

Platinum Investment Management Limited

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Responsible Investment Policy

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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.

¹ Platinum International Fund, Platinum Asia Fund, Platinum Global Fund (Long Only), Platinum Japan Fund, Platinum European Fund, Platinum International Health Sciences Fund, Platinum International Technology Fund, Platinum International Brands Fund, Platinum Global Fund, MLC Platinum Global Fund, Platinum International Fund Complex ETF and Platinum Asia Fund Complex ETF.

Responsible Investing at Platinum

At Platinum, we believe that by focusing on a set of core beliefs that guide our investment philosophy (the Platinum Way), we will build wealth for our clients over the long term. This belief has led Platinum to maintain a persistent commitment to responsible and sustainable business practices, including strong corporate governance, and environmental and social awareness.

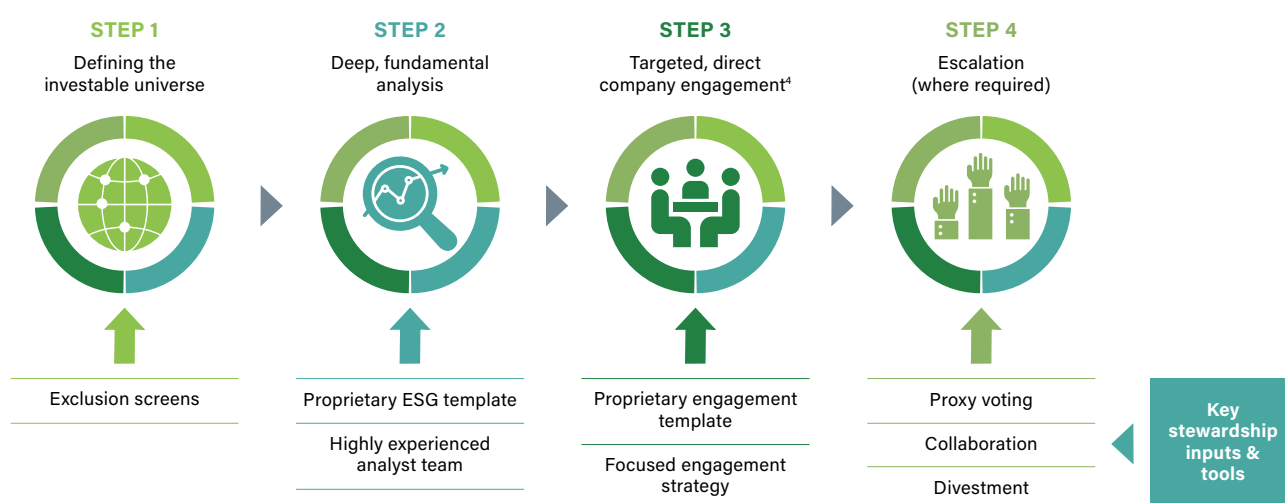
We seek to align responsible and sustainable practices across our operations and the way in which we invest with the aim of benefiting our stakeholders including our clients, employees, shareholders, and the broader community. This alignment is underpinned by our focus on four UN Sustainable Development Goal (SDGs) pillars that we have selected for both our corporate sustainability and investment stewardship approaches. These pillars of Gender Equality, Decent Work & Economic Growth, Climate Action, and Peace, Justice & Strong Institutions were selected because of their relevance to major global challenges and therefore in our view are critical to long-term business success.

Platinum is a signatory to the UN Principles for Responsible Investment (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). Platinum also adopts the ‘Principles for Responsible Institutional Investors’ (also known as the Japanese Stewardship Code) in relation to our investments in publicly listed Japanese equities. Our statement outlining our alignment with the code is available on our website [here](#).

Responsible investing and stewardship at Platinum is overseen by both Platinum’s Board and Executive Leadership Team. Our Head of Stewardship leads our investment stewardship approach. However, investment stewardship is the responsibility of every analyst in our investment team and is supported by our Investment Team ESG Committee,³ and our Risk & Compliance and Data teams.

A summary of how we incorporate ESG considerations and stewardship within our investment process and ownership practices is as follows:

Figure 1: Stewardship Integration within Platinum’s Investment Process



Source: Platinum Investment Management Limited

Details of our responsible investment and stewardship activities are reported annually in our [Sustainability and Stewardship Report](#) and [Proxy Voting Activity Disclosure](#) on our website.

The following sections set forth how we incorporate ESG considerations in our investment decision-making and ownership practices outlined in Figure 1.

² As per the PRI Signatory Commitment Statement.

³ Comprising a Co-CIO, a Portfolio Manager, a Senior Analyst, Head of Investments and Head of Stewardship as of 30 September 2024.

⁴ For a select group of “priority” companies.

Responsible Investing at Platinum continued

1. Application of exclusions

Platinum exercises caution when setting exclusionary screens. We believe that proactive engagement with companies can be 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.

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;⁵ 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;⁵
- b) **Nuclear weapons:** companies engaged in the manufacture or sale of nuclear warheads; companies involved in the production of nuclear weapon components or delivery platforms where the revenue derived is 5% or more of a company's reported or estimated revenue;⁵
- c) **Controversial weapons:** companies engaged in the manufacture of controversial weapons (i.e. anti-personnel mines, cluster munitions, biological and chemical weapons, and white phosphorus);
- d) **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.⁵

Screens are applied where a company is directly involved (by itself or a majority owned subsidiary) in a product or service outlined above. Platinum utilises third party data vendors to screen companies according to the criteria set forth above. These vendors use company-reported revenue (where available) and estimates to determine revenue-based levels of involvement. 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.

Platinum also screens investments having regard to applicable sanctions programmes.

It is possible that the Funds may have a small level of unintended exposure to excluded companies and/or minimum revenue thresholds (as disclosed) maybe exceeded. This could occur in the following circumstances:

- 1. there is a lack of data availability from our data providers on revenue involvement due to limited disclosure from a company or the timing of collection or reporting of this information by our data provider, and/or;
- 2. in the event that a company's revenue mix changes (e.g. as a result of merger or demerger activity, change in business unit performance, or improved disclosure of revenues) and exceeds the revenue thresholds disclosed and we are unable to exit an investment immediately.

Platinum may invest in index options, futures, exchange traded funds or other externally managed investment vehicles. Platinum does not apply the negative exclusionary screens against these investments or their underlying constituents which may result in indirect exposure to excluded companies.

⁵ By our third party data vendor.

Responsible Investing at Platinum continued

2. ESG analysis in stock research

Platinum's central endeavour is to deliver absolute returns for our investors over the 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.

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 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 and monitored on an ongoing basis 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.

Platinum has no predetermined view or methodology for determining how far it will take ESG considerations into account when making investment decisions for a Fund, other than we will take ESG considerations into account that we may become aware of, but only to the extent such issues impact our view of a company's inherent value and hence the return on our investment. Consideration of ESG issues provides us with an expanded information set by which we assess the risks and opportunities facing companies.

In alignment with our SDG pillars of Gender Equality, Decent Work & Economic Growth and Climate Action, we detail specific consideration of the following ESG factors within the following reports:

Climate-related factors: Platinum recognises that corporates and investors have an important role to play in collectively responding to the challenges of climate change. Platinum Asset Management Limited (ASX:PTM) aligns its disclosures with the Taskforce on Climate-related Financial Disclosure's (TCFD) recommendations including how climate-related matters impact on Platinum's investment strategy. Please see our annual [Sustainability and Stewardship Report](#) for further detail.

Human Rights & Modern Slavery: PTM's [Human Rights Policy](#) and [Modern Slavery Statement](#) outline our commitment to ensuring respect for human rights, freedom from modern slavery and acting ethically and with integrity in our business dealings and relationships. PTM's modern slavery statement describes the actions we have taken to assess and address modern slavery risks in our investment portfolios.

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 long-term absolute returns for our clients.

Responsible Investing at Platinum continued

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.

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. We are also realistic about the extent to which we can effect change through active engagement.

Company engagements are typically led by the responsible analyst and supported by our Head of Stewardship. 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;
- 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 a targeted engagement strategy that focuses engagement with companies on financially material ESG issues (as guided by the by the SASB⁶ materiality map) as 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 generally developed for a "priority list" of companies with the aim of contributing to demonstrable ESG outcomes. This list⁷ is comprised of companies based on a number of criteria which may include:

- Companies that represent a significant weighting in aggregate across the portfolio we manage;
- Where we have a substantial holding in a company (measured in aggregate across the portfolios we manage); and/or
- Companies that we have held within the portfolios we manage for an extended period of time.

To support this work, we use 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.

Platinum's Investment Team ESG Committee and Co-CIOs are responsible for agreeing upon and approving targets for the analysts and portfolio managers regarding engagement activity each year. A summary of our engagement activity for FY2024 can be found in our [Sustainability and Stewardship Report](#).

⁶ Sustainability Accounting Standards Board.

⁷ As at 1 September 2024, the engagement list for FY2024-2027 comprised companies accounting for ~50% of Platinum's funds under management.

Responsible Investing at Platinum continued

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. Please refer to our [Proxy Voting Policy](#) for further information including the guiding principles for our analysts to consider when voting proxies.

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.

Appendix 1

United Nations Principles for Responsible Investment (PRI)

Platinum became a signatory to the PRI in 2021. In addition to a set of principles 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.

The 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.
- Report on our activities and progress towards implementing the principles.

As part of our 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:



Gender Equality
including gender
diversity and pay equity



**Decent Work and
Economic Growth**
including modern slavery
and broader human rights



Climate Action
(and the broader
environment) including
GHG emissions



**Peace Justice and
Strong Institutions**
including governance,
advocacy & transparency

