

Environmental, Social and Governance (ESG) Policy

February 2015

Background

At JCP Investment Partners (**JCP**), our mission is to ensure our clients get well compensated for the risks they bear.

Sustainability is one of JCP's four core values, through which we recognise the need to weigh short-term economic gains against long-term ethical, social and environmental impacts.

We believe that considering ESG factors within our business structure is fundamental to risk management and the sustainable development of our business. To this end, employee focus and commitment to sustainability forms part of qualitative performance targets and incentive schemes.

JCP has been a signatory of the United Nations Principles for Responsible Investing (**UNPRI**) since August 2007, representing our commitment to responsible investment decision-making and ownership practices.

Investment process

JCP believes that companies should act in a socially responsible manner. They should conduct their business in a way which recognises their responsibilities to employees and other stakeholders, as well as broader society and the environment.

We incorporate ESG issues into our investment decision-making process when assessing a company's generic key value driver (KVD) risk factors (see below):

- External – regulatory, legal, political, macro-economic, industry, **environmental**, **social**, etc.
- Internal – **governance**, management, incentives, employee relations, structure, power, culture, etc.

These risks are incorporated into our company valuations, and risk and return calculations, as well as the qualitative overlay part of our portfolio construction process.

We expect companies to publish a separate ESG or Corporate Social Responsibility Report, or to provide an ESG statement within their Annual Report, as well as on their website.

We also encourage broking houses to provide data and information relating to individual companies' E, S and G performance by allocating a portion of our panel brokerage (currently 2.5%) to reward brokers for the provision of ESG research.

Engagement

What differentiates ESG issues from other generic KVD risk factors is that as a matter of policy we seek to actively engage with company management, directors and other stakeholders on these issues, to encourage change where we believe the issue is detrimental to the environment, the society in which the company operates (social), or minority shareholders (governance). Whereas on other generic KVD risk factors we reserve the right to passively engage (i.e. sell a company's shares), rather than seek change from a company's management and/or board.

Proxy voting

When ESG issues are the subject of proxy voting, JCP considers the issues on a case by case basis, keeping in mind the best economic interests of our clients. Sometimes, shareholder proposals are used by activist groups to target companies as a means of promoting single-issue agendas. In these instances, it is important to differentiate between constructive resolutions, intended to bring about genuine social or environmental improvement, and hostile proposals intended to limit management power, which may in fact ultimately destroy shareholder value.

Environmental, Social and Governance (ESG) Policy

February 2015

Reporting

JCP is committed to keeping our stakeholders aware of our ESG related activities through:

- Reporting ESG related activities to our clients via periodic reporting and the completion of surveys and questionnaires.
- Publishing this ESG Policy and our Proxy Voting Policy documents.
- Publishing a summary of our proxy voting record on an annual basis.
- Participating in the UNPRI annual questionnaire as part of our commitment to the PRI principles.

JCP Investment Partners Ltd ABN 23 085 400 540 AFSL 247132 ("JCP") is authorised to provide financial services to wholesale clients only. The advice contained in this policy document is general advice only. This advice has been prepared without taking into account client objectives, financial situation or needs. Because of that, the client should, before acting on the advice, consider the appropriateness of the advice, having regard to the client's objectives, financial situation and needs. If the advice relates to the acquisition, or possible acquisition, of a particular financial product, the client should obtain a PDS relating to the product, consider the PDS and seek professional advice before making any decision about whether to acquire the product. JCP cannot guarantee the success of the return of capital of any investment in the product. Any forecasts or opinions are JCP's own at the date of this policy document and may be subject to change.

JCP Investment Partners Ltd, Level 23, 600 Bourke Street, Melbourne, Victoria, 3000. ABN 23 085 400 540. AFSL No. 247132