

Responsible Investment Policy

September 2023

A. INTRODUCTION

This Policy sets forth how Platinum Investment Management Limited (“Platinum”) incorporates environmental, social (including labour standards), ethical and governance considerations (“ESG”) into our investment decision-making and ownership practices when managing money for our clients and our registered managed investment schemes (“Funds”)¹. It outlines the key components of our approach:

1. Application of exclusions;
2. ESG analysis in stock research;
3. Engagement;
4. Proxy voting; and
5. Managing conflicts of interest.

This Policy has been approved by Platinum’s Board of Directors. Platinum’s Head of Stewardship is the owner of this Policy.

B. Responsible Investing at Platinum

At Platinum, we have a core belief that if we responsibly and successfully look after our clients’ money, our business should prosper. This belief has led Platinum to maintain a deep and persistent commitment to responsible and sustainable business practices, including strong governance and environmental and social awareness. With this in mind, we seek to apply a pragmatic approach to both how we run our business, and the expectations we place on the companies in which we invest.

Platinum is a signatory to the UN Principles for Responsible Investment (“UN PRI”) and thereby has made the commitment that “as an institutional investor, 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 issues can affect the performance of investment portfolios”² (refer to Appendix 1 for further details on UN PRI).

A summary of how we incorporate ESG considerations into our investment decision-making and ownership practices is set forth below:

1. Application of exclusions

Platinum exercises caution when setting exclusionary screens. We believe that proactive engagement with companies is often a more effective tool for influencing companies to act in a more responsible manner with regard to ESG considerations (discussed further in section 3. Engagement). We believe that extensive exclusionary screening may risk excluding potentially profitable investments from our investable universe.

¹ 1 Platinum International Fund, Platinum Asia Fund, Platinum Global Fund (Long Only), Platinum Japan Fund, Platinum European Fund, Platinum International Health Care Fund, Platinum International Technology Fund, Platinum International Brands Fund, Platinum Global Fund, Platinum International Fund (Quoted Managed Hedge Fund), Platinum Asia Fund (Quoted Managed Hedge Fund) and Platinum Global Transition Fund (Quoted Managed Hedge Fund).

² as per the UN PRI Signatory Commitment Statement.

However, we currently apply screens against the following categories of companies which present social issues on which we hold a strong view and where there may be broad but not universal agreement in society:

- a. **Tobacco:** companies engaged in the manufacture of tobacco products; companies engaged in the distribution and/or retail sale of tobacco products where the revenue derived is 5% or more of a company's reported or estimated revenue; and companies engaged in the supply of tobacco-related products/services where the revenue derived is 5% or more of a company's reported or estimated revenue;
- b. **Military weapons:** companies engaged in the manufacture or sale of military weapons systems and/or integral, tailor-made components for these weapons; companies providing tailor-made products and/or services that support military weapons; companies that manufacture and sell small arms to military/law enforcement; and companies involved in the retail and/or distribution of assault weapons to military/law enforcement - in each case where the revenue derived from those activities is 25% or more of a company's reported or estimated revenue;
- c. **Pornography:** companies involved in the production of adult entertainment and/or which own or operate adult entertainment establishments; and companies involved in the distribution of adult entertainment materials where the revenue derived is 5% or more of a company's reported or estimated revenue.

Screens are applied where a company is directly involved (by itself or a majority owned subsidiary) in a product or service outlined above. Please refer to Appendix 2 for further details.

Platinum also screens investments having regard to applicable sanctions programmes.

2. ESG analysis in stock research

Platinum's central endeavour is to deliver good absolute returns for our investors over the medium to long-term by investing in companies that we believe are undervalued. We have a contrarian, long-term investment philosophy. Our detailed fundamental investment research looks beyond short-term market turbulence caused by events of a transient nature to seek out 'unfashionable' companies whose actual worth is greater than the value implied in their present share price.

We believe that ESG considerations can impact on a company's financial performance and, consequently, a company's valuation. Such issues can have an impact on the environment and/or communities in which a company is operating and may also represent legal, regulatory, operational and/or economic risks and opportunities, potentially impacting a company's financial performance and hence investor returns.

These days, companies are facing a wide range of issues from an ESG perspective as the regulation and policy settings surrounding these issues continue to evolve. Although Platinum has no predetermined view about what it regards to be an ESG consideration, some examples of ESG issues that companies may potentially be facing, include but are not limited to:

Environmental 	Societal 	Governance 
GHG emissions	Diversity, Inclusion & Equity	Board composition
Nature & biodiversity	Human Rights & modern slavery	Risk management
Energy efficiency	Health & safety	Remuneration
Waste management	Supply chain management	Bribery, corruption & ethics
Water management	Animal welfare	Cybersecurity

ESG issues are identified through our fundamental investment research process, supported by a range of external data providers. We do not rely on ESG scores from 3rd-party data providers. We will give consideration to ESG issues to the extent that such issues impact our view of a company’s inherent value. Consideration of ESG issues provides us with an expanded information set by which we assess the risks and opportunities facing companies.

Our approach to ESG is a continual work-in-progress as we seek to refine and balance our investment approach to these issues whilst maintaining our primary objective of seeking good medium to long term absolute returns for our clients.

3. Engagement

Our approach to responsible investment is primarily designed to focus on engagement. We understand that value creation by companies can take time and we look to support companies as they make progress on their ESG strategies.

Platinum also has a number of long-standing relationships with key decision makers in management teams as a result of our long holding periods and / or the size of positions we take.

We understand that companies behave differently depending on multiple factors including stage of development, size of workforce, environmental footprint and geographic exposure. As such, we do not adopt a one-size-fits-all approach and we tailor our engagements to the individual company.

Company engagements are typically conducted by the responsible analyst plus other members of that team supported by our stewardship team. Our analysts will generally meet (either in person or virtually) with members of a company’s management team both before we initiate a position in the company and periodically after we have invested in it.

Where we deem that our engagements are not achieving the desired outcomes, we may escalate our actions to include one or any combination of the following:

- Additional engagement potentially with other management members or the board including via sending shareholder letters;
- Exercising our proxy voting rights;
- Collaborative investor action for example via the UN PRI or with other institutional investors; and / or
- Reducing or divesting our holding.

Platinum has recently developed a more targeted engagement strategy that focuses engagement with companies on financially material ESG issues (as guided by the by the SASB³ materiality map) as

³ Sustainability Accounting Standards Board

well as ESG issues that are aligned with the SDG pillars of our corporate strategy i.e. gender equality, climate action, decent work and economic growth, and peace, justice and strong institutions.

This engagement strategy has been developed for a “priority list” of companies with the aim of contributing to demonstrable ESG outcomes. The priority list⁴ is comprised of companies based on a number of criteria including but not limited to companies:

- Where we have a substantial holding;
- That we have held within the funds for an extended period of time; and/or
- That represent a significant weighting within our funds.

To support this work, we have developed a proprietary engagement reporting template to enable us to record, set objectives and report on the progress of company engagements and subsequent potential engagement outcomes over time.

4. Proxy Voting

Proxy voting is a key tool that is consistently available to fund managers and is an important responsibility we carry out on behalf of our investors. We view proxy voting as a key component of our broader investment and engagement objectives. Voting strengthens our ability to engage and supports the conversations we are having with management teams and boards.

At Platinum, voting decisions are made on a case by case basis. Given that taking a long position in a company generally reflects our alignment with and confidence in the company’s management, we will generally vote with management unless we hold a contrary view on a particular motion.

Platinum does not participate in protest voting and will only vote with the intention of having the motion carried. As such, unless we intend for a particular motion to be defeated, we will generally vote in favour of the motion, but may also abstain from voting on company formalities.

We will vote on significant matters, such as proposed share buy-backs, mergers and acquisitions, significant asset divestments and business reorganisations, and will exercise our voting rights in the best interests of our investors after careful consideration of all available information.

Where deemed appropriate, we may, on occasion, consult with external proxy advisors on significant resolutions. However, the ultimate decision lies with Platinum’s investment team.

5. Managing conflicts of interest

As a responsible entity, trustee, investment manager and SEC registered investment adviser, Platinum owes a fiduciary duty to its clients and investors. We are required to avoid or otherwise manage (including through disclosure) all conflicts or potential conflicts arising between our interests, and the interests of our clients and investors.

In accordance with Platinum’s Business Rules of Conduct, all employees are required to report any such conflicts or potential conflicts of interest, to Platinum’s Chief Compliance Officer.

Furthermore, as a fully independent asset management firm, Platinum does not belong to any corporate group.

⁴ As at 1 September 2023, the priority list for FY2023-2024 comprised 75 companies accounting for ~50% of Platinum’s funds under management.

APPENDIX 1

United Nations Principles for Responsible Investment (“UN PRI”)

Platinum became a signatory to the UN PRI in 2021. In addition to a set of principles (below) we must adhere to, this exposes us to a regular external review of our approach, and benchmarks us against industry best-practice, which will help us to continuously improve.

As part of our UN PRI commitment, we have identified four Sustainable Development Goals (“SDGs”) we intend to align our activities to for both our portfolio investment stewardship and broader corporate activities. The four SDGs are:

1. Gender Equality (Goal 5);
2. Decent Work and Economic Growth (Goal 8);
3. Climate Action (Goal 13); and
4. Peace, Justice and Strong Institutions (Goal 16).

The UN PRI principles are:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be active owners and incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the principles within the investment industry.
- Work together to enhance our effectiveness in implementing the principles.
- Each report on our activities and progress towards implementing the principles.

APPENDIX 2

Exclusionary Screens

Platinum utilises Sustainalytics product research methodology to screen companies according to the criteria set forth in Section 1 of this Policy. Sustainalytics uses company-reported revenue (where available) and estimates to determine revenue-based levels of involvement. Platinum also uses Bloomberg screens for the tobacco and military weapons categories. The Bloomberg screens rely on company reported data. In limited cases, Platinum may override the exclusion if after further review and due diligence, Platinum is able to objectively substantiate that a company does not qualify for exclusion.