

# kardinia capital

## Investment Stewardship Policy

### Introduction

Kardinia Capital Pty Ltd (ABN 20 152 003 186, AFSL 546441) (**Kardinia Capital**) supports the Australian Asset Owner Stewardship Code (the **Code**).

In doing so, Kardinia Capital implements the following policies to fulfill its Investment Stewardship responsibilities (together, the **Investment Stewardship Policy**).

#### 1. **Principle 1: Engagement**

Engagement with investments aims to promote practices that improve long-term investment value for members. Kardinia Capital's engagement with its investments is conducted on an ongoing basis, is tailored to the characteristics of the relevant holding, and may be undertaken with management, the Board, or via Kardinia Capital's nominees (where relevant). Engagement may be undertaken directly by Kardinia Capital or via engagement service providers. Kardinia Capital may proactively engage with investments on environmental and social governance (**ESG**) themes or to resolve concerns as they arise.

##### (a.) Direct Engagement

With the objective of enhancing ESG considerations and transparency among corporates, we will seek to influence the companies in which we invest through engagement and voting when material issues arise.

Via direct meetings, we will encourage companies to improve their management of material ESG issues, increase their level of disclosure and develop more sustainable business practices.

The engagement process encompasses three key areas:

- (i) **Ongoing relationship building** which ensures companies understand the importance of ESG factors on an ongoing basis.
- (ii) **Themes based engagement** focusing on specific themes that our ESG program has identified as a priority – recent examples include gender diversity, climate change and workforce issues.
- (iii) **Ad hoc specific issues engagement** which seeks resolution of specific ESG concerns or to engage on a particular voting matter.

##### (b.) Indirect Engagement

Kardinia Capital is engaged with proxy voting advice and ESG engagement services. These services engage with companies on behalf of Kardinia Capital to expand the breadth of our engagement coverage and strengthen our voice and influence.

#### 2. **Principle 2: Voting**

Kardinia Capital votes on resolutions paying due regard to the materiality and nature of the investment. Kardinia Capital supports resolutions that enhance value, promote, or require appropriate disclosure, ensure appropriate board composition and effective operation, and encourage appropriate performance-based remuneration practices.

Kardinia Capital's voting position is informed by research provided by third party proxy voting advisors and Kardinia Capital's internal research.

### 3. **Principle 3: Transparency**

Kardinia Capital are committed to providing honesty and respect for the 'rules-of-commerce' as they pertain to Kardinia Capital as an important investor in global markets. This includes considering:

- (a) **Treaty obligations** of the Australian government including, but not limited to, the UN Supplementary Convention on the Abolition of Slavery, the Convention on the Elimination of All Forms of Discrimination Against Women, and the Convention on the Rights of the Child.
- (b) **Global initiatives** such as the UN's Sustainable Development Goals and the Paris Agreement on Climate Change as well as related public and private programs that seek global sustainability.
- (c) **Host-country regulations** rules, principles, and requirements as these pertain to Kardinia Capital's investments and its relationships with third-party providers.

### 4. **Principle 4: ESG integration**

The objective of Kardinia Capital is that material ESG factors, being those likely to impact the value of an investment, are considered across investments at relevant stages of the investment process. Integration of ESG factors take place through:

- (a) **Due diligence** which precedes the decision to invest and is focused on the identification and analysis of ESG risks and opportunities.
- (b) **Ownership** where Kardinia Capital exercises its rights and responsibilities as an owner to influence improved ESG practices in its investments.
- (c) **Exit** during which decisions are taken to sell an asset or terminate an external manager mandate.

Kardinia Capital monitor the consistency of ESG integration and ensure alignment of stewardship activities with our engagement activities, voting decisions, recommendations, and strategies.

### 5. **Principle 5: Encouraging regulatory change**

Kardinia Capital engage with government, parliamentary committees and other relevant public-regulatory or policy forums to encourage positive regulatory change within Corporations Law and ESG to be undertaken to ensure the interests of long-term investors are satisfied.

We may do this indirectly or through collaborative initiatives with other companies or service providers.

### 6. **Principle 6: Reporting to investors**

Kardinia Capital will report to investors about our stewardship activities (including our Shareholder Voting Record) and provide public disclosure of items that demonstrate our commitment to this Investment Stewardship Policy.

Disclosures will be readily accessible online unless the content is confidential or commercially sensitive.