



SUSTAINABLE INVESTMENT POLICY

INTRODUCTION

Companies are no longer simply measured on the basis of financial performance and shareholder returns.

Instead, there is increasing scrutiny of corporate culture and governance, how businesses engage with staff and customers, and their environmental impact.

There is wide acceptance that the Environment, Social and Governance (ESG) standards of many businesses needs to improve, and company performance will increasingly be judged on how they rate against ESG standards.

We believe companies that embrace these challenges are better positioned for future success than peers who fail to adapt to changing societal and investor expectations.

AAN Asset Management's sustainable investment model has been implemented to cater for investors seeking a portfolio of growth assets that aligns with their preference for sustainable investments with the view of making a positive contribution to society.

EXCLUSION CRITERIA

In considering which sectors or industries should be excluded from the sustainable investment model, the Investment Committee has made an assessment against a number of criteria:

1. Whether a product or service contravenes an Australian law, or future legislative change is likely to prohibit, restrict or make obsolete that product or service.
2. Whether a product or service causes substantial harm to society or has the potential to cause substantial harm.
3. Whether a product or service causes, or is likely to cause environmental damage beyond a level that can reasonably be remediated.
4. Whether an exclusion is aligned to the expectations of investors seeking a suitable portfolio.
5. Whether a sector's positive impact on society or the environment is of sufficient magnitude to mitigate shortfalls against other criteria.

As a result of that assessment, the Investment Committee has determined the sustainability model should exclude companies whose primary business purpose is associated with:

1. Tobacco and tobacco products
2. Gambling
3. Alcohol
4. Pornography
5. Armaments manufacture or distribution
6. High-impact fossil fuels

The Investment Committee has adopted a pragmatic approach to excluding sectors given the subjective nature of some exclusion criteria, and the diversity of investor views relating to ethical investments.

In addition, a company with a minor or indirect exposure to an excluded sector (representing less than 20% of business activity) will not be automatically excluded, although it may be subject to ongoing review.

We believe the excluded sectors are sufficient to satisfy the expectations of most investors seeking a sustainable portfolio.

FUND MANAGER SELECTION AND REVIEW

AAN Asset Management does not directly select investments, instead suitable investment managers are used to construct our portfolios.

We believe using a number of managers provides diversification between different approaches to ESG investing, with the expectation of more consistent returns and reduced risk.

While we expect our investment managers to implement their own sustainability models, the Investment Committee seeks to ensure current and prospective managers are aligned to the values expressed in this policy document.

All our managers are subject to a rigorous process of ongoing review and evaluation, which will include an assessment of whether there have been any significant changes in the application of that fund's sustainability charter.

Where such a change is identified, the Investment Committee will assess whether that manager remains suitable for inclusion in our sustainability model.