes.

For more detail, please refer to the Pengana Emerging Companies Fund Responsible Investment & ESG Policy.

Pengana Global Small Companies

The Pengana Global Small Companies Fund (the Fund) has been managed with the same investment philosophy by Lizard Investors since its inception in 2015. Its goal is to first and foremost provide clients with investment strategies that meet their needs and deliver strong risk-adjusted, long-term performance. As fiduciaries of clients' assets, Lizard employ a disciplined investment process that seeks to both uncover opportunities and evaluate potential risks while striving for the best possible return outcomes within the investment guidelines. Fundamental analysis is the foundation of all investment decisions.

Lizard believes that companies that consider ESG factors are well positioned for sustainable growth and profitability over the long term. Through its bottom-up investment approach, Lizard endeavour to understand the long-term sustainability of a company's business model, and the factors that could cause it to change. The team believes that ESG factors can potentially influence investment risk and return and, therefore, incorporate ESG risk considerations into their fundamental investment analysis.

ESG factors are considered as part of the bottom-up analysis undertaken on each stock and form part of the qualitative assessment. They are seen primarily as a risk management tool, with ESG issues considered for both their short-term and long-term impact and hence their materiality to a stock.

Lizard does not implement a process that filters certain classes out of our investable universe, however all three factors may be considered when researching a company. The team focuses on high-quality value-creating companies trading below their intrinsic value and seek to identify what they believe are the most important drivers as the strength or weakness of a business model. They look for these qualities and construct the portfolio within a five-category framework. These categories are:

- corporate governance,

- sustainable business model,
- strong balance sheet,
- disciplined management, and
- compelling valuation.

Corporate governance specifically is one of the core categories within the investment framework and a main factor when determining the validity of the investment thesis in a company. Considerations include strength of management team, business conduct and ethics, company policies and standards, transparency, corporate culture, and remuneration. Lizard believes strong corporate governance, integrity and accountability help to protect minority stakeholders and are necessary for long-term value creation.

The team considers social and environmental effects when determining the viability of a business model and its sustainability and longevity. A sustainable business model may create, deliver, and capture value for all its stakeholders without depleting the natural, economic, and social capital it relies on. It scales effectively without diminishing returns or increasing the risk of failure and it increases differentiation and competitiveness.

ESG related information is derived from contact with companies, as well as information from external sources such as suppliers, competitors, and brokers. Relevant information is also derived from our extensive experience and knowledge of companies and their management. The information is assessed internally, allowing us to determine the materiality of the issues and adjust our focus and requirements between different sectors.

Lizard does not incorporate an ethical screen as part of the investment process preferring a principled and pragmatic approach.

The Fund seeks to avoid investing in any companies that Lizard believes could be tied to any of the following activities:

- Labour rights violations
- Human rights abuses
- Animal cruelty
- Environmental degradation
- Bribery or corruption

The team strives to understand a business through multiple interactions with management. They don't seek to actively influence a company, but rather would eliminate those companies that they don't view as sustainable.

Lizard does not outsource its voting intentions to third party advisors. It would rather use direct contact with management teams to form and express views on the company's capabilities and strategies.

Lizard votes its shares in instances where it believes its voice is important in avoiding poor outcomes, however Lizard is not an activist shareholder, and would not invest in a flawed company in the hope of forcing change.

For more detail, please refer to the Pengana Global Small Companies Fund ESG Framework.

Pengana High Conviction Equities Fund

The Pengana High Conviction Equities Fund (the Fund) utilises a negative screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors.

The Fund does not invest in producers of tobacco, manufacturers of nicotine alternatives and tobacco-based products, or companies involved in the development and production of controversial or nuclear weapons.

Before a company is added to a portfolio, the extent of an investee company's business involvement in screened activities is assessed by reference to a report sourced from Sustainalytics, an independent provider of ESG and corporate governance research and ratings. The report forms the basis for our assessment of business involvement and recent controversies

related to the company in question. The Pengana Capital Group ("PCG") Risk Officer has final veto power on whether a stock meets the screening criteria for inclusion in the portfolio.

Screened activities	Threshold
Adult content	5% or more revenue from the production of adult content 15% or more aggregate revenue from the production, distribution and retail of adult content
Alcohol	5% or more revenue from the production of alcohol 15% or more aggregate revenue from the production, distribution and retail of alcohol
Non-medical, non-regulatory animal testing	Excludes companies involved in non-regulatory animal testing for non-medical products where there is no legal requirement
Fossil fuels (GICS 101020)	Nil investment in companies with the global industry classification standard (GICS) 101020 "Oil, Gas and Consumable Fuels"
Gambling	5% or more revenue from ownership of operation of gambling-related business activities 15% or more aggregate revenue from gambling-related business activities
Genetically modified organisms in agriculture	5% or more revenue from the development or growth of Genetic Engineering - agriculture
Human rights abuses and exploitation	Serious or systematic controversies relating to human rights violations
Nuclear	5% of total electricity distributed from nuclear power in a given year 5% of power generating capacity attributed to nuclear sources in a given fiscal year.
Palm oil production	Companies involved in Palm oil production or Serious or systematic logging related controversies
Securities from issuers on UN sanctions list	
Tobacco	Nil revenue from the growth, production or licencing of tobacco products, nicotine alternatives and tobacco-based products 15% or more aggregate revenue from the distribution and retail of tobacco products, nicotine alternatives and tobacco-based products
Weapons	Nil revenue from the manufacture, development and/or production of controversial weapons (being biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/submunitions and their key components). Nil revenue from the development, production and maintenance of nuclear weapons. 15% or more aggregate revenue from the production, distribution and retail of firearms and ammunitions.

Governance policies, environmental footprint and corporate social responsibility all have the potential to impact a company's valuation and long-term financial performance. ESG risk management aligns with long-term investment goals.

Implementation and incorporation of ESG analysis into the Fund's investment process is reflected differently across companies, sectors and regions, and is an evolving process.

Assessing a company's corporate governance practices is an important aspect of the investment process. The Investment Team recognises that there is no one single indicator with global application that identifies when companies are failing to adopt best corporate governance practices, that different markets may adopt different practices and structures of corporate governance, and that best practice may change and evolve over time. Therefore, the Investment Team's approach to corporate governance may change according to a company's local laws, regulations, and established guidelines. In addition, the Investment Team may refer to the Organisation for Economic Co-operation and Development ("OECD") Principles of Corporate Governance, as they represent widely accepted standards for corporate governance in many countries.

The Investment Team believe that companies will generally be judged to be environmentally and socially responsible corporate citizens if they act in the interests of their shareholders, obey relevant local laws, and seek to comply with prevailing community expectations about corporate responsibilities. Standards and community expectations have evolved over time and the Investment Team believe that this will continue.

ESG considerations are not only sector and company specific but can also encompass global thematic issues such as climate change or country specific issues such as political risks.

There is not a commonly adopted rating or benchmark used to measure a company's ESG standing. Guided by the standards developed by the Sustainability Accounting Standards Board (SASB) and using Sustainalytics as our primary data source, the Investment Team have developed a filter that identifies the subset of relevant sustainability factors most likely to have financially material impacts for a sector/industry. This supplements meetings with management, company reporting and other desktop research and also forms the basis for on-going engagement with investee companies.

Investment decisions are based on both financial and non-financial considerations, including the results from the ESG risk review. Significant ESG issues that affect a company's value drivers such as sales or profit margins may impact the assessment of intrinsic value or may lead to not invest or to divest from a holding. The potential financial impacts of ESG risks/opportunities are considered when determining a company's valuation and may impact the weighting of the investment in the overall portfolio.

Consideration of ESG issues raised by prospective and existing investments are investigated within the investment research process and discussed at Investment Team meetings as required. The potential financial impacts of ESG risks/opportunities are considered when determining a company's valuation and may impact the weighting of the investment in the overall portfolio.

For more detail, please refer to the Pengana High Conviction Equities Fund Responsible Investment Policy.

Pengana High Conviction Property Securities Fund

The Pengana High Conviction Property Securities Fund (the Fund) invests in Australian property securities including AREITs, Real Estate Developers and Fund Managers. In the property sector, ESG issues manifest through a range of particular factors such as energy efficiency, health and safety, pollution and community relations, as well as corporate governance issues such as board structure and shareholder rights.

ESG issues are considered throughout the investment process as the team identifies, researches and manages investment opportunities. They can be key elements when considering investment return and risk mitigation. The team considers ESG factors to the extent that they are relevant to a particular business and may have a material impact on its investment performance. The ESG research is conducted internally, allowing the team to fully understand the issues as they relate to a particular company's circumstances and to have meaningful debates with management about our concerns. Research findings are incorporated directly into the valuation model and can have a significant impact on a company's rank relative to peers.

Environmental performance and sustainability are considered through NABERS ratings that incorporate energy efficiency, water usage, waste management and indoor environment quality of a building. Importantly, the team tracks how a company is progressing on achieving its sustainability and energy targets as it can have a direct impact on financial outcomes.

Social factors are particularly important for real estate companies that work closely within their communities such as shopping centre landlords or residential developers. Having a diverse and inclusive culture, for example, not only attracts future talent but can drive superior outcomes in delivering a product that suits the community that it operates in.

Companies that the team deem to have poor Corporate Governance are screened out as this represents a direct risk to shareholders. Companies with exposure to unethical sectors such as alcohol, tobacco, gambling or fossil fuels are marked down in terms of the "E" and "S" scores in the valuation model based on the level of income that is generated from these sectors. The Fund does not invest in producers of tobacco, manufacturers of nicotine alternatives and tobacco-based products, or companies involved in the development and production of controversial or nuclear weapons.

Through the ongoing research process and the ESG questionnaire used to rank ESG factors, the team engages with investee companies to gain an understanding of both financial and ESG issues. ESG issues covered are company specific and range from supply chain management to product quality and safety to ecological impacts of operations. The team raises issues that they believe have the potential to erode shareholder value. The team considers voting at company meetings such as Annual General Meetings as a key part of its fiduciary duty to maximise long term shareholder value. Voting is not outsourced to a third party and copies of voting records can be provided to investors on request.

Responsible Investment Overview of Externally Managed Strategies

Pengana Axiom International Ethical Funds

ESG Integration

Axiom holistically integrates environmental, social, and governance (ESG) considerations into its investment process, organizational structure, and firm culture. Axiom is an investor-led, performance-driven partnership implementing a differentiated fundamental, bottom-up, dynamic growth investment philosophy across the entire organization. As fiduciaries, investors, and responsible stewards of clients' capital, Axiom construct portfolios of dynamic growth companies designed to meet clients' needs and deliver sustained, risk-adjusted performance over the medium-to longer-term.

For detailed information on Axiom's ESG and Stewardship practices please refer to the Pengana Axiom International Equities Responsible Investment Policy.

Ethical Screens

The Funds seek to avoid investing in businesses that are, in Pengana's opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The Funds utilise a negative screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors:

Screened activities	Thresholds
Adult content	5% or more revenue from the production of adult content 15% or more aggregate revenue from the production, distribution and retail of adult content
Alcohol	5% or more revenue from the production of alcohol 15% or more aggregate revenue from the production, distribution and retail of alcohol
Non-medical, non-regulatory animal testing	Excludes companies involved in animal testing for non-medical products where there is no legal requirement
Fossil fuels (GICS 101020)	Companies with the global industry classification standard (GICS) 101020 "Oil, Gas and Consumable Fuels" 15% or more aggregate revenue from Thermal Coal, Conventional Oil & Gas Febelfin, Unconventional O&G
Gambling	5% or more revenue from ownership of operation of gambling-related business activities 15% or more aggregate revenue from gambling-related business activities
Genetically modified organisms in agriculture	5% or more revenue from the development or growth of Genetic Engineering - agriculture 15% or more aggregate revenue from the consumption, use or retail of Genetic Engineering - agriculture
Human rights abuses and exploitation	Serious or systematic controversies relating to human rights violations
Mining (GICS 151040)	Companies with the global industry classification standard (GICS) 151040 "Metals and Mining"
Nuclear	5% or more of revenue classified as Nuclear Power Supplier 15% or more aggregate revenue from nuclear power related activities
Palm Oil production	Companies involved in Palm Oil production or Serious or systematic logging related controversies
Securities from issuers on UN sanctions list	
Tobacco	Nil revenue from growers, producers or licensors of tobacco products, nicotine alternatives and tobacco-based products

	15% or more aggregate revenue from the distribution and retail of tobacco products, nicotine alternatives and tobacco-based products
Weapons	<p>Nil revenue from the manufacture, development and/or production of controversial weapons (being biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/submunitions and their key components).</p> <p>Nil revenue from the development, production and maintenance of nuclear weapons.</p> <p>15% or more aggregate revenue from the production, distribution and retail of firearms and ammunitions</p>

For more detail, please refer to the Pengana Axiom International Ethical Funds Responsible Investment Policy and to the Axiom Investors ESG Policy.

Pengana Harding Loevner International Strategies

ESG Integration

Harding Loevner include an explicit consideration of ESG risk factors into equity security evaluation. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which Harding Loevner judge whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of Harding Loevner's investment process.

Pengana International Equities Limited – Ethical Screens

Pengana International Equities Limited is committed to responsible investing and seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The Investment Manager utilises a negative screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors.

Screened activities	Thresholds
Adult content	<p>5% or more revenue from the production of adult content</p> <p>15% or more aggregate revenue from the production, distribution and retail of adult content</p>
Alcohol	<p>5% or more revenue from the production of alcohol</p> <p>15% or more aggregate revenue from the production, distribution and retail of alcohol</p>
Non-medical, non-regulatory animal testing	Excludes companies involved in animal testing for non-medical products where there is no legal requirement
Fossil fuels (GICS 101020)	<p>Companies with the global industry classification standard (GICS) 101020 "Oil, Gas and Consumable Fuels"</p> <p>15% or more aggregate revenue from Thermal Coal, Conventional Oil & Gas Febelfin, Unconventional Oil & Gas Febelfin</p>
Gambling	<p>5% or more revenue from ownership of operation of gambling-related business activities</p> <p>15% or more aggregate revenue from gambling-related business activities</p>
Genetically modified organisms (agriculture)	<p>5% or more revenue from the development or growth of Genetic Engineering - agriculture</p> <p>15% or more aggregate revenue from the consumption, use or retail of Genetic Engineering - agriculture</p>
Human rights abuses and exploitation	Serious or systematic controversies relating to human rights violations
Mining (GICS 151040)	Companies with the global industry classification standard (GICS) 151040 "Metals and Mining"
Nuclear	<p>5% or more of revenue classified as Nuclear Power Supplier</p> <p>15% or more aggregate revenue from nuclear power related activities</p>

Severe Impact on Ecosystems	Companies with Severe and Very Severe Operational Impacts on Ecosystems Controversies
Securities from issuers on UN sanctions list	
Tobacco	<p>Nil revenue from growers, producers or licensors of tobacco products, nicotine alternatives and tobacco-based products</p> <p>15% or more aggregate revenue from the distribution and retail of tobacco products, nicotine alternatives and tobacco-based products</p>
Weapons	<p>Nil revenue from the manufacture, development and/or production of controversial weapons (being biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/submunitions and their key components).</p> <p>Nil revenue from the development, production and maintenance of nuclear weapons.</p> <p>15% or more aggregate revenue from the production, distribution and retail of firearms and ammunitions.</p>

For more detail, please refer to the Pengana International Equities Limited Responsible Investment Policy, the “How Harding Loevner Invests Responsibly” Policy.

Pengana WHEB Sustainable Impact Fund

WHEB have identified critical environmental and social challenges facing the global population over the coming decades. WHEB invests in a diverse portfolio of global companies providing solutions to these sustainability challenges via nine sustainable investment themes.

For detailed information on WHEB’s Sustainable and Impact Investing practices please visit the Impact Microsite at impact.pengana.com.

Pengana Private Equity Trust

The Pengana Private Equity Trust (ASX: PE1) gives investors the opportunity to access a diversified portfolio of global private market investments, with a select allocation to private credit and opportunistic investments. PE1 has traded on the ASX since April 2019.

The Trust is managed by Grosvenor Capital Management L.P (GCM), one of the largest and longest continually operating allocators to alternative investments in the world.

GCM’s ESG Policy provides a framework for how GCM applies ESG considerations to how it operates its business, how GCM engages with the communities in which it does business, and how GCM pursue, evaluate, and implement investments. ESG considerations are taken into account at the Firm level, fund manager level, and investment level.

For detailed information on GCM’s ESG and Stewardship Practices, please read GCM’s Environmental, Social, and Governance Policy at gcmgrosvenor.com/responsible-investing.

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