

Responsible Investment Philosophy and Approach

Background and scope

Pendal Group Limited is an independent, global investment management business focused on delivering superior investment returns for clients through active management. We operate a multi-boutique structure offering a broad range of investment strategies. This multi-boutique structure allows our experienced fund managers the ability to be independent in their thinking, maintain autonomy over their approaches and be accountable for the outcomes.

This document applies across Pendal Group Limited's Australian investment management business ('Pendal'). While allowing for autonomy under our multi-boutique model, this document on Pendal's philosophy and approach to responsible investment (RI) provides overarching guidance to our investment boutiques.

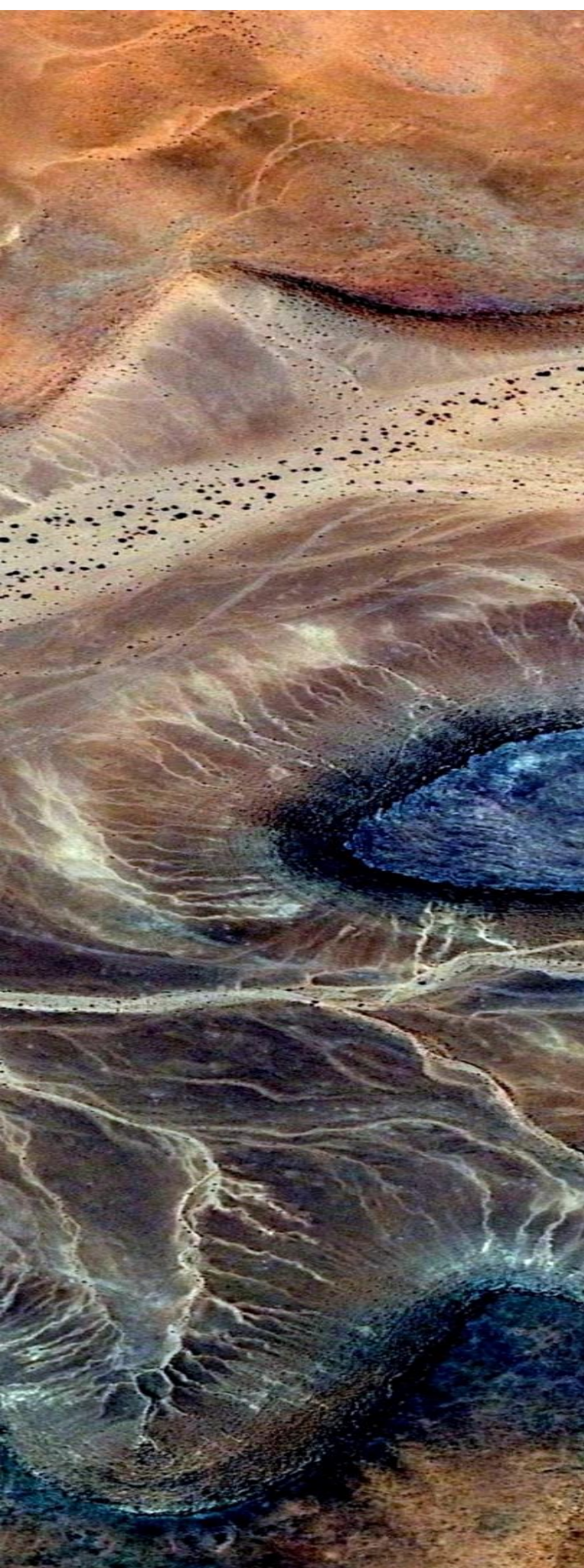


Overarching statement

Pendal Group has a long heritage of responsible investment (RI) dating back to 1984. As a fiduciary, we believe it is important to invest responsibly to protect and enhance value over the long term. As a corporate citizen, we also view effective management of our impact upon the environment, the community and other stakeholders as critical to our ability to deliver sustainable shareholder value.

The Group recognises the importance and evolving nature of RI and continue to adapt and enhance our practices and approach to meet the needs of our stakeholders and deliver on our corporate and fiduciary responsibilities. Building out Pendal's RI capabilities is a key pillar of Pendal Group's corporate strategy.

However, our investment boutiques continue to evolve their own approach to RI, integrating environmental, social and governance (ESG) considerations into their investment process and stewardship practices as they see most relevant to their respective strategies and asset classes. This autonomy and diversity in approach is a key strength of our business and plays an important role in our ability to deliver the investment outcomes and solutions that meet the needs of our clients, including with consideration to their values and principles.



Responsible investment philosophy

The performance of companies in which we invest is linked to a number of factors including the quality of its management and ability to build resilience in the business. The way a company manages ESG issues can provide insight into its exposure to risks or ability to capitalise on emerging opportunities.

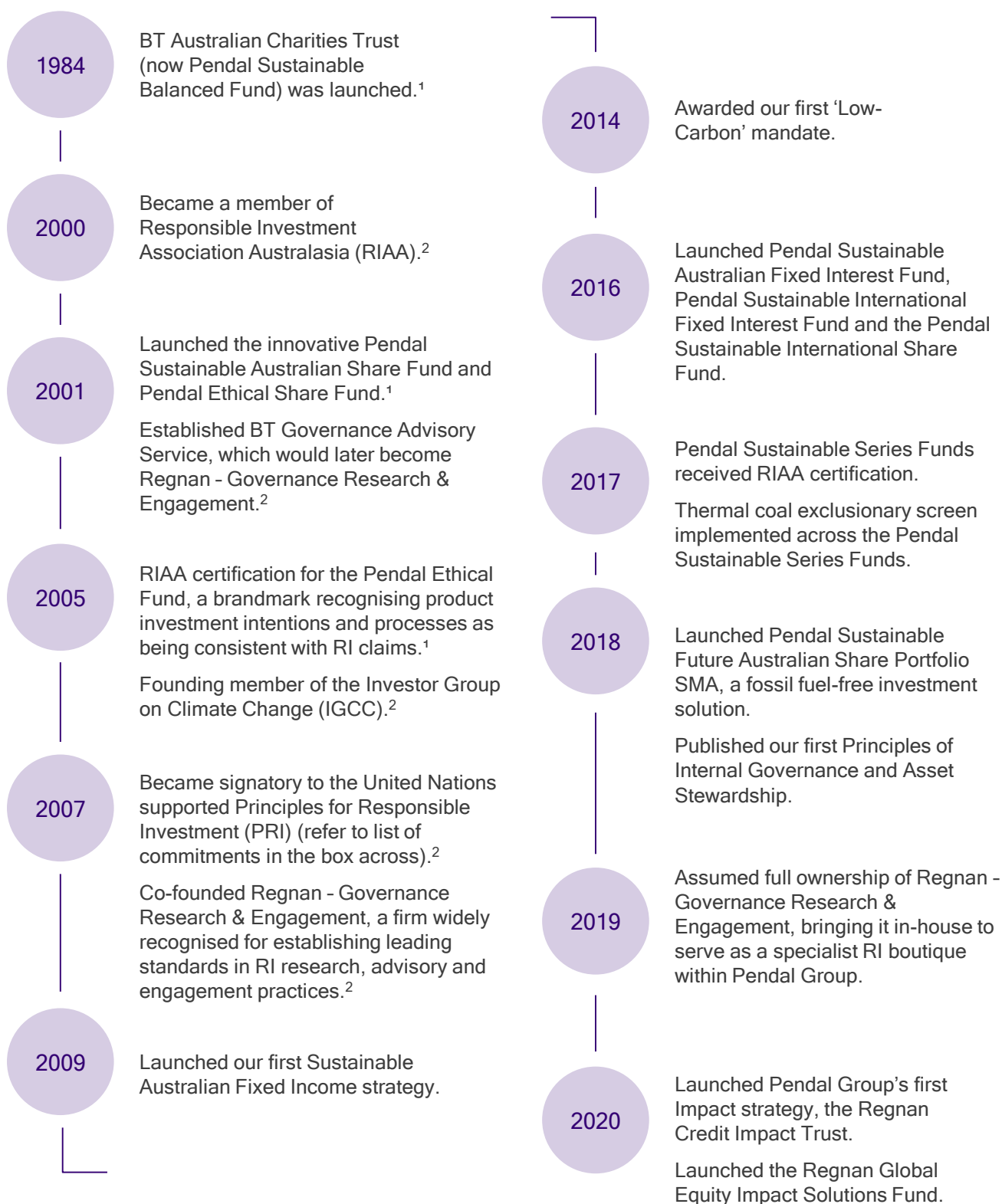
Pendal's RI philosophy is based on three core beliefs:

- Attention to ESG factors contributes to better informed investment decisions and can improve the quality and consistency of long-term value creation.
- As an active investment manager, we are well positioned to identify a full range of risks faced by the entities in which we invest, including ESG risks (and opportunities). We provide investment solutions to our clients which help them manage investment risks and thus enhance returns, and where relevant, support additional client objectives such as around sustainability outcomes.
- Our actions and decisions can affect practices in the entities in which we invest, such as in the way the company manages its risks, or its impact upon the environment or the community. We have both a fiduciary duty and an interest in responsibly managing this influence.

We strive to assist our clients to meet financial and non-financial objectives they may have through performance-driven investment solutions including where relevant dedicated investment options aligned to their ethical, environmental or social priorities.

Our responsible investment history

Our commitment to corporate sustainability and responsible investing has a long and proud heritage. Key milestones in Pendal's RI journey to-date include:



¹ The fund was launched when Pendal was part of the BT Financial Group. Pendal Fund Services Limited (previously known as BT Investment Management (Fund Services) Limited) became the responsible entity of this fund in 2007.

² When Pendal was part of the BT Financial Group.

Signatory to the PRI

Pendal is a signatory to the Principles for Responsible Investment (PRI), and therefore endorses the PRI's six principles:

1

We will incorporate ESG issues into investment analysis and decision

2

We will be active owners and incorporate ESG issues into our ownership policies and practices

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest

4

We will promote acceptance and implementation of the Principles within the investment industry

5

We will work together to enhance our effectiveness in implementing the Principles

6

We will each report on our activities and progress towards implementing the Principles.

ESG integration

ESG integration refers to the inclusion of ESG factors within investment analysis and decision making. Where any ESG considerations may impact the financial performance of an investment, those factors are taken into account as part of our active investment processes (in the same way as we consider other potential risk factors).

Our investment teams acknowledge their responsibilities as signatories to the PRI and continue to progressively factor in ESG considerations more systematically into their investment processes across multiple asset classes - including research, analysis and due diligence - covering issues such as environmental management, board capability, labour issues and ethical conduct. Reflecting our global business model and multi-boutique structure, teams have autonomy to integrate ESG factors in a manner consistent with their investment approach and asset class.

A number of drivers - from the materiality of ESG factors in valuations through to regulatory changes - all reinforce the need to enhance our capabilities in ESG and our access to high quality, investment-relevant research. As such, we continue to build out our capabilities in ESG, and supporting infrastructure such as specialist ESG research and tools. Our Regnan business unit provides additional ESG related support to our investment teams through high quality ESG research and thought leadership.

The deeper our capabilities are in this space, the better placed we are to manage risk but also to encourage more sustainable business practices among our investee companies and issuers.

An aerial photograph of a dense forest, likely a coniferous forest, is shown. A large, semi-transparent purple rectangle is overlaid on the top half of the image, serving as a background for the text. The sky is visible in the upper right corner, showing some clouds and a contrail from an aircraft.

Active ownership

Active ownership refers to the use of the rights and position gained from securities ownership to influence the activities or behaviour of investee companies or issuers, such as through corporate engagement and proxy voting. Active ownership is a natural extension of our active approach to investment management. Further, we see this as part of our obligations in being a responsible steward of capital.

Where appropriate, Pandal actively engages with investee companies and issuers. We focus on meeting with companies or issuers where we have identified areas of concern or where our shareholding affords us greater influence so we may drive improved practices, including on ESG matters. We have an interest in doing so as improved management of these risks and opportunities helps to drive improved financial outcomes.

Consistent with the philosophy underpinning our multi-boutique structure, we do 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, jurisdiction and client base.

In addition to our direct engagement, we participate alongside other institutional investors in Regnan’s collective engagement program, as well as other collaborative and industry initiatives.¹ Such collaboration helps to ensure a coordinated approach and to add weight to matters of market integrity.

We regard the exercise of voting rights as an important aspect of RI. We take an active approach to voting, considering each decision on a case-by-case basis. While we will not become involved in day-to-day management issues, we recognise that we can influence company policy on ESG matters by virtue of shareholdings under our management.

We are committed to transparency in our active ownership practices, and provide comprehensive information to clients such as disclosing proxy voting and engagement on our website.² Please also refer to our ‘Principles of Internal Governance and Asset Stewardship’ available on our website for additional information.

¹ Please refer to our website for the initiatives and associations of which we are a member or participant - <https://www.pandalgroup.com/about/corporate-governance/industry-representation/>

² <https://pandalgroup.com/about/corporate-governance/>



Approach to key ESG issues

We recognise the need for the RI agenda to evolve with changes in society and the financial ecosystem, and place additional emphasis on emerging topics within RI as their importance increases.

Statements on Pental Group's approach to specific ESG issues can be found on the Pental Group website:

- Pental Group Climate Change Statement
- Pental Group Human Rights Statement

Conclusion

We believe investing responsibly enables us to better deliver competitive returns and, where applicable, do so in a manner consistent with the values and objectives of our clients. We understand that views on responsible investing are varied and that approaches need to evolve with changes within society and the corporate environment. As such, we continue to develop our RI processes and are committed to continuing our proud heritage of partnering with our clients, delivering RI products and solutions to meet their needs and with a focus on supporting long-term wealth creation.

As a corporate citizen, we also view effective management of our impact upon the environment, the community and other stakeholders as critical to our ability to deliver sustainable shareholder value.

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A product disclosure statement (PDS) or information memorandum (as appropriate) can be obtained by calling 1800 813 886 or visiting www.pentalgroup.com. You should obtain and consider the PDS or information memorandum for each Fund before deciding whether to acquire, continue to hold or dispose of units in any of the Funds. An investment in any of the Funds is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

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