

ETHICAL PARTNERS DIVERSITY POLICY

1. Purpose and Scope

Ethical Partners Fund Management (**EPFM**) is:

EPFM's core values of responsibility, accountability and the confidence to be different is consistent with and underpin our Diversity and Inclusion Policy, informing our workplace culture. Not only is everyone at EPFM to be treated with respect, dignity and fairness, inclusivity is continuously fostered with the championing of difference.

This policy sets out the procedures and frameworks in place to uphold diversity and foster inclusivity in an effective and meaningful way, for all employees. These assure the achievement of responsibility and accountability around equal opportunity and prevention of discrimination of any kind. However, our valuing of diversity is sustained in EPFM's proactive approach to overcoming structural inequalities. This is guided by our core values of accountability, responsibility and the confidence to be different, which EPFM strives to emulate in our workplace culture as well as within our business strategy and investment choices.

2. Scope

This Policy applies to all EPFM directors, employees and contractors.

This Policy applies to all activities associated with EPFM during the course of work, including:

- Work related dealings with colleagues, other professionals EPFM may work or deal with and clients of EPFM;
- Work related social activities; and
- Work related dealings outside the EPFM premises and/or usual working hours that are related to and for EPFM.

3. Definitions

Diversity - refers to the various differences between people in the workplace and the way in which these are managed, supported and expressed. These differences may include gender, race, sexual orientation, cultural background, marital or family status, nationality, gender identity, intersex status, beliefs (religious or political), age, disabilities, ethnicity, socio-economic background, medical record, union membership, pregnancy, as well as diverse perspectives, ways of thinking, experiences and other potential points of difference.

Inclusion - refers to positive acts that create and uphold diversity, enabling the mobilisation of its many benefits. The act of inclusion involves fostering a workplace environment in which people feel supported, confident in their expression of ideas and perspectives and enabled to achieve their best. It is the responsibility of all employees to create this environment.

4. Equal Employment Opportunity

EPFM is committed to ensuring equal employment opportunity (**EEO**) and is committed to ensuring our workplace is free from any form of discrimination, harassment, victimisation, bullying and vilification. In assessing whether an employee has engaged in any of the behaviours mentioned in this clause, a person's innocent intent or motive is irrelevant.

This Policy provides that equal opportunity is to be given to all new job candidates and current employees without regard to the non-employment related grounds identified in Clause 3 Definitions, under 'Diversity'. EEO ensures that processes and decisions involved in recruitment and promotion are based on objective standards, based on a person's qualifications relative to the particular role.

It is the Policy of EPFM for all employees to be treated fairly and equitably and to ensure compliance with *Equal Employment Opportunity Act 1987* (Cth) and all other applicable state and federal laws.

5. Principles and Commitments

Diversity and inclusion within EPFM's working environment is a priority we view as essential to our business. It is our view that a diverse workforce is tantamount to attracting and retaining unique skillsets borne out of differing perspectives and contributions. These enable sustainable and innovative strategy and solutions, superior risk management, better decision making and is in alignment with the expectations of our clients, stakeholders, communities and regulators. EPFM is being cognisant of the fact that all workers have varying skills, knowledge, capabilities and perspectives, which are to be valued for and in their differing forms of expression.

EPFM is committed to:

- Attracting and retaining talent composed of diverse backgrounds, experiences and perspectives, and that sustaining this is relevant to EPFM's long-term success. In relation to recruitment, unconscious bias is to be mitigated by assessing candidates based on consistent, pre-determined criteria, assessing the individual's capability to perform the role.
- Protecting EEO for all in relation to recruitment, performance evaluation, professional development training opportunities, career progression, bonuses and other talent management functions, ensuring fair and equitable access to the same, in alignment with SDG targets behind Goal 10 Reduced Inequalities and the *Equal Employment Opportunity Act 1987* (Cth).

This includes:

- Ensuring gender equality by guaranteeing that gender does not obstruct career progression or opportunities, in alignment with the '*gender equality indicators*' as defined in the *Workplace Gender Equality Act 2012* (Cth). EPFM is committed to a balance in gender representation and tracking progress on the same.
- Ensuring race or ethnicity are not barriers to career progression, professional development and learning opportunities.
- EPFM is committed to gender and racial pay equity and monitors continuously for any gaps.

- Recognising all employees hold responsibility in acting positively to ensure an inclusive environment, at any level of the organisation, as a part of their commitment to the business.
- Fostering a workplace environment where all employees feel valued for their unique skillsets, where their contributions and insights are welcomed and encouraged. This is synonymous with the aim of supporting our workers to reach their full potential and perform at their best.
- Not tolerating any form of behaviour or conduct involving discrimination, harassment, bullying, vilification or victimisation.
- Ensuring communication between all employees is respectful regardless of seniority.
- Educating employees on unconscious bias and their personal responsibility to ensure it does not manifest in any way in the workplace.
- Providing flexible working arrangements where possible and practical, based on the understanding that different employees have various needs pertaining to hours or methods of work. This is supported by the EPFM *Parental Leave Policy* which is gender neutral and accommodates the sharing of parental care and responsibilities.
- Increasingly partner with diversely owned businesses along supply chain/value chain where possible

Our commitment to ensuring a diverse and inclusive workplace is in alignment and reflected in the Ethical Partners Code of Conduct and Policies and Procedures Handbook.

6. Diversity and Inclusion within EPFM portfolios

The definitions (Section 3), Commitment to EEO (Section 4) and the Principles and Commitments (Section 5) outlined within this policy also inform how we consider Diversity and Inclusion within our portfolio screening and engagement and align with the standards and culture we expect the companies in which we invest to be fostering.

Ethical Partners actively considers how a company addresses diversity and inclusion, as defined above in Section 3, within our proprietary EPORA screening process, which considers how a company is addressing these issues, what policies and programs they have in place regarding Diversity and Inclusion, and how these are being put into practice. This information then forms part of the investment screening into our investable universe, and our investment decision.

Furthermore, Ethical Partners has a deep commitment to, and active program of, engaging with portfolio companies on Diversity and Inclusion, including advocating for steps such as the adoption of measurement, disclosure and targets on company diversity, programs to improve diversity within their workforce, fair and equitable recruitment policies, attention to unconscious bias and anti-discrimination training, reconciliation action plans or other programs as pertinent to the company's operations. We also engage with portfolio companies on our expectation of commitment to Diversity and Inclusion at all management and board levels.

Ethical Partners also commits to engaging with Portfolio companies on how they are addressing Diversity and Inclusion further than their own workforce and employees and within their other areas of influence and corporate impact, such as within their facilities, customer experience, marketing or product design, as appropriate on a company by company basis.

Ethical Partners further has a commitment to engagement on issues of Diversity and Inclusion on a wider investor community, civil society and government level as able. This includes using our investor voice to advocate and call for change at a wider societal level by actively participating in Investor

Collaborations such as the Investor Statement of Solidarity to address Systemic Racism and call to action, The Investor Statement on Disability Inclusion and as a signatory and active working group participant of the 40:40 Vision for achieving Gender balance in Executive Leadership, or in any other appropriate advocacy channel as able.

7. Responsibilities and governance

It is the responsibility of:

- The EPFM Board to monitor diversity and inclusion on an ongoing basis.
- The CEO, Investment Director and other senior employees to lead by example and act positively to foster a culture of inclusivity, leveraging diversity within EPFM.
- The CEO and Investment Director to act positively to implement this Policy in the course of daily management and in application of this and other policies and procedures in a fair manner.
- The CEO and Investment Director to take immediate action when unacceptable behaviour is recognised or reported.
- All employees to act in accordance with this Policy in the course of their daily interactions and dealings with colleagues, clients and companies in which EPFM invests.
- All employees have a positive duty to create and sustain an inclusive working environment which involves a duty to call out and eliminate discriminatory or inappropriate remarks or jokes.

Any concerns, grievances or complaints about inappropriate behaviour that is in conflict with this Policy are to be reported to the CEO and will be addressed and remedied efficiently, fairly and confidentially.

8. Breach of policy

Any employee found to have breached this policy may amount to misconduct, may be subject to disciplinary action.

Date of last review: June, 2023

Responsibility: CEO

Approved by: CEO and Investment Director

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About the Net Zero 2050 Target – Ethical Partners Australian Share Fund

Ethical Partners is a signatory to the Principles for Responsible Investment (PRI) and a member of the Responsible Investment Association of Australasia (RIAA). PRI signatories and RIAA members undertake to consider environmental, social and corporate governance factors in their investment decision-making and ownership practices. The Fund has adopted a Net Zero Emissions (Scope 1 and 2) by 2050 target. As an interim target, the Fund has the objective of reducing carbon emissions by 50% by 2030. In order to achieve this goal, Ethical Partners utilises its proprietary EPCAP (Ethical Partners Carbon Alignment Process) whereby it has developed a baseline carbon footprint of the portfolio, establishes carbon reduction targets, develops climate action plans and utilises this information in portfolio construction. Ethical Partners will regularly report on the Weighted Total Emissions (t CO2e), Weighted Average Carbon Intensity (t CO2e per \$1m sales) and Actual Emissions (t CO2e) of the Fund. These updates can be found at www.ethicalpartners.com.au.

The EPORA – Ethical Partners Australian Share Fund

The proprietary Ethical Partners Opportunity and Risk Assessment (EPORA) considers such issues as where a company does business, what products or services they sell, their human rights policies and environmental impact.

Ethical Partners believes that using information from both traditional sources such as annual reports and financial statements as well as non-traditional sources such as company sustainability reports, ESG investment reports, company human rights, environmental policies and over 600 individual Australian and global data sources give them a unique insight into business operations, potential opportunities for growth and threats to future revenues.

Only shares of companies listed on the ASX that pass our strict assessment of a company's balance sheet, operating cash flow and company management assessment in addition to the EPORA will be selected and owned. For each company under coverage Ethical Partners via its proprietary approach assesses each category under the EPORA and assigns a low, medium or high risk rating. A company that is assigned a high risk rating in any EPORA category cannot be owned by the Fund (ie is excluded). These risk ratings are continually reassessed as information available to Ethical Partners changes.

Specifically, the EPORA for the Ethical Partners Australian Share Fund will:

- Exclude companies that have direct and owned operations in the gambling, alcohol (production and sale), tobacco (production), uranium (production), weapons (production), predatory lending, fossil fuel (production) industries. We define this as a company having <1% of their net profit after tax (or an equivalent disclosed measure) generated in these areas, typically it will be zero.
- Exclude companies that have substantive operations in more corrupt countries (defined by those that rank in the bottom 30% of Transparency International's Corruption Perceptions Index). We define this as a company having >15% of their net profit after tax (or an equivalent disclosed measure) generated in these areas. Typically it will be zero.
- Exclude companies with poor human rights records, weak policies and could be more prone to reputational risk or brand damage. It will allow for the inclusion of companies that have well documented records and policies around human rights (protection of people), supply chain transparency and sustainability reporting. This is a qualitative process and is an important component of the EPORA.
- Exclude companies with poor environmental records, weak policies and could be more prone to environmental liabilities. It will allow for the inclusion of companies that monitor and report carbon emissions and have better policies and track record of environmental care. This may mean the Fund will own companies that emit relatively high levels of Scope 1 or Scope 2 emissions if Ethical Partners is satisfied that there is a clear plan and pathway to reduce emissions. This is a qualitative process and is an important component of the EPORA.

While the EPORA informs our decisions regarding which companies the Fund will exclude and not invest in, it also assists in identifying ESG leaders which the Fund may own where the valuation and the financial case is appropriate. ESG leaders are identified as "low risk" in many of the ESG assessment categories in the EPORA.

Ethical Partners conducts a significant number of meetings with management teams of companies it assesses and considers for investment. It engages with these management teams in order to advocate for change in many of the ESG areas considered in the EPORA. Details of Ethical Partner's engagement efforts are outlined in its Engagement Report available at www.ethicalpartners.com.au