

Environmental, Social or Governance (ESG) Policy

Document Control

a. Version Control / Revision History

This document has been through the following revisions:

Version	Date of Approval	Remarks / Key changes / Reason for Update
1	January 2019	Initial version
2	April 2020	Updated for new ESG process

b. Authorisation

This document requires the following approvals:

Authorisation	Name
Initial Version	Board
Revisions	Managing Directors

Background

The governance of a company is a major factor impacting potential and actual company financial performance. It is also well accepted that environmental and social issues faced by a company may contribute towards financial performance in the short, medium and long term.

Longwave Capital Partners Pty Ltd (Longwave) recognises its responsibilities to its clients, shareholders and employees as well as to the community and the environment.

Longwave's ESG Investment Objective

By incorporating and integrating ESG criteria into our investment process, Longwave will attempt to directly influence companies to improve performance in these areas to the benefit of our investors. Strong ESG performance also aligns with our quality investment philosophy and we consider ESG performance an important measure of company quality alongside traditional financial and economic measures. ESG integration also contributes more broadly to efforts to build a more stable, sustainable and inclusive global economy.

Longwave applies a proprietary fundamental process to measure individual companies with respect to their ESG standing. This process connects our view on ESG performance into the valuation estimate for the company through the discount rate applied to estimated long run cash flows. In instances where our investment process identifies that a company is not meeting minimum acceptable standards, we may look to engage with the company and influence its thinking with respect to these matters. In instances where we believe a company demonstrates wilful disregard for ESG principles, we may choose to avoid or divest. For companies that have significant revenues sources from tobacco, armament or pornographic activities they will be added to our restricted securities list and Longwave funds will be prevented from making any investment.

As a general framework, we evaluate individual companies on the following basis:

Environmental:

- Does the company take a pro-active approach to matters of environmental concern with respect to their product design, business practices, distribution and procurement?
- Does the company provide clear disclosure on their environmental practices and examples of continuous improvement?
- Does the company incorporate "environmental impact" into their long-term business planning and articulate the way in which this is achieved?
- Does the company incorporate internal benchmarks to ensure their environmental practices are aligned with minimum industry standards, e.g. CO2 emissions, use of renewable energy sources, implementation of ISO 14001, etc.?

Social:

- Is the company a respected employer that recognises the rights of workers, customers and suppliers?
- Does the company take a pro-active approach to workplace relations, employee diversity, promote the health and welfare of employees and provide examples of continuous improvement in these endeavours?
- Is the company's main product or service harmful to human health and wellbeing e.g. tobacco?
- Does the company engage in charitable and/or other community welfare activities?
- Is the company sensitive to cultural norms in the countries in which they operate?

Governance:

- Does the company foster a culture of open disclosure and transparency in their business practices and financial reporting?
- Is the company's Board of Directors diverse, independent and accountable?
- Does the company's Board of Directors have a demonstrated track record of representing the interests of minority shareholders?
- Are the company's compensation practices transparent and aligned with long-term shareholder value creation?
- Do executives and / or directors in the company hold a meaningful amount of their own wealth at risk in ordinary shares alongside external shareholders?
- Are executive compensation arrangements linked to performance on ESG matters?

Longwave's Operational Responsibilities

As well as holding companies to account with respect to sound ESG practices, Longwave seeks to conduct its operations with the utmost respect for the environment, to be socially minded and adhere to a robust and transparent governance framework. We believe we can pursue the dual mandate of delivering excellence for our stakeholders and as well as existing as an organisation that demonstrates the highest standard of corporate citizenship. To this end, we seek to undertake the following actions:

Environmental:

- Pay carbon credit for all business travel flights;
- Support all possible recycling initiatives, including office stationery, printer cartridges, waste products, etc.;
- Minimise non-essential energy consumption particularly in out-of-hours work; and
- Purchase "green" office stationery products, where possible.

Social:

- Be respectful of culture, race and religion amongst our staff, clients and suppliers;
- Support the ongoing training and education of employees; and
- Encourage wellness and physical activity among employees.

Governance:

- Provide timely and transparent reporting of our business dealings and client outcomes;
- Adhere to a strict policy of putting client interests ahead of our own; and
- Implement a remuneration policy which rewards outstanding achievement and is tied to client outcomes and business development goals.