

## Goldea's Responsible Investment Policy

### Goldea is committed to ESG

In its fiduciary role, and as a responsible asset management company, Goldea integrates environmental, social, and governance (ESG) analysis into its investment decision making process. The following list, which is not exhaustive, describes some of the most important environmental, social and governance factors considered in the investment process.

#### **Environmental:**

Goldea believes that companies with a strong emphasis on environmental issues deliver superior long-term sustainable returns for investors. The following factors broadly represent the main environmental issues taken into consideration in the investment process:

- Climate change (e.g. greenhouse gas emissions, carbon footprint)
- Natural capital (e.g. biodiversity and land use, raw material sourcing, water stress)
- Pollution and waste (e.g. electronic waste, packaging material, toxic emissions and waste)
- Environmental opportunities (e.g. clean technology, green building, renewable energy)

#### **Social:**

Goldea believes that companies should place a strong emphasis on social outcomes, particularly in respect of human rights, the elimination of discrimination, and inclusion and diversity in the workplace. In assessing social performance, the following are important issues:

- Human capital (e.g. health and safety, labour management, labour standards, supply chain)
- Community and stakeholder relations
- Animal welfare
- Product liability (e.g. health and demographic risk, product safety and quality, chemical safety, privacy and data security)

#### **Governance:**

Goldea believes that an effective board with a balance of independence, skills, perspectives, gender, age and expertise helps deliver strong corporate governance. In assessing governance, the following factors broadly represent the relevant issues:

- Overall corporate governance (e.g. remuneration and incentives, accounting, risk management and board composition)
- Controversial investments
- Ownership, particularly staff shareholders
- Overall corporate behaviour (e.g. business ethics, anti-competitive practices, corruption and instability, tax transparency)

As an important part of Goldea's commitment to ESG, Goldea is a signatory to the United Nations sponsored Principles for Responsible Investment (PRI).

The PRI is a voluntary and aspirational scheme which aims to illuminate the financial relevance of ESG issues and provide a framework for contribution to the development of a more stable and sustainable financial system. Becoming a signatory is a public commitment to adhere to the Signatories' Commitment and the six principles of the United Nations PRI.

## **Signatories' Commitment**

*“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).*

*We also recognize that applying these Principles may better align investors with the broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:*

### **Principle 1**

*We will incorporate ESG issues into investment analysis and decision-making processes.*

### **Principle 2**

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

### **Principle 3**

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

### **Principle 4**

*We will promote acceptance and implementation of the principles within the investment industry.*

### **Principle 5**

*We will work together to enhance our effectiveness in implementing the principles.*

### **Principle 6**

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

*The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.*

*In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.*

*We encourage other investors to adopt the Principles.”*

Goldea has also the intention because it seeks to promote the concept of responsible investment across the finance industry and to the investing public, with the objective of increasing the uptake and impact of responsible investment.

## **Responsible investing beliefs**

Goldea believes that proactively managing ESG considerations will deliver stronger long-term investment returns.

Goldea and Goldea's clients are partial owners of the companies we invest in and we rely on management and boards to make the correct decisions to achieve superior environmental, social, and financial performance. Therefore, Goldea believes good corporate governance is particularly important. As an active

manager, engaging with companies on ESG matters is an important aspect of Goldea's investment approach which includes encouraging companies to appropriately disclose and adopt better ESG practices.

Goldea utilises several approaches to ESG in the investment process but believes integration of ESG factors and active company engagement allow for the most comprehensive understanding of ESG risk and opportunity, and for the delivery of superior company ESG outcomes.

Goldea believes that the investment industry has a joint responsibility to promote acceptance and implementation by companies of ESG considerations.

### Responsible investing approach

There are several approaches that can be taken for ESG investing:

- **ESG integration:** The inclusion of ESG factors in the investment decision making process.
- **Negative or norms-based screening:** The exclusion of certain sectors or companies involved in activities deemed unacceptable or controversial, or which do not meet international minimum standards e.g. the UN Global Compact.
- **Positive or best-in-class screening:** Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers.
- **Sustainability themed investing:** The selection of assets specifically related to sustainability in single or multi-themed funds.
- **Impact investing:** Targeted investments, typically made in private markets, aimed at solving social or environmental problems.
- **Engagement investing:** Actively engaging with management and other stakeholders to improve ESG factors and voting on all shareholder resolutions.

Goldea applies the following approaches in its investment process: negative screening, ESG integration, and engagement investing.

Goldea takes a whole-of-fund approach to ESG integration whereby important ESG issues are taken into consideration when investing. ESG analysis is included in Goldea's investment decision making process in two ways.

### Exclusion List and ESG integration

First, an Exclusion List is maintained which excludes direct investment in companies that do not meet Goldea's ESG requirements. This list is produced based on Goldea's commitment that it will not directly invest in entities that are directly involved in certain activities.

To view Goldea's current Exclusion List please see [www.goldea.capital/new-to-investing/our-investment-approach](http://www.goldea.capital/new-to-investing/our-investment-approach).

Goldea may add companies to that list whose activities Goldea deems would be regarded as unethical by a substantial majority of the public. While Goldea recognises that many people may believe various other activities are unethical (for example, involvement in gambling, fast food, sugary soft drinks, alcoholic beverages, factory farming, or mining), Goldea does not envisage imposing a blanket restriction on investing in those industries unless the Parliament passes laws or introduces significant public policy to ban these activities.

To the extent it is feasible and commercially prudent, Goldea will avoid indirect investment in companies on the Exclusion List (i.e. through ETFs or other collective investment vehicles). These types of investments are assessed on a case-by-case basis by our portfolio managers and any potential for indirect exposure is carefully considered and factored into investment selection.

Second, Goldea integrates ESG analysis into its investment analysis of companies. This promotes consideration of companies which provide positive ESG benefits in addition to the required financial return. All other factors being equal, a company with superior ESG factors is likely to receive a more positive recommendation by the investment team. Goldea may utilise research from external providers to assess companies' ESG factors.

Goldea does not exclude companies based purely on a negative ESG rating. Any high risk ESG issues or areas of concern that are identified during our investment analysis are discussed with the company during the assessment process. Where appropriate, companies will be engaged on ESG matters to encourage an improvement in their corporate behaviour.

### Active Engagement

Goldea is an active owner of the shares it holds. Engagement with companies is an important part of Goldea's investment process and an integral element of our approach to responsible investment.

Engagement is typically with the directors, CEO, CFO, and other senior management of the company. It may take the form of face-to-face meetings, phone conversations, or written communication. The purpose of engagement is to provide insight into the quality of a company's management, strategy, operations, governance structure and approach to ESG issues. When material conflicts arise with respect to a company's strategic direction, remuneration, ESG controversy, or other issues, Goldea will engage with the board of directors, senior management, other investors, and impacted stakeholders to find a satisfactory outcome. Engagement is undertaken pragmatically and subject to Goldea's size of investment, resource, and ability to influence positive outcomes.

### Proxy Voting

Goldea is an advocate for strong corporate governance, shareholder rights, and transparency. Goldea endeavours to exercise its proxy voting rights wherever possible and in a manner which reflects an understanding of the environmental, social, and governance impact of the companies in which Goldea invests.

Goldea primarily makes voting decisions in-house but does subscribe to proxy advisory services to assist with voting matters. Goldea will subscribe to other proxy advisors if it is considered appropriate.