

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

JamiesonCooteBonds Pty Ltd
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JAMIESON COOTE BONDS

EXECUTIVE SUMMARY

Jamieson Coote Bonds (JCB) as a firm believes that investing sustainably is key to protecting and enhancing wealth over time. This comes from the idea that as professional risk managers, we need to manage the range of issues that our clients' capital is exposed to – inclusive of ESG factors. For government bond managers, it is widely accepted that there are significant limitations to ESG assessment and integration, as articulated by the UNPRI in their recent paper on *A practical guide to ESG Integration in Sovereign Debt*.

“Despite its size and importance, the sovereign debt market has been the subject of less systematic environmental, social and governance (ESG) consideration than other investment asset classes. However, appetite for ESG integration is growing among investors, with a rising number appreciating that ESG factors can and do affect sovereign debt valuations.”

UNPRI: A PRACTICAL GUIDE TO ESG INTEGRATION IN SOVEREIGN DEBT

Despite these challenges, JCB constantly reflects on ESG issues and does what it can. We do note that by deliberately focusing on the most highly rated issuers (G7) there is a natural bias towards sovereigns that are high grade in nature with relatively strong ESG credentials.

As an active manager of high-grade government bonds, the opportunity for stakeholder engagement compared to other asset classes including shares and corporate bonds is realistically lower.

- In this universe, we deal with government bonds and national economies, as opposed to corporates and individual businesses.
- In addition, considering JCB tends to combine both relative value (RV) and directional styles in our investment approach, the integration of ESG factors as a risk source is different to fundamental or corporate credit managers. RV investing looks to exploit mis-pricings *between* securities; mis-pricings are driven by demand and supply and generally tend to behave independently of premia of interest rates, liquidity and credit (which are the main characteristics of traditional or fundamental bond managers). Extending this further, this means that ESG risk factors falls in the same camp of acting independently of JCB's RV approach.

As an active investment manager of high-grade government bonds, JCB recognises that sensible application of ESG principles over time can both generate financial benefit (e.g. enhancing risk-adjusted returns) and effect change in targeted areas. This ESG policy has been compiled to crystallise JCB's beliefs on ESG principles with regards to government bond investing. It demonstrates our long-term commitment to delivering quality, true-to-label returns for our investors, and the role that ESG has within that mission.

KEY PERSONNEL

ESG activities at JCB are led by Paul Chin SF FIN, Head of Investment Strategy & Sustainable.

Notably, Paul is a member of the JCB Investment Team, providing macro input and managing investment risk, which structurally integrates ESG into the investment and risk management process.

Charles Jamieson, Executive Director – Chief Investment Officer

Charles is a JCB co-founder and Chief Investment Officer overseeing JCB's suite of Australian and Global High Grade Bond strategies. Charles has forged a career as a seasoned bond investor since 2001 across New York, Tokyo, London and Sydney, all with (prior to JCB) Merrill Lynch/Bank of America Merrill Lynch. Over his career, Charles has managed large Government Bond portfolios in key major currencies and derivative instruments. During this time, he has had to manage through the spectrum of financial market dynamics, including September 11, 2001, the Global Financial Crisis, Eurozone crises, the US credit rating downgrade and Chinese/Greek concerns.

Upon returning to Australia with the Bank of America Merrill Lynch, Charles's most recent appointment was as the Co-Head of Fixed Income, Currencies & Commodities, where he was a member of the Bank's Executive Management team. He also served as a member of the Australian Financial Markets Association (AFMA) Bond Committee. He is a regular speaker at major conferences and financial media. Charles holds a Bachelor of Commerce from Monash University, majoring in accounting and finance.

Angus Coote, Executive Director – Co-Founder

Angus is a JCB co-founder and Chief Operating Officer overseeing business, investment and client-facing operations. Angus has enjoyed a career as an intermediary of High Grade Bonds across the world's major financial centres with clients across Global Central Banks, Asset Managers, Sovereign Wealth Funds and Hedge Funds. He began his career with JP Morgan in London before transitioning to ANZ in Asia (Hong Kong, Singapore) – all specialising in marketing Australian Government Bonds and other debt products. During this time, Angus transacted the first ever Australian Bond investments for several of the large Asian Central Banks who now dominate the market as the largest holders of Australian Government debt. He subsequently returned to Australia with ANZ before joining Westpac in Sydney to Head Global Central Bank distribution.

Angus has a Bachelor of Business from the Royal Melbourne Institute of Technology majoring in economics and finance. Angus also serves on the Geelong Grammar School Investment Committee as a bond investment specialist.

Paul W. Chin SF FIN, Director – Head of Investment Strategy & Sustainable

Paul is Head of Investment Strategy & Sustainable providing macro input, and delivering internal and external investment insights. Paul is a career investment researcher and portfolio manager across the US and Australasia. He has served with Colonial First State, Advance Funds Management, Barclays Global Investors (now BlackRock) including as a portfolio manager in San Francisco and Vanguard as senior investment strategist. He has authored/co-authored bond, multi-asset and factor-based thought-leadership for Vanguard. He was a member of the Investment Strategy Group that inputted into the bond investment process on macro issues. He was originally hired at Vanguard to lead the team responsible for portfolio construction analytics.

Paul holds a Bachelor of Commerce from Monash University and a Masters in Applied Finance & Investments from Finsia. He is a Senior Fellow of Finsia and a Councillor on the Finsia Industry Council for Funds & Asset Management. He also serves as an independent member of a number of Investment Committees, delivering asset allocation, manager selection and bond insights.

Christopher Manuell CMT, Director – Senior Portfolio Manager

Chris is a Senior Portfolio Manager overseeing a range of JCB strategies for institutional and retail clients. Chris began his bond investment specialist career in 1994 and has served Merrill Lynch, Société Générale and The Royal Bank of Canada, across Sydney, London and Toronto. His investment roles have steadily grown in responsibilities and allowed him to become an expert in the spectrum of financial instruments and

portfolio strategies. Additionally, he has had to engage extensively with institutional clients (e.g. financial institutions, pension plans, asset managers, hedge funds and sovereign wealth funds) which has built up his expertise in market flow dynamics.

Chris holds a Bachelor of Economics from La Trobe University and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (now Finsia). Chris earned the right to use the Chartered Market Technician (CMT nominal, awarded by the Market Technicians Association) – one of the few in Australia to hold this designation. With over 10 years of experience as a CMT, Chris has developed a proprietary process of technical analysis to help mitigate investment risk and add value to duration management.

James Wilson Director, Director – Senior Portfolio Manager

James is a Senior Portfolio Manager managing JCB's benchmark aware strategies. James is a career global financial markets specialist with expertise in trading and portfolio management. He has served in senior trading roles with ANZ in Melbourne, Sydney and London. Most recently, James was a Senior Portfolio Manager, Fixed Interest and Absolute Returns with the Victorian Funds Management Corporation (VFMC).

James holds a Bachelor of Commerce and a Bachelor of Engineering (in civil engineering) – both from the University of Melbourne. He holds his Diploma in Financial Markets (RG146). He also is a Finance Committee Member of Bayley House (a not-for-profit charitable organisation).

Mahika Bhardwaj, Associate – Quantitative Analyst

Mahika is a Quantitative Analyst, providing insights and support into JCB's investment process.

Mahika has founded her career in financial modelling, data analysis and coding across Australia, Singapore and her native India. She has applied her skills most recently with the University of Melbourne as a Finance Officer, and previously with CFOWorx, Varidus (Singapore) and Wavteq (India).

Mahika holds a Masters of Management (in Finance) from the University of Melbourne, and a Bachelors of Science (in Economics, Mathematics and Statistics) from Christ University in India. Mahika is also a Level 1 candidate in the CFA program.

JCB ESG BELIEFS

JCB's core beliefs on ESG, which are incorporated into investment analysis and decision-making processes, can be summarised as follows:

Figure 1: JCB's core belief pillars on ESG

Pillar	Implications for JCB's investment approach
<i>Returns can be enhanced; risk can be reduced over time – through active ESG management.</i>	<ul style="list-style-type: none"> As a government bond manager, over time we believe that returns can be enhanced, and risk can be reduced through a deliberate ESG approach. Ultimately, our investment decisions are likely to tilt more towards the investment merits (e.g., liquidity levels of two competing securities, all else being equal) – which means that our portfolio will balance explicit ESG investments (i.e., not overweight) vs broader investments.
<i>We believe that high grade bonds (sovereigns, semi government, supranationals and agencies) are a key tool to use in portfolio defence.</i>	<ul style="list-style-type: none"> Our ability to express our ESG views are in terms of issuers and issues. We engage in ESG via issuer selection and security selection (green, sustainable and social vs nominal equivalent). Our notion of 'liking' or 'disliking' a country or issue runs on a spectrum. We are not restricted to holding benchmark weights (as in index-relative): we can go long or short relative to another bond, creating a 'spread' position. We apply a range of Relative Value and Directional strategies to implement our beliefs and convictions.
<i>We liaise and promote with issuers, but we're realistic in what we can impact.</i>	<ul style="list-style-type: none"> Formal quarterly input (incl. ESG). Annual review of ESG activities. Quarterly ESG bond issues universe review – covering sovereigns, semis, supranationals, agencies.

As an investment manager, JCB's mission is to deliver strong risk-adjusted returns for our investors. We view performance over appropriate time frames, which means that we need to be mindful of ESG factors that affect and impact outcomes. JCB specifically believes:

1. That investing without reference to ESG principles can heighten reputational risk (affecting financial outcomes) and detract from long-term performance. Measurement and management of these defined issues is key to protecting and adding value.
2. ESG factors are increasingly playing out in investment market outcomes as financial market players recognise its impact over time. We note that this is an evolutionary process and the level of impact varies across factors.¹ For instance, according to the United Nations/UNEP Finance Initiative Sovereign Credit Risk Report (2013), academic and investor research show:
 - a. Environmental: little current observable correlation to date between environmental issues and bond performance. However, Governments around the world are likely to continue to implement supportive regulation, which will support many green projects. Governments are also going to continue to offer tax advantages and other incentives for green and sustainable investors in order to help drive progress in the market.
 - b. Social and Political: investors can build up a picture of a country and better gauge the risks of investment by paying attention to these inputs. Ultimately, we recognise the link between managing human capital, longer term productivity and ultimate country performance.

¹ Although given the relative newness of the ESG industry with specific linkage to (sovereign) bond outcomes, the research is nascent. This contrasts with share based investments where the body of research suggests ESG can alter and improve outcomes. We firmly believe that as industry research is carried out and more data becomes available, the story will be accretive.

- c. Governance: That corruption and sovereign debt performance are clearly correlated. We believe that a stable, defined and balanced sovereign environment is conducive to longer term constructive outcomes.

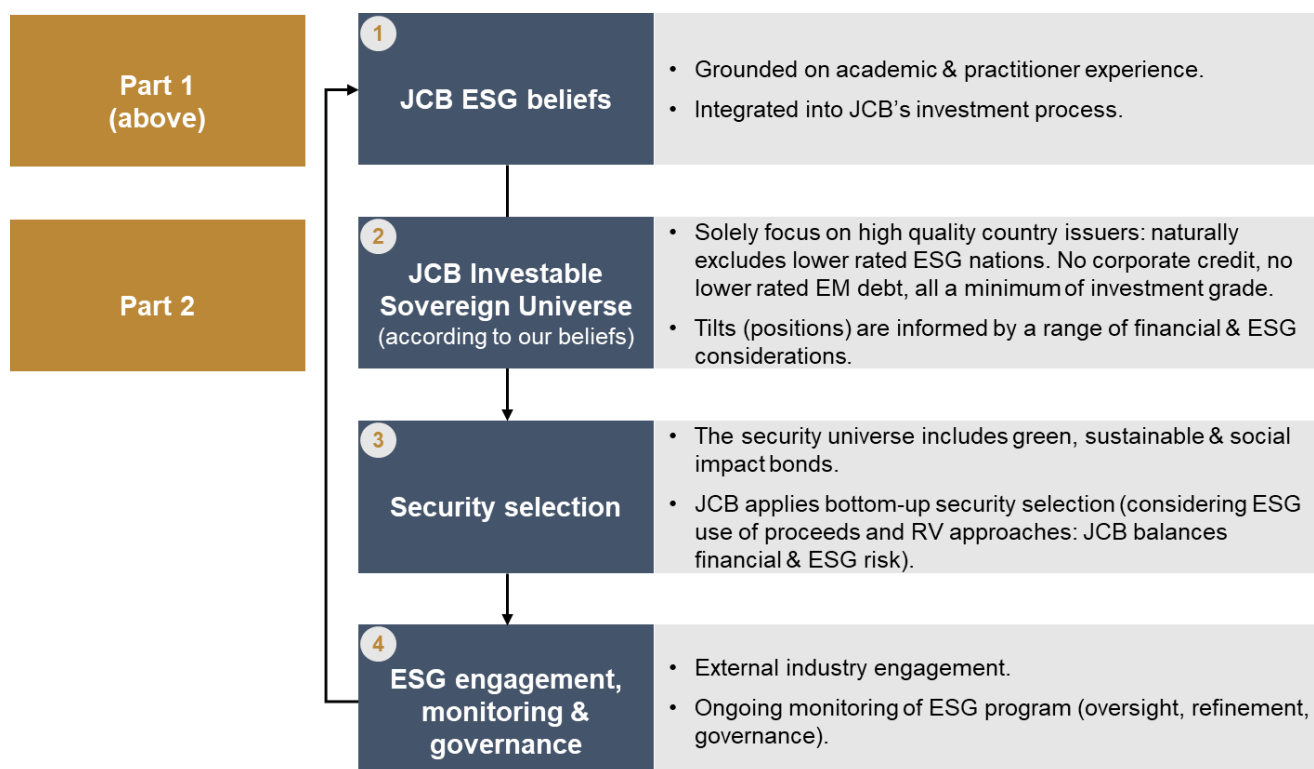
In a connected and increasingly reactive world, we understand how markets can respond to poor outcomes. This can lead to discounting by markets and ultimately weaker investment performance over time.

- 3. Bond investment decisions (and actions in the primary and secondary bond markets) have impacts on capital allocation and the real world. For instance, green bonds allow investors to allocate capital towards sustainable products and initiatives without taking on additional risk; these same bonds can even help to hedge against certain types of climate risk. In addition, certain bonds issued by supranational issuers/entities such as the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) and the World Bank are specifically earmarked for sustainable development projects which are consistent with Social and Environmental sustainability goals and outcomes.
- 4. JCB also recognises the growing importance of ESG factors to investors/asset owners as well as the broader societal expectations. More recently, this trend has continued on the same trajectory. Our ongoing engagement with investors/asset owners combined with reflection of the measurable macro investment behaviours have shaped our thinking as part of an overarching concern for society.

INTEGRATION

The section outlines how JCB integrates ESG factors into the investment process. Figure 2 (below) summarises how JCB applies its beliefs within its investment process.

Figure 2: JCB's philosophical approach to ESG – Part 2



(2a) JCB Investable Universe - Sovereigns:

1. JCB focuses on highly rated global sovereigns² in its investment universe. This includes G7 nations plus selected highly rated satellite countries which are predominantly Developed Market. The sovereigns that JCB can access are therefore well rated in an ESG sense as countries commonly characterised by ESG concerns are not considered. Put another way, the resultant sovereigns are high grade in nature, and strong from an ESG perspective. As an example, according to the 2022 ranking of countries by ESG measures, 15 of JCB's countries of focus appear in the top 20 of measured countries, with the remaining countries appearing in the top fifty.

² Australian Government Bonds, as in the case of its domestic fund.

Figure 3: Top 20 most sustainable countries

	Country	Sovereign Region	Risk Score (/100)	Risk Category
1	Norway	Europe and Central Asia	8.82	Negligible
2	Switzerland	Europe and Central Asia	9.31	Negligible
3	Luxembourg	Europe and Central Asia	9.51	Negligible
4	Sweden	Europe and Central Asia	10.61	Low
5	Australia	East Asia and Pacific	10.69	Low
6	Iceland	Europe and Central Asia	10.98	Low
7	Denmark	Europe and Central Asia	11.32	Low
8	Canada	North America	11.59	Low
9	Finland	Europe and Central Asia	12.23	Low
10	Austria	Europe and Central Asia	12.41	Low
11	New Zealand	East Asia and Pacific	12.42	Low
12	United States	North America	12.46	Low
13	Netherlands	Europe and Central Asia	12.75	Low
14	Germany	Europe and Central Asia	12.76	Low
15	Ireland	Europe and Central Asia	12.84	Low
16	United Kingdom	Europe and Central Asia	12.89	Low
17	France	Europe and Central Asia	13.49	Low
18	Singapore	East Asia and Pacific	13.89	Low
19	Belgium	Europe and Central Asia	14.42	Low
20	Japan	East Asia and Pacific	14.44	Low

Source: Sustainalytics, 2022.

(2b) JCB Investable Universe – Sectors:

2. There are specific ways in which we can influence ESG outcomes as a function of our investment beliefs and investable universe (but these are limited):
 - We invest in High Grade Government Bonds (i.e. highly rated sovereigns, states/semis of these nations, supra nationals and agencies). This includes green, sustainable and social impact bonds issued by high grade governments with proceeds being deployed across a range of sectors.
 - Conversely, we do not invest in corporate/credit-based debt – traditional credit risk exposure is nil – accordingly, we do not engage with individual corporations. Our country universe is predominately Developed Market in nature³.

³ China and South Korea are two possible/investable sovereigns within our universe: depending on index provider, these countries can be considered Emerging Markets.

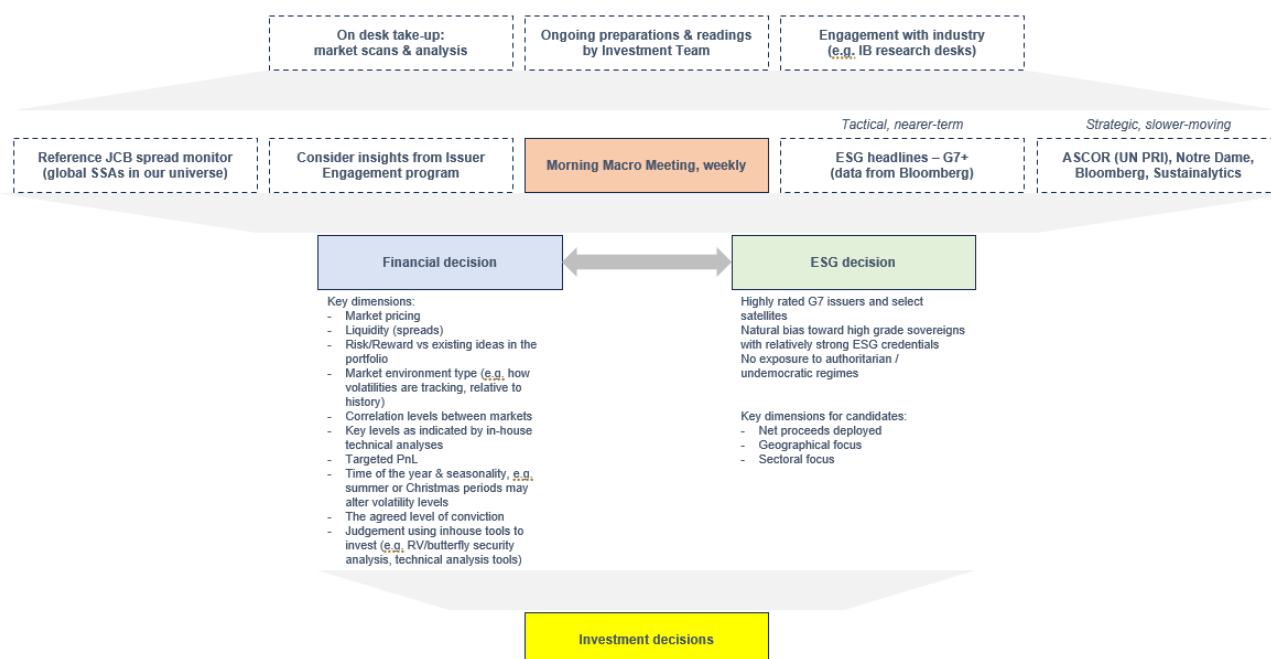
Figure 4: Process and tools in place as part of JCB's ESG program

JCB ESG policy		
Proprietary/ Customised Models	Evaluation	Monitoring & Management
Models & Tools <ul style="list-style-type: none"> • ESG Eligible Securities Universe (quarterly) • JCB macro ESG model • Bloomberg filters/analysis tool/sources (e.g. sovereign rank) 	Models & Tools <ul style="list-style-type: none"> • Relative Value Model • JCB Monday Macro Meeting notes (set item) • Key relationships with investment bank researchers (set item as part of relationships) 	Engagement <ul style="list-style-type: none"> • Issuer meetings (logged) • Collaboration • Engagement with industry bodies (logged) • Engagement with our industry & contacts/networks (e.g. conferences/peers)
Reporting and Feedback		
Reporting <ul style="list-style-type: none"> • Risk Exposure Dashboard • Portfolio Tools • Bloomberg AIM/PORT/analytics 		Governance <ul style="list-style-type: none"> • JCB's ESGI policy • JCB Advisory Board • JCB Advisory Board Sub-Com • JCB Board

Source: Jamieson Coote Bonds

- JCB retains a key relationship with Bloomberg and, as part of this, we have access to a variety of research inputs to shape our investment thinking. JCB uses this information to assess candidate high grade sovereign issuers and securities which ultimately allows us to balance and assess investment and ESG concerns. For instance, JCB relies on Bloomberg into assessing candidate issuers and securities into our portfolios to balance investment and ESG outcomes – which includes use of proceeds, reporting, assurances, sustainability and social aspects of each issue – alongside with financial metrics such as issue sizes outstanding, spreads, duration, coupon and current yield.
- The size of our positions in portfolios is determined at the Asset Allocation (sector weighting) side of JCB's Investment Process as well as at the Security Selection stage. Our strategic (slower moving) positions act as ballast for our portfolios, and are the main parts where ESG positions are expressed. Our ESG positions are therefore longer-term in nature, reflecting our stated belief that these things take time to eventuate. With these time horizons in mind, it supports our notion that our portfolios retain high liquidity – even in times of stress:

Figure 5: Example of JCB's approach in integrating our inputs in decision making.



Source: Jamieson Coote Bonds

JCB can use the information gleaned from above in a number of portfolio construction ways. We can calibrate the size of spread positions in the portfolio over time. We can favour higher ranked countries versus lower ranked countries.

5. The JCB Investment Team refine information on a weekly basis at the Morning Macro Meeting (MMM). This brings together the aforementioned information and data. Our JCB MMM preparation and engagement allow us to delve into more detail as needed to substantiate views about individual countries and/or regions and situations within the lens established by the Quarterly JCB Advisory Board insights. We take in a range of inputs – quantitative and qualitative across economic and financial market spheres. Our relationships with top tier investment bank research arms means we are subscribers to additional quantitative and qualitative input (i.e. reports, analyses which supplement our own primary research) as a basis for our discussions.

(3) Security Selection:

6. The Environment is one example where we can influence financial markets and participant issuers by positively choosing green bond exposures (over the equivalent nominal bond with similar financial characteristics).

In terms of expressing our ESG preferences, given the choice of two similar bonds – one nominal, and one green, we evaluate the investment merit (e.g. time horizon, returns, yields, liquidity profile) against the ESG impact. This includes comparing the current market prices of the bonds with identical tenors to isolate “what has been priced in”.

Ultimately, our investment decisions are likely to tilt more towards the investment merits (e.g. liquidity levels of two competing securities, all else being equal) – which means that our portfolio will balance explicit ESG investments (i.e. not overweight) vs broader investments. JCB can express our ESG views by investing in

government bonds issued by high grade sovereigns, semis/states, supranationals and agencies (the last two being explicitly backed by governments or groups of governments) as labelled by Bloomberg⁴:

- a. Green bonds: fixed income instruments for which the use of the proceeds are entirely dedicated to projects or activities that promote climate change mitigation or adaptation, or other environmental sustainability purposes.
- b. Sustainable bonds: fixed income instruments for which there is a mixed use of proceeds with less than 100% of the use of proceeds dedicated to environmentally sustainable outcomes. "Mixed use of proceeds" is defined as having a combination of green and social activities as eligible projects.
- c. Social impact bonds: fixed income instruments for which the use of the proceeds are entirely dedicated to projects or activities that promote improved social welfare and positive social impact directly for vulnerable, marginalized, underserved, or otherwise excluded or disadvantaged populations.

The Investment Team also reviews the bonds each month that are investable under our ESG guidelines (downloaded from Bloomberg). These individual listings allow a ready comparison versus their nominal counterparts as part of the decision-making (to invest in green or nominal).

Our ESG Eligible Securities Universe notes the securities that fall within our purview. Core data is fed from Bloomberg, and we run our own internal screens in Excel. We sort the candidate securities by currency and attractiveness, as needed, and is a valuable reference point for our Portfolio Managers when we're looking to express our views. This is powerful for being able to wrap our arms easily and clearly around attractive issues. We can then apply our RV model to unearth investment opportunities given the real-time Bloomberg pricing in the sheet.

Our MMM embeds ESG considerations in our discussions. i.e. when we're doing a proof-of-concept on a potential (or existing) structure, we try to look at the investment from all angles, inclusive of ESG risks. We've been well trained to take a fundamental view, and considering ESG aspects is a mere extension. These notes are also captured in our MMM pre-reads, plus backed up by our relationships with investment bank research arms.

Our RED (Risk Exposure Dashboard), also reports on ESG holdings (as does Bloomberg): we formally review this at our MMM and discuss whether these are appropriate levels in our portfolios.

(4) ESG monitoring & governance

7. JCB's Investment Strategy & Sustainable Team are accountable for ESG policy, including monitoring and governance. As part of this, the Investment & Sustainable Team take input from the Advisory Board and their formal quarterly meetings.
8. JCB's Annual General Meeting is an opportunity for the Investment Strategy & Sustainable Team to review progress, report and engage with stakeholders – this output allows JCB to alter and enhance our ESG policy over time.

⁴ Bloomberg's definitions of what constitutes a social or sustainability bond are based on the 2021 Social Bond Principles (SBP), the 2021 Green Bond Principles (GBP) and the 2021 Sustainability Bond Guidelines (SBG) published by the International Capital Market Association.

ENGAGEMENT

Challenges with engagement with government bond issuers

We are conscious that ESG engagement entails having a view beyond integration of ESG factors into our investment process or simply driving returns. To that end, we believe that engaging with these financial ecosystem stakeholders is the most effective way to promote sustainable outcomes, namely: bond issuers (i.e. governments), market makers, clients & prospects, industry groups, researchers & regulatory bodies, government agencies and the media.

In particular, we engage with issuers and investors with a view to communicate potential downside challenges, and having these addressed or mitigated against by the issuer. This also includes positive measures by issuers to align with investors' needs – e.g. raising the breadth and depth of bonds such as green, sustainable or impact which are consistent with the appetite for capital to support specific SDGs and protect against ESG risks.

We are also sensitive to how capital is allocated, and that capital within the system continues to be effectively managed. Considering government bond yields drive not only the dynamics of the government yield curve, but also other asset classes (from debt to equity – both public and private markets) as a reference point, effective engagement has implications well beyond just government bonds.

JCB's commitment to engagement

As part of our commitment to the UNPRI we seek to be active owners. JCB's active ownership and engagement goals include:

- To help sovereigns better understand the increasing ESG demands of investors
- To convey expectations and concerns on behalf of our clients
- To promote discussions between investors, sovereign issuers and other stakeholders
- To increase the information provided to the market on ESG matters
- To extract ESG information important for our analysis
- To encourage ESG data transparency

JCB engaging with members of the financial ecosystem

We engage with the key members of the financial ecosystem. Our focus is on exchanging information (mutual transference between the parties), improving transparency (disclosure, focus on data quality, improve risk assessment) and creating opportunities (allowing JCB to better position for current and future ESG demand/client expectations), with the sub-goals of promoting sustainable investing and thinking about improving financial sustainability; these parties include:

- a. Issuers.
Examples: JCB's investment team meet and/or engage with issuers. This is an opportunity to gain greater insights into entities (e.g. NSWTC or Asian Development Bank) and the initiatives they are pursuing as a function of capital raised. We take the opportunity to assess their ESG merit and articulate our ideas and ESG preferences.
- b. Investment banks/research teams, (inclusive of capital market desks and dealer panels).
Examples: JCB constantly engage with investment banks and research teams as part of JCB's investment process to gain investment insights and compare market ideas. Along with gaining insights on how the bond market is functioning (including investor preferences on sustainable finance), we understand that these entities also have influence on capital market allocation (e.g. through issuances and book builds) as well as advising sovereigns on ESG issues that might be material to pricing and would increase the attractiveness of their bonds.

- c. Clients & prospects: institutional asset owners, retail direct and intermediated.
Examples: JCB's engagement with clients and prospects across retail and institutional markets means the firm is constantly engaged with these segments and their portfolio construction concerns. Sustainable finance themes are increasingly having prominence in these discussions.
- d. Industry groups, researchers, regulatory bodies.
Examples: JCB's Head of Investment Strategy & Sustainable is a Senior Fellow of Finsia (Financial Services Institute of Australasia) and sits on the National Industry Council for Funds & Asset Management. Over recent years, JCB has driven the ESG agenda for education and conferences and, as part of these, have sourced expert speakers for Finsia conferences on ESG, scheduled and/or moderated sessions on this topic – allowing this important topic to be actively promoted.
- e. Government agencies.
Examples: Engagement with regulatory bodies and/or government bodies (e.g. AOFM) ensure that our ideas on sustainable finance are heard.
- f. Media.

Examples of JCB's engagement on key issues

Green Bonds

- Investing in green bonds from an issuer in lieu of the same issuer's conventional securities. This decision may stem from focusing on social rationale as opposed to outright financial ones. We are conscious that ESG engagement is about altering over time the issuer's balance and approach to capital deployment.
- Encouraging the Commonwealth Government of Australia to echo state benchmarks by issuing green bonds in time.
- Continuing to engage with issuers of green/sustainable bonds with respect to liquidity and issues outstanding. In this sense, we are looking for a meaningful growth and availability of stock to support a vibrant market. This can be achieved by encouraging issuers to continue to focus on mitigating ESG risks and improve ESG outcomes over time.

MODERN SLAVERY

JCB abhors and strongly rejects modern slavery in substance and form. Working with our partner firm, Channel Capital, we seek to deal with modern slavery examples across our value chain, prospects/clients and vendors as well as the industry and issuers.

JCB's business is modest in size – as such the business is simple in structure and reporting lines. This ensures clear vision by management into key dealings.

The well-defined and high quality nature of JCB's investment universe focusing on government bonds means the countries in this universe tend to have high governance standards.

We note that JCB's total revenue falls below the threshold for firms in the Commonwealth and Victoria are compelled to report.

DIVERSITY & INCLUSION

All employees have a right to work in a workplace free from discrimination and harassment. As a business (investment management) which is all about people, we're committed to delivering a trusting and supportive environment where everyone feels connected, appreciated and heard. As well as being the right thing to do, this approach helps to foster a motivated and engaged team which is focused on delivering attractive outcomes for our investors. We have a zero tolerance policy to bullying, harassment, victimization and racism

of any kind. We seek to achieve higher standards than the minimum set out in legislation, and we will proactively encourage a culture that supports diversity and equal opportunity.

Our approach to recruitment and selection is based on a number of core principles to drive fair treatment, including: seeking a diverse pool of qualified candidates for each role, asking fair, objective and consistent questions during interviews, maintaining records of recruitment and selection processes/interviews.

CONFLICTS OF INTEREST

JCB is committed to operating within regulatory obligations and, accordingly, enacts a conflicts of interest policy that facilitates efficient, honest and fair operation of our financial services business. The policies have been designed to ensure any actual potential and/or perceived conflicts of interest and considers those in its sphere of influence – namely JCB, its staff, clients and prospects. Specifically, the Conflicts of Interest Policy and Procedure has been adopted by the JCB Board and presents the framework upon which the JCB will meet its regulatory obligations in respect of managing, controlling and disclosing conflicts of interest under its Australian Financial Services ('AFS') licence.

JCB's staff members are required to complete annual conflicts of interest training to ensure they have the appropriate understanding to identify and report conflicts of interest which can then be prevented or managed pursuant to its conflicts of interest framework.

This Policy relates to JCB in its capacity as an AFS licensee.

The aim of this Policy is to:

- Ensure the Company has identified and continues to identify its actual and potential conflicts of interest;
- Ensure the Company has a policy on managing, controlling and disclosing all conflicts of interest;
- Ensure the Company has arrangements in place to mitigate the impact that conflicts of interest may have on its continued operation; and
- Promote a culture of compliance.

This Policy applies to services provided to mandate clients, and to the conduct of the licensee as well as its representatives.

ESG REPORTING

In line with signing up to the obligations of the UNPRI, JCB will report in line with the UNPRI's reporting requirements to stakeholders (inclusive of clients/prospects and internal governance). In addition, our investment team have created an ESG risks and opportunities log which captures our high level thinking as it relates to portfolio construction. This complements our existing ESG engagement log in place.

COMPLIANCE POLICY

The JCB ESG Policy is part of the overall Risk and Compliance framework of the firm. All staff are provided with access to copies of the policies and procedures that make up JCB's Risk and Compliance framework and are required to participate in annual staff training and sign a bi-annual staff acknowledgment in regard to compliance with certain policies and procedures. The Executive Director/Co-Founder is responsible for ensuring adherence with this Policy.

FOR MORE INFORMATION

For more information, please contact JCB.

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