Airlie
FUNDS MANAGEMENT

Distributed by
Barrenjoey
Investment Management



Engagement policy

Airlie Funds Management

November 2026

Contents

1.	Objective and scope	2
2.	Philosophy	2
3.	Engagement principles	2
4.	Engagement process	3
	Engagement objectives	3
	Risk assessment and engagement prioritisation	3
	Engagement milestones	4
5.	Escalation	4
6.	Proxy voting	5
7.	Engagement reporting	5
8.	Market-wide and systemic risks	5
9.	Policy approval and review	5
Appendix 1 – Net zero alignment assessment		6
Appendix 2 – Linked document register		8

1. Objective and scope

Objective

This Policy outlines our approach to engagement, how it is integrated into our investment process, and how we engage with companies and escalate concerns. The Policy exists to manage the risk that material environmental social governance (ESG) factors can undermine the long-term cash flows and valuation of the companies in which the Strategies invest, and to identify related opportunities.

We define stewardship as the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries to create sustainable value for the economy, environment and society.

Scope

This policy applies to the strategies and funds managed by the Airlie Funds Management team (we, us or our), together the "Strategies".

This policy should be read with the documents listed in Appendix 1, particularly the ESG policy and proxy voting policy.

2. Philosophy

Our stewardship philosophy is to focus on material ESG factors, considering both risks and opportunities that may influence cash flows and business resilience of our investments within our investment time horizon.

We believe that long-term investors need to consider material ESG factors to form a holistic view of the risks and opportunities that may affect cash flows of our investments. The investment team aim to engage with portfolio companies on a broad range of topics as assessed as financially material.

Our long-term investment horizon and enduring relationships with companies in our investment universe enable us to engage directly on material ESG factors over an extended period. Engagement gives us a direct channel to discuss ESG factors with the companies we invest in. It allows us to set out our expectations clearly, understand how companies are responding, and encourage improvements in practice that support long term value.

3. Engagement principles

The following principles guide how we exercise stewardship, including in situations this Policy does not expressly address.

Financial materiality over the long term. We focus on financially material ESG factors, considering both the risks and the opportunities that may influence the cash flows of our investments within our investment time horizon. As long-term investors we consider material ESG factors to form a holistic view of those risks and opportunities.

Stewardship is part of investing. Stewardship is the foundation that underpins our engagement objectives, starting with our investment philosophy.

Long-term ownership. Our long-term investment horizon gives us the opportunity to engage with companies over an extended period on issues that are important to protecting and creating shareholder value. It allows us build constructive relationships and seek positive change that aims to protect and create shareholder value.

Proportionality. We seek a deeper level of engagement where we own a greater portion of a company's equity, because we have greater influence and a greater responsibility to engage.

Clients' best interests. Our voting follows a principle-based approach where our voting decisions aim to maximise long-term shareholder value.

Continuous improvement. We learn from industry experts, responsible investment associations, companies and clients, and expect the execution of this Policy to evolve with best practice and regulatory requirements while the overarching goals of protecting and enhancing clients' wealth remain unchanged.

4. Engagement process

We aim to engage with companies on a broad range of ESG topics, as identified by the ESG and investment team, that are assessed to be financially material as part of our ESG framework.

Engagement objectives

Engagement has two primary objectives, both designed to have a positive effect on shareholder value over time:

1. **Risk assessment and management**. We build knowledge of the ESG risks and opportunities facing the companies we invest in. We use meetings to share our insights and test our assumptions. Insights can influence analysts' assessment of ESG risks and opportunities and deepens our understanding within and across industries over time.
2. **Influence.** As long-term investors, we build constructive relationships with management to encourage meaningful change, ranging from improved disclosure and setting clear, measurable targets to changes in governance, strategy or practices.

Risk assessment and engagement prioritisation

As outlined in our ESG Policy, we engage on a broad range of ESG factors, where we assess them to be financially material to a company's long-term cash flows, valuation or business resilience. Analysts are responsible for identifying any material issues to engage on for the companies under their coverage, focusing on those that may affect a company's future cash flows or damage its reputation. These issues can come to light through initial research and ongoing monitoring, a company- or industry-specific controversy, or in preparation for an AGM.

In some circumstances where we identify a material risk that we do not believe is being adequately managed, we may undertake structured engagement with clear objectives and a defined view of what success looks like. Engagement activity, progress and outcomes are recorded in our engagement management system, and where progress stalls we may consider escalation. Engagement outcomes may inform our investment analysis, and we report examples to clients and stakeholders in our Stewardship Report.

Across the portfolio, climate change and modern slavery have been identified as material, market-wide risks. We have developed specific assessment frameworks for each, the net zero alignment assessment and the modern slavery risk assessment, which are undertaken annually for all portfolio companies and inform where we prioritise engagement. Companies rated as Severe in our modern slavery risk assessment are prioritised for engagement, and companies in high-impact material sectors that are not aligned to a net zero pathway are subject to an engagement plan that includes objectives and escalation steps.

Net zero alignment assessment

We assess company alignment with a net zero pathway using our net zero alignment assessment, guided by the Net Zero Investment Framework 2.0 (NZIF). The investment team reviews company's climate-related targets, and their progress against climate commitments, at least annually.

Under this framework, companies are classified as Achieving net zero, Aligned, Aligning, Committed to aligning or Not aligned Appendix 1. Companies in high risk material sectors that are assessed as Not aligned, are prioritised for engagement. Our engagement targets, prioritisation approach and engagement objectives are set out in Appendix 1.

The assessment considers:

- **Ambition**: a commitment to net zero by 2050;
- **Targets**: near and medium-term science-based emission reduction targets, including a consideration of whether those targets are externally validated; and
- **Strategy:** reporting in line with regulatory frameworks and a credible climate strategy to achieve the targets.
- **Credibility and progress:** assessment of a company's progress toward targets, along with credibility of its initiatives and strategy to achieve those targets. Credibility and progress towards targets are the view of the investment analyst.

Modern Slavery

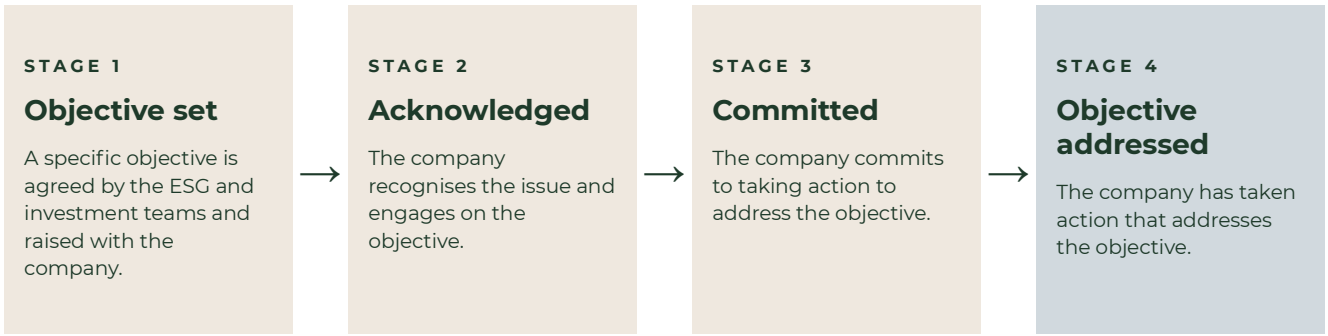
The investment team strive to engage directly with portfolio companies where we have formed the view that material modern slavery risk exists. The objective of these engagements is to better understand how the company is managing modern slavery risks and to influence.

For companies rated as '*Severe risk*' following our annual assessment, we commit to engaging with the company in the following 12 months and incorporating this analysis into the Modern Slavery risk assessment.

Engagement milestones

Where Structured engagement activities are undertaken they will have defined objectives addressing material risks, with progress tracked through four milestones until the objective is addressed.

Monitored and recorded: progress against each milestone is reviewed and recorded in our engagement management system. Where progress stalls, we may consider escalation.



5. Escalation

In cases where engagement has been ongoing without reasonable progress on an issue considered to be material an escalation path maybe considered. This may include actions such as additional engagement, consideration in voting, or portfolio position sizing.

Escalation is considered case by case and is generally staged. Approaches to escalation may include:

- additional or more frequent engagement, and escalating from management to the Board;
- voting against directors, including chairs of relevant committees, or against management proposals;
- supporting shareholder proposals;
- collaboration with other investors via industry working groups on material topics; and
- position sizing, including divestment.

6. Proxy voting

As specified in the Proxy Voting Policy, we vote on all resolutions at annual and extraordinary general meetings for investments we hold directly on behalf of our clients.

Communicating votes against the company's recommendations
The investment team seek to communicate material voting decisions, including votes that differ from the company's recommendation, and follows up on issues raised during the year.

7. Engagement reporting

We report stewardship outcomes in our Stewardship Report. We also publish a Group Climate Report covering the governance, strategy, risk management and metrics of its investment and corporate activities.

8. Market-wide and systemic risks

Some risks affect the operating environment across companies, industries and markets. We seek to understand where market-wide and systemic risks are financially material to specific holdings, sectors and portfolio exposures, and how they may affect long-term cash flows or valuations and business resilience.

Our approach combines bottom-up company analysis with top-down thematic assessment, supported by proprietary frameworks. It has four steps:

1. **Identify.** Investment analysts identify material risks and opportunities through company research, engagement, ESG data, regulatory developments and industry initiatives.
2. **Assess.** We incorporate these risks into our ESG assessment, considering the materiality of each risk and the quality of its management.
3. **Respond.** Findings can inform direct company engagement with targeted objectives addressing material risks with progress monitored against defined milestones.
4. **Monitor.** We monitor industry research and company progress. Where progress on a material issue is limited, we may escalate through more frequent engagement or voting and position sizing.

9. Policy approval and review

This Policy is to be reviewed not less than every 24 months. Linked documents in Appendix 2 are reviewed under their own review cycles.

Appendix 1 – Net zero alignment assessment

Net zero alignment assessment guided by the Net Zero Investment Framework (NZIF)

	Net zero target	Interim science-based target	Progress	Disclosure	Strategy*	Capex alignment*	Credibility
Achieving net zero	✓	✓	✓	✓	✓	✓	✓
Aligned to a net zero pathway	✓	✓	✓	✓	✓	✓	✓
Aligning to a net zero pathway *(*high impact sectors require additional factors)*	✓	✓		✓	✓		✓
Committed to aligning	✓						✓
Not aligned							
			Analyst assessment[1]				**Analyst assessment[1]**

[1] **Analysis assessment:** incorporates insights and the investment team's proprietary view of a company's progress toward its stated climate targets, as well as the credibility of its initiatives and strategy to achieve those targets.

Climate related engagement

We have set the following climate related engagement targets:

- at least 80% of financed emissions in high impact material sectors are from companies assessed as Achieving net zero or Aligned to a net zero pathway, or that are the subject of direct or collective engagement and stewardship actions; and
- by 2030, at least 90% of financed emissions in material sectors are from companies assessed as Achieving net zero or Aligned to a net zero pathway, or that are the subject of direct or collective engagement and stewardship actions.

Engagement objectives

For companies in high risk material sectors that are not assessed as Achieving net zero or Aligned to a net zero pathway, an engagement plan is developed. The plan sets objectives to improve the company's alignment with a net zero pathway, taking into account its industry, geography, business model and previous progress.
Engagement objectives communicated to companies may include:

- a commitment to net zero emissions by 2050;
- setting short- and medium-term emissions reduction targets; and
- external validation of emission reduction targets and plans, with the Science Based Targets initiative (SBTi) as the preferred standard where a methodology is available.

Where the analyst considers it relevant, further objectives may include:

- improved disclosure of Scope 1, 2 and material Scope 3 emissions;
- enhanced disclosure and actions supporting a credible climate strategy to meet net zero aligned targets, including scenario analysis, capital allocation alignment and transition plans;
- executive remuneration linked to climate-related targets;
- board capability and oversight to manage climate change;
- increased transparency on just transition considerations for affected workers and communities; and
- increased transparency on climate-related lobbying.

Appendix 2 – Linked document register

Document	Purpose	Scope
ESG Policy	Approach to ESG integration	Airlie Funds management
Climate Report	Climate reporting	Barrenjoey Group
Proxy Voting Policy	Voting scope, process and conflicts management	Airlie Funds Management
Engagement Policy	Approach to company engagements and industry collaboration	Airlie Funds Management
Stewardship Reports	Reporting of activities and outcomes	Airlie Funds Management