KINETIC ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY

1. Purpose of Policy:

This Policy sets out Kinetic Investment Partners Pty Limited (”Kinetic”) overall approach to investments having regard to the environmental, social and governance operations and principles in assessing companies in which to invest.

2. Investment Approach

At Kinetic we acknowledge the importance of sustainability for all companies. As fund managers, we have an active role to play by investing in companies that are taking responsibility for Environmental, Social and Governance Policy (ESG) issues and are actively monitoring their compliance with best practice in ESG. Our involvement in ESG reflects our obligation to clients to both maximise long term returns and manage risk. By improving our understanding of individual company’s management of ESG issues, we aim to achieve above average, long term sustainable returns.

We believe that the formal incorporation of ESG factors into overall investment analysis has become essential and therefore have actively sought to incorporate ESG analysis into our investment process. As a part of this commitment, in July 2010 Kinetic became a signatory to the UN Principles for Responsible Investment (UN PRI).

The UN PRI is the overarching framework of our ESG philosophy and as such, we commit to the following:

- We will incorporate ESG issues into our investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues from entitles in which we invest.
- We will promote acceptance and implementation of the UN PRI within the investment industry.
- We will work to enhance our effectiveness in implementing the UN PRI.
- We will report on our activities and progress towards implementing the UN PRI

3 Investment Process

At present, the degree of consideration given to ESG issues varies depending on the nature of the company under consideration. Our investment process remains consistent for every company we consider for investment and ESG factors are considered throughout the investment process.

With over 900 stocks in our investment universe we can be quite selective in the stocks we conduct in-depth research on. If any major ESG issues become apparent during this phase it is highly unlikely that the company will make it through to the next stage of our investment process.

During this stage of the investment process we undertake a large number of company visits and engagements with company management. Our interrogation of company management focuses on the key criteria we use in our stock selection process, including any ESG related issues concerning us. We will also seek the views of other parties such as brokers, competitors and industry contacts to help verify the information provided by individual companies. One concern is the current inconsistent reporting of ESG metrics and consequent difficulty of proper analysis of these considerations.

For companies to be re-rated, they generally require some type of positive or negative catalyst. An important part of our investment process is to focus on catalysts that will drive share price, and in some cases ESG factors may be the primary factor of the re- rating. For example a positive catalyst is a new technology that improves environmental efficiency or a negative catalyst is a potential litigation event driven by poor Corporate Governance.

Our evaluation of ESG issues is undertaken at the stock selection level. ESG issues are discussed with management and other relevant parties. Post management interaction, ESG issues and potential mitigates are discussed between the team in an open forum as part of the raft of issues that may impact upon a company's ability to provide long term sustainable investment performance. In short our investment focus is not simply confined to the financial performance of the company and we will not knowingly invest in companies that we believe are causing irreparable damage to the environment, workplace or end consumers.

4 Environmental

We acknowledge that sustainable business practices will be a key determinate of long term profitability, with companies that are able to understand and actively manage sustainability considerations likely to achieve a competitive advantage. We see environmental issues as not only a potential investment constraint but also an opportunity, with many companies set to benefit from the push towards sustainability.

In general, our analysis of environmental factors will centre upon the following issues:

- Carbon intensity and consequent exposure to carbon pricing
- Water supply and management
- Impact on local environment and risk management
- Climate change
- Waste disposal, pollution and contamination
- Renewable energy generation

Environmental issues are considered on a case by case basis. The materiality of potential environmental issues will dictate the degree of analysis conducted. For example the impact of climate change is likely to have a much greater potential impact on an agricultural company than a biotechnology company. Accordingly an agricultural company will come under much greater scrutiny than a less exposed company. Moreover, increased extreme weather events may disproportionately impact on insurance companies. Such issues and impacts will be raised directly in company discussions and as well as using analysis from third party sources such as brokers, industry contacts and competitors.

An assessment will be made of each company's exposure to particular environmental factors and their relative preparedness for such eventualities. Our evaluation of this response will form part of our investment decision making process. We can model potential carbon taxes in our financial models and hence reflect this impact in our company valuations. Equally our analysis will also incorporate a consideration of potential opportunities that a company may be able to exploit. For example companies involved in renewable energy innovation may be able to develop new markets and build a long term sustainable business from hitherto embryonic markets. Debate and assessment of these issues will form part of our regular in house portfolio management process.

5 Social

Similarly to environmental issues, social issues affecting individual companies are assessed on a case-by-case basis and form part of the fundamental research process undertaken on all prospective investments. Social factors can be defined as those relating to human health and welfare and include the following factors:

- Occupational health and safety
- Workplace relations and working conditions
- Human rights and child labour
- Community engagement
- Workplace diversity
- Corporate culture and conduct
- Supply chain management

Social factors are relevant to all companies but their relative importance will vary across companies and also through time. Much of our analysis in this area will centre on mining companies and encompass such issues as their safety record, management of community relations and labour relations. While much of this analysis will involve discussions with companies and other sources, where possible, we will try to visit the actual mine site to independently assess the relevant social issues. However all companies will be subject to thorough review as reputational issues can affect all companies at any time.

Social issues such as employee, community and government relations are also important considerations and are particularly relevant when assessing companies with operations in developing countries. We aim to ensure the companies we invest in, treat their employees in a fair and ethical manner and are cognisant of the effect their operations have on the communities they interact with.

We also place emphasis upon a company's safety record and management's commitment to safety in the workplace, including analysis of lost time injury frequency rates (LTIFR rates) and stated safety policies. In general we aim to ensure companies are implementing best practice safety systems and look for evidence of improving safety metrics or continued excellence in this regard.

5 Governance

We currently maintain a written Proxy Voting Policy which deals with corporate governance issues and is reviewed on an ongoing basis, and more formally, by Kinetic's Board at least annually. The policy details Kinetic's approach to proxy voting in relation to such issues as Board Independence, Committee Memberships and Director Remuneration. In accordance with this policy, we provide regular reporting on our voting activities.

Governance issues form a core consideration irrespective of the nature of the company's operations, with considerations such as the quality and independence of the company's Board and remuneration practices a key part of the investment decision. We will not entertain management that do not behave honestly and with integrity and who do not keep the market fully informed of their company's operations.

6 Review of this Policy

The Board will annually review this Policy

7 Responsibility:

The Board has responsibility for this Policy

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