

## **RESPONSIBLE INVESTMENT POLICY V2.01**

**Effective 10 February 2025**

Version	Author	Date	Change
V1.01	John Harbot	21/10/2014	<ul style="list-style-type: none"> <li>Initiation of version control.</li> </ul>
V1.02	John Harbot	10/08/2021	<ul style="list-style-type: none"> <li>Document sector / activities that will be excluded from the Ubique Investment Universe.</li> <li>Remove references to Ubique Australian Share Fund.</li> </ul>
V2.01	John Harbot	10/02/2025	<ul style="list-style-type: none"> <li>Policy re-write to align with contemporary approaches to RI, reflect operating practices and provide a more recent case study of “ESG Integration in Action”.</li> <li>Reduce thermal coal exclusion from 25% of revenue to 10%.</li> <li>Formally exclude Controversial Weapons from the Ubique Investment Universe.</li> <li>Include vaping devices in tobacco exclusion.</li> <li>Incorporate SASB standards into ESG Materiality assessment.</li> <li>Provide a modern case study to discuss both Materiality and to provide an insight to ESG Integration in Action (redacted in Public version).</li> </ul>

## **Background / Beliefs:**

Ubique Asset Management Pty Ltd (Ubique, We or Our) is a boutique investment manager that focuses on managing Australian equity portfolios and wholesale unit trusts, mostly on behalf of large domestic institutional investors (sometimes referred to as Universal Owners).

Whilst Ubique does not offer specialist ethical or sustainable investing portfolios, we believe:

1. That we have a duty to act in the best long-term interests of our unit holders & clients;
2. That Environmental, Social, and corporate Governance (ESG) issues do affect the medium to long term performance of single stocks and investment portfolios; and
3. If poorly managed, ESG issues have the potential to destroy shareholder value.

We therefore believe that it is in our unit holders and client's best interest for Ubique to:

1. Integrate ESG issues in our investment process;
2. Encourage high standards of corporate governance and responsibility in the companies in which we invest; and
3. Continually improve our understanding of ESG issues and best practices.

## **Purpose and scope:**

The purpose of this Policy is to set out Ubique's approach to responsible investing ("RI"), in particular how material Environmental, Social and Governance (ESG) risks and opportunities are integrated within investment decision making and our stewardship practices.

This Policy applies to investments directly managed by Ubique only.

## **Ubique's Approach to Responsible Investing:**

Ubique is committed to RI and applies ESG integration and stewardship, consistent with our duty to our clients and our contractual responsibilities.

Ubique became a signatory to The Principles for Responsible Investment Initiative (a partnership between the United Nations and global investors – commonly known by the name PRI) in October 2012, and committed to align our practices to the six principles prescribed by PRI.

Specifically, we intend to:

1. Address ESG in our investment decision making process;
2. Actively exercise voting rights;
3. Where required, support shareholder initiatives to promote ESG disclosure;
4. Promote the acceptance of the six principles;
5. Work where possible with other signatories in implementing the principles; and
6. Report annually on our progress in implementing the principles.

As stated above, our investment team believes that there is a link between sound management of ESG-related risk and long-term value creation for shareholders. Consequently, in actively managing investments on behalf of our clients, we consider meeting our investment performance objectives and responsible investing as being symbiotic.

## **Governance of RI at Ubique:**

This Policy is approved by the Board of Directors of Ubique. They are committed to ensuring appropriate resourcing and training is provided for all team members to enable effective implementation of this Policy.

As a boutique operation, the Ubique Board also has direct oversight of the firm's approach to RI, ensuring that policies and procedures relevant to RI are implemented in an aligned and consistent manner.

All investment professionals of Ubique have an economic interest in the company, thereby aligning remuneration (via equity) and culture (ie: thinking as an owner) with the long-term perspectives needed to generate long-term returns.

## **ESG Integration:**

Ubique recognises that ESG factors can financially impact the investments we make on behalf of our clients, both positively and negatively. Seeking to analyse and understand ESG information can help us better understand the full range of risks and opportunities to which a company may be exposed and assess whether that company is adequately managing risks or pursuing opportunities in support of long-term value creation for shareholders.

ESG factors will often relate to both the Quality & Value (core components of our Investment Process - <https://ubiqueam.com.au/our-process/>) of an investment opportunity and since inception in 2011, Ubique has heavily integrated ESG factors into our investment process in two key ways:

1. We include "no material ESG issues" as a Quality filter in our assessment of whether a company is eligible to be included in our Investment Universe; and
2. We consider ESG issues/factors when selecting the multiples or discount rates we use in our in-house models and valuations.

## **ESG Factors:**

As part of our ESG Integration approach, each Ubique investment analyst considers many and varied ESG factors for the companies within their investment coverage, including but not limited to the following:

### *Environmental Factors:*

- Environmental management, such as managing waste and pollution;
- Risks relating to the physical impacts of climate change;
- Climate transition-related risks, such as carbon pricing, regulatory risk and technology risks (including 'stranded asset risk');
- Water scarcity and/or resource depletion; and
- Nature-related risks, such as loss of bio-diversity.

### *Social Factors:*

- Workplace health and safety practices;
- Human rights / modern slavery risks;
- Ethical conduct and hence maintaining a "social licence to operate";
- Relations with First Nations people and heritage protection; and
- Respect for privacy principles.

#### *Governance Factors:*

- Quality, integrity and trustworthiness of the Directors of the board;
- Bribery and Corruption;
- Excessive political lobbying and donations;
- Aggressive tax minimisation / avoidance practices;
- Executive remuneration fairness and alignment with shareholders' interests;
- Effective and appropriate ESG policies and adequate oversight of their implementation; and
- Genuine representation of shareholder interests.

#### **Analysis of ESG Factors:**

Ubique employs a bottom-up approach to our ESG Integration, with research on real or perceived ESG factors (such as those outlined above) being a core requirement and responsibility of every investment analyst in the Ubique team.

As active managers, we gain our ESG-relevant insights directly from our in-house research on companies whether that be through the desktop-based analysis of corporate disclosures and publicly available information that the team conducts, or by undertaking direct engagement with senior executives of the company, its customers, competitors or suppliers. Ubique also has access to a range of third-party investment research and data (including specialist Investment Bank ESG research) that assists the investment team, particularly in the analysis of carbon intensity and modern slavery risks.

#### *Enhancement:*

We are committed to continuing to advance our ESG integration practices and progressively deepen our ESG analysis. We recognise that enhancing our capabilities in this area will support better investment outcomes.

Consequently, commencing in 2025, to enhance our assessment processes Ubique will utilise the Sustainability Accounting Standards Board's (SASB) Standards to provide a more systematic assessment of potential ESG matters and their materiality.

#### *Materiality:*

Where we identify an ESG factor as being potentially material to a company it is the ultimate responsibility of the Ubique Portfolio Manager to 1) integrate this into the investment process (like any other investment-relevant factor) and 2) to manage portfolios in compliance with established investment guidelines (including the requirements of client-specific agreements / mandates).

In the event that we become aware of a Material ESG issue that the company refuses to address or cannot address, then (unless otherwise agreed with clients) the position will be divested in an orderly manner and the relevant company excluded from our Investment Universe.

## **Stewardship:**

### **General Engagement:**

Engagement with companies is fundamental to Ubique's active approach to investment management, knowledge gathering, and our responsible investment practice / research. Ubique believes that comprehensive engagement helps deepen our understanding of the company, make better investment decisions and assist in the management of investment risk. It is core to what we do.

Engagement includes all of our interactions with senior executives and directors such as in-person meetings, site tours, conference calls and written communications. Our engagement covers a range of topics with relevant ESG matters being one of many important elements.

### **Active Engagement / Influencing Change:**

In the event that we identify areas of genuine concern with respect to ESG factors (including a company's commitment to, alignment or urgency with respect to the reduction of greenhouse gases consistent with a pathway to achieving Net Zero by 2050), we may seek to constructively engage with the management and board of a company held in our portfolios, leveraging the influence afforded to us (through the collective share ownership of our large institutional clients) to achieve outcomes that we believe will be in the long-term interests of all shareholders.

On issues where Ubique is seeking change, professional, direct and private engagement with the management and board of the company is the preferred option. Our approach is that representatives of the company should be afforded due courtesy, respect and reasonable time to consider and if necessary act on matters raised through such direct engagement without them being in the public eye.

### **Escalation of Engagement:**

If the investment team is not satisfied with the progress of an engagement matter, for either timeliness and/or directional reasons, the Directors of Ubique may escalate the issue in several ways including: 1) collaboration with fellow investors, 2) public / media activism, 3) filing shareholder resolutions to effect Board change and 4) voting against Board recommended resolutions at the Annual General Meeting (such as the re-election of Directors and/or the Remuneration Report).

As referred to above, in the event that a company refuses to address or simply cannot address our concerns the position may need to be divested in an orderly manner and the relevant company excluded from our Investment Universe. At times our ability to enact change may be impacted by the size of our shareholding, fellow share-holder appetite for engagement or resourcing constraints, and divestment may be the only available course of action in the adherence of our Investment Process.

### **Proxy voting:**

Exercising the voting rights afforded by share ownership, referred to as proxy voting, is an important responsibility of all shareholders and one that Ubique takes very seriously. It is a key part of our investment stewardship and one of our commitments to the six principles of the PRI.

Consequently our policy is to make best endeavours to exercise any voting rights conferred on Ubique under the Investment Management Agreements (IMA) with our clients by proxy in all circumstances.

Ubique conducts their own research into the merits of all resolutions put at company meetings, does not apply automated voting rules based off proxy adviser recommendations and will cast votes in a manner that we believe are commercial and are in the best interests of our clients at all times.

Where Ubique has discretion under an IMA to vote on a clients behalf, as a general rule Ubique will not seek direction from the client prior to it exercising a vote. Wherever possible, however, Ubique will liaise with any client that has a substantial investment in an entity where an issue has become contentious.

Some clients from time to time will direct Ubique on specific issues and Ubique will implement that direction to the extent we are able.

#### *Record Keeping & Reporting:*

Ubique keeps a register of how proxy votes are exercised and will document the reason supporting any vote cast against or any abstention. Information on how Ubique has voted on specific resolutions is available to clients on request. Any non-compliance with an IMA client voting instruction is reported.

#### **Collaboration & Advocacy:**

As a boutique organisation with a small but focussed investment team, our capacity to collaborate and advocate for change outside of direct company engagement has limits, but where there is a topic of relevance within our Investment Universe in Australia where we believe we can add value we will seek to be active participants and contributors on enhancing ESG matters.

Membership of organisations such as the PRI help support our own understanding of current and emerging ESG issues, but also serve to identify opportunities for such collaboration / advocacy via their website (<https://collaborate.unpri.org/discover/collaborations/>).

#### **Ubique-wide exclusions:**

In addition to the above ESG Integration in our investment process, Ubique excludes companies that are involved in the following sectors / activities due to their impact on the Environment (through Climate Change) and/or the health (including mental health / addiction) of our Society from our universe of permitted investments:

- Thermal coal mining, where this activity is greater than 10% of revenue;
- Gaming, including casinos, book-making, electronic gaming machine (EGM) operation, lotteries and on-line gambling;
- Manufacturing of EGMs and/or online gambling games;
- Manufacturing and/or distribution of Controversial Weapons (refer Note 1 below); and
- The manufacturing of consumer tobacco products and vaping devices.

The Directors of our Board monitor the portfolios to ensure that these exclusions are upheld and have responsibility for oversight of this process.

In addition, individual clients may direct Ubique to exclude investment in companies as a part of their own Responsible Investment Policies & Procedures and Ubique has processes in place to systemically ban order processing in restricted securities within our trading software.

#### **Notes:**

1. Controversial Weapon manufacturing and distribution is defined as any involvement, directly or indirectly, in the production or distribution of whole weapon systems, delivery platforms or any components of: a) cluster munitions b) landmines c) biological or chemical weapons d) depleted uranium weapons e) laser weapons and f) incendiaries (such a white phosphorous artillery shells or aircraft bombs).

## **Climate change:**

Ubique believes in the science of climate change and recognises that society must drastically reduce greenhouse gas emissions if we are to avoid the worst consequences of global warming.

Consequently, Ubique supports the global transition to Net Zero emissions, in line with the goals of the Paris Agreement (<https://www.un.org/en/climatechange/paris-agreement>), and as stewards of our clients' assets, and active shareholders in companies on their behalf, the decisions we make as investors will influence the nature and speed of this transition.

Each investment analyst is responsible for considering climate change within the investment process in the same manner as any other material financial risk or opportunity (please refer to the ESG Integration section above).

Our engagement with companies can support the appropriate management of climate-related risks or opportunities by investee companies and we believe that it is in our clients best interest to engage on climate change in order to enhance long term shareholder value.

For more detail please see the Ubique Climate Action & Net Zero Policy 2050 Policy V1.02.

## **Human rights and modern slavery:**

Ubique believes in respecting and upholding human rights and acknowledge that we may impact people indirectly through the investments we make on our clients behalf. Ubique therefore seeks to understand human rights risks within our investments, so we can minimise our potential complicity in abuses.

Ubique acknowledges we have a duty and an interest to support efforts to address a particular human rights abuse; Modern Slavery, where workers are subject to forced labour or deprived of personal freedoms (often through coercion or deception).

Modern slavery within a company's supply chain can present serious investment risks and as such we must understand our exposure via investee companies. To do so we conduct an in-house annual modern slavery risk assessment of the companies held within portfolios (based on jurisdiction and activity) and engage a third party service provider to better understand risk at a single stock level (drawing upon Walkfree.org and Refinitiv information).

Ultimately, share ownership provides investors with influence which can help to hold companies to account with respect to their management of human rights. Where we have concerns we will undertake direct engagement as described above.

## **Sustainability outcomes:**

Companies that act in the interests of all stake-holders, including the environment, also create or in some cases preserve shareholder value, such as by maintaining their social licence to operate. Where relevant and it is appropriate to do so, we may encourage companies to pursue efforts which contribute to broader sustainability outcomes. For example, to reduce negative impacts upon the environment or to positively contribute to the communities in which they operate. However, we will only do so in a manner consistent with our fiduciary duty to our clients and our contractual responsibilities.

**Managing conflicts:**

Ubique has a comprehensive Conflicts of Interest Policy documented within our AFSL Compliance Procedures (as well as an abbreviated version for team members within our HR Policies & Procedures).

We acknowledge there is a possibility that a conflict may arise which could have implications for how we implement our Responsible Investment policy. Any such conflict is to be avoided or otherwise managed in line with our Conflicts of Interest Policy in order to enable effective implementation of this policy.

**Review of this Policy:**

The Policy will be reviewed in detail at least every two years in the context of internal and external factors and in accordance with Ubique's compliance requirements. These factors may include but are not limited to legal or regulatory requirements; large institutional client expectations and industry changes to the assessment and monitoring of ESG-related risks and opportunities.