Responsible and Sustainable Investment Statement
Nanuk Asset Management
October 2020

Purpose

This document explains Nanuk's approach to responsible and sustainable investment, details how this approach is implemented and how it aligns with the various approaches adopted within the broadly defined areas of ESG and Responsible Investment.

Introduction to Nanuk

Nanuk Asset Management was formed in 2009 to develop world-class investment expertise in the areas of environmental sustainability and resource efficiency and to assist its clients address the related opportunities and risks.

We believe that successful investment in these areas will deliver attractive investment outcomes for clients and is critical in facilitating the global sustainability transition, through improving the efficiency of capital allocation and facilitating better long-term decision-making through broad engagement with stakeholders, including corporate leaders and the public.

Nanuk is exclusively focused on sustainably themed responsible investment – specifically, investing globally in listed companies whose activities and practices contribute to or benefit from the transition to greater global environmental sustainability and resource efficiency. Responsible Investment and ESG Integration are not treated as discrete components of our business or investment activities.

Nanuk's Beliefs and Investment Approach

Nanuk's core belief is that resource constraints and environmental challenges like climate change, pollution and water scarcity necessitate significant changes to business practices globally and that large parts of the global economy are going to transform as a broad range of more efficient and sustainable technologies replace incumbent solutions in coming decades. We believe that the resultant changes will present a significant set of investment opportunities and risks over the coming decades.

Nanuk invests in selected industries that are benefiting from or contributing to greater global environmental sustainability and resource use efficiency. This includes areas such as clean energy, energy efficiency, industrial efficiency, agriculture, water, waste management, recycling, pollution control, healthcare technology and advanced and sustainable materials.

We believe that specialist focus can be applied to investing successfully in these industries, which are often influenced by the complex interaction of government policy, new technology and changing industry structure. They typically demonstrate higher volatility and inefficiency when compared with the broader equity market and this means that an effective fundamental research process, providing deep understanding of companies and industry dynamics in combination with robust valuation frameworks, will enable us to identify stocks that offer attractive return potential.

Nanuk employs an active fundamental investment approach aimed at identifying companies that have been mispriced by the market relative to their intrinsic valuation. The primary focus of Nanuk's investment process is the assessment of valuation (leading to valuation-based price targets) and risk.

We believe that environmental, social and governance (ESG) factors are important considerations in assessing both valuation (through their impact on forecast cash flows and discount rates) and risk. In particular we believe there is a strong link between corporate governance practices and long-term shareholder value creation.

ESG and Responsible Investment

The terms “Responsible Investment” and “ESG Investment” typically describe investment strategies that have attributes or outcomes of a ‘responsible’ nature. Confusingly the terms are also used more broadly to describe the concept of “ESG Integration” – the consideration of environmental, social and governance factors within an investment process – which does not necessarily confer that an investment strategy is ‘responsible’ in nature.

Responsible Investment can be segmented into several, potentially overlapping, strategies with different non-financial outcomes. The strategies can be simplistically divided into a set of strategies that are directed towards investing in “better companies” (or “less bad” companies) and a set of strategies that are directed towards investing in companies that are contributing towards a “better world”. In turn, these strategies can be implemented using a variety of different methods potentially resulting in significantly different outcomes.

Ethical strategies seek to align investment with values and are typically, but not necessarily, implemented through negative screening or removal of non-complying companies or industries.

ESG strategies are varied but involve the systematic consideration of ESG factors typically with the goal of lowering risk. They can be implemented using a variety of different methods with quite different results.

Engagement strategies, as the name suggests, have a focus on improving corporate behavior and decision making, and necessarily involve resource intensive direct engagement with companies.

Sustainably themed strategies focus on investment in companies and industries whose activities are associated with improving environmental sustainability and/or social equality, with an increasing focus on the United Nations Sustainable Development Goals (the “UN SDGs”).

Impact strategies are intended to provide measurable positive environmental and social outcomes. Listed companies have not (at least historically) been able to provide detailed accounting for their social and environmental impact and as such true impact strategies are limited to unlisted investments. Whilst it is entirely plausible to have impact investments that provide appropriate financial returns, the line between impact investing and philanthropy is potentially grey.

It is important to note that these strategies are not mutually exclusive. A product’s strategy will typically align clearly within one category, but that does not preclude it from falling within one or more other category.

Nanuk New World Fund

Better Companies			Better World	
Ethical	ESG	Engagement	Sustainably Themed	Impact
Investment aligned with values	Reduced exposure to ESG risks	Improving corporate behavior	Favour investments related to improving E&S sustainability	Measurable positive E & S outcomes
✓	✓	~	NANUK ASSET MANAGEMENT Investing Sustainably, Managing Responsibly	~
Negative screening	Governance factors incorporated into risk, valuation and stock selection	Comprehensive proxy voting and selective engagement activities	Positively screened investment universe	Identifiable contribution of companies to improving sustainability

20

A detailed overview of ESG and Responsible Investment is provided in Nanuk's whitepaper – available on request or on Nanuk's website.

Nanuk's Approach to Responsible Investment

Nanuk's approach to responsible investment is driven by our core beliefs, our fiduciary duty to our clients, and our intentional investment in companies that contribute towards improving global environmental sustainability and resource efficiency.

The firm is focused on delivering strong investment outcomes via a strategy that is aligned with important long-term environmental outcomes.

The implementation of this strategy is primarily 'top-down', through the construction of an investment universe that is aligned with this responsible investment objective. This extends to not investing in companies whose activities or practices are contrary to the firm's beliefs and values.

This approach results in a different outcome to the majority of responsible investment approaches that favour investment in what might be described as 'better companies' - companies that are likely to have lower ESG related financial risk because of closer alignment with what is considered 'best practice' E,S and G behaviours and metrics.

Nanuk considers these factors and risks in assessing investment opportunities and risks, particularly a narrow but pertinent set of governance factors that we believe are material to longer-term investment outcomes, however, our primary focus is on the exposure of companies to 'transition risks' and identifying companies that are likely to benefit from such risks. We believe these higher-level macroeconomic changes are likely to have a significant impact on the economic value of businesses over time.

Nanuk's approach is implemented using a combination of positive thematic screening, negative exclusionary screening, ESG integration and active management as described below.

Positive Screening

Nanuk's invests exclusively in companies having a material proportion of their activities in industries that are contributing to or benefiting from the global transition to greater environmental sustainability and resource efficiency.

Nanuk's investment universe is defined around 8 broad sectors or themes, selected because of (i) their contribution to achieving greater global environmental sustainability and resource efficiency for the benefit of the world and future generations, and (ii) their inherent characteristics (eg growth, complexity, disruption), which provides a rich and attractive opportunity set for the extraction of excess investment returns: Clean Energy, Energy Efficiency, Industrial Efficiency, Waste & Recycling, Water, Food and Agriculture, Advanced and Sustainable Materials and Healthcare Technology.

To be included in Nanuk's investable universe and portfolios, companies must derive at least 25% of their value from activities within these 8 broad sectors, ensuring that each investee company makes a material contribution to improving global environmental sustainability and resource efficiency.

Positive inclusionary screening is undertaken using information provided by external data providers that categorises company activities and is reviewed by members of the investment team. Inclusions decisions are made by the firm's Investment Risk and Oversight Group on the basis of recommendations by the Chief Investment Officer.

Negative Screening

Nanuk's focus naturally precludes investment in many industries that do not align with the firm's values, its sustainability focus and whose practices are known to contravene environmental, social and ethical norms. Nanuk also recognizes that companies whose activities are contributing to greater global environmental sustainability and resource efficiency may also be involved in contentious areas, either directly or as suppliers of products and/or services.

Nanuk's exclusions framework (shown below) seeks to avoid investment in companies whose activities and practices are not consistent with the firm's focus on global sustainability and reduce risks associated with investment in companies whose practices contravene environmental, social and ethical norms.

Company exclusions are formalized around three main areas: 1) Climate Change, Fossil Fuels & Environment, 2) Weapons, and 3) Ethical Values & Human Rights.

Nanuk does not invest in companies with a material proportion of their activities in the following areas. Coal & Coal-Based Energy, Oil & Gas exploration and Oil-Based energy, Uranium Mining and Nuclear Generation, Nuclear Weapons, Anti-Personnel Landmines & Cluster Munitions, Military Contracting & Equipment, Weapons & Small Arms, Tobacco, Alcohol, Gambling and Adult Entertainment.

Further Nanuk does not invest in companies whose business practices are known to contravene the following international norms: Human Rights, Labour Standards and Modern Slavery, Anti-Corruption and Severe Environmental Damage

Nanuk specifically excludes companies that contravene accepted norms for environmental stewardship, however, it is acknowledged that, conversely, investing in companies with low environmental footprints (such as banks) does not necessarily mean that they contribute to improving global sustainability at a holistic level (such as electric vehicles). As such, the firm's investment approach does not specifically target investment in companies having intrinsically low environmental impact in their own right.

Negative exclusionary screening is undertaken using information provided by external data providers that identifies involvement in excluded activities, in combination with more detailed review by members of the investment team. A register of exclusions is maintained by the Chief Investment Officer.

These criteria result in over 1,800 companies being excluded from investment by Nanuk.

NANUK ETHICAL / ESG EXCLUSIONS FRAMEWORK

Sector	Exclusion Criteria
Climate Change, Fossil Fuels & Environment	**Revenue and Norms Based**
Coal & Coal-Based Energy	Mining, Exploration & Extraction >0% Coal Fired Generation >10% Services & Equipment Supply >30%
Oil & Gas	Exploration, Extraction, Production & Refining >0% Services & Equipment Supply >30% Oil-fired Generation >5% Gas Generation >30% and Gas > Renewable Generation
Uranium	Mining and Refining >0%
Nuclear Generation	Nuclear Generation >10% and Nuclear > Renewable Generation
Severe Environmental Damage	Norms-Based Criteria, case by case
Weapons	**Revenue Based**
Cluster Munitions & Anti-personnel Landmines	Production & Manufacturing >0%
Nuclear Weapons	Production & Manufacturing >0%
Military Contracting & Equipment	Services & Equipment Supply >10%
Weapons & Small Arms	Production & Manufacturing >0%
Ethical Values and Human Rights	**Revenue and Norms Based**
Adult Entertainment	Production, Manufacturing, Sales & Distribution >0%
Alcohol	Production & Manufacturing >0%
Correctional Facilities	Ownership, Management, Operation & Service Provision >0%
Gambling	Ownership, Management & Operation >0%
Gross Corruption	Norms-Based Criteria, case by case
Tobacco	Production & Manufacturing >0%
Serious Violation of Human Rights & Ethical Norms	Norms-Based Criteria, High-Risk Countries / Areas, case by case

Exceptions to the exclusion criteria may be made in circumstances where a relevant business is discontinued or marked for sale. As at 30 Sep 2019.

25

ESG Integration

Nanuk seeks to integrate E, S and G factors in a consistent, pragmatic manner, aligned with the achievement of client risk and return objectives.

Nanuk's fundamental investment process is directed towards investing in companies that offer attractive risk adjusted return potential through a consistent valuation-based approach coupled with fundamental insights into industries and investee companies.

We believe the consideration of ESG factors is an important component of fundamental analysis and contributes to more robust assessment of valuation and risks, and improved investment outcomes through the avoidance of losses associated with poor ESG performance.

Nanuk believes there is a strong link between corporate governance practices and long-term shareholder value creation. The alignment of interest between company directors and management and common shareholders is a primary consideration in understanding and assessing company valuation and risk.

Nanuk seeks to reduce the risk of losses by investing in companies that generate sustainably high returns on capital and are capably managed in the long-term interests of shareholders and avoiding exposure to companies where there is excessive uncertainty about the sustainability of returns or doubt about the prioritization of shareholder's interests in management decision making.

Nanuk has identified 5 key aspects of governance which it considers material in understanding this alignment of interest and which are considered in relation to all investments, namely Ownership, Board & Management, Compensation, Accounting and Corruption.

These factors and how they are integrated into investment decision making are discussed below.

Inside Ownership	Inside ownership refers to both management and substantial or controlling shareholders owning more than 10% of a company. High levels of inside ownership present the opportunity for a misalignment of interests between inside owners and common shareholders and requires investigation. High levels of state ownership, or controlling shareholders with clear misalignments of interest, may present unacceptable risks. Risks associated with inside ownership can be incorporated subjectively or quantitatively (via discount rates in valuation). Consideration of other factors such as the proportion of independent directors and separation of duties may be relevant to understanding this risk.
Director Independence	Independent directors represent the interests of common shareholder and it is generally considered desirable that a majority of directors are independent. A low proportion may indicate potential for misalignment of interests. A low proportion of independent directors needs to be considered in relation to the overall constitution of the board and its experience and track record.
Separation of Duties	It is generally accepted that the separation of duties between the Chairman and the CEO is appropriate to ensure appropriate oversight in the governance process. There are however many examples of successful Executive Chairman, and this may be appropriate, for example, in founder led companies with proven leaders. In conjunction with other factors, like an absence of independent directors or related party transaction, it may indicate potential for misalignment of interests.

Director / Management Tenure	Particularly long periods of service are often associated with deteriorating quality of governance and management practices. This is not always the case and requires investigation on a case by case basis.
Management Compensation and Incentive Structure	High levels of management compensation and incentive structures that encourage decision making not aligned with long term value creation are indicators of misalignments of interest and risk. Assessment of incentive structure is necessarily quantitative, but associated risk may be integrated via adjustments to discount rates.
Board Compensation	Excessive levels of board compensation reflect misalignment of interests between the board and shareholders.
Stock Based Compensation	High levels of stock based compensation can reflect a disregard for shareholder value creation.
Auditor	The appointment of non-Big 4 audit firms to large publicly listed company may be an indicator of accounting related risks and weak financial controls. It requires investigation and understanding.
Audit Qualification	A qualified audit opinion can reflect weak financial controls and requires investigation and understanding.
Non-GAAP Accounting Adjustments	Non-GAAP Accounting Adjustments can have a valid basis, and may be helpful in understanding the underlying financial performance of a company. However non-GAAP adjustments can also be misleading indicators of the true profit generation and value creation of a company, and particularly when used within incentive structures can represent a misalignment of interests between management and shareholders.
Corruption	Material levels of activity or revenue in countries known to have high levels of corruption can be an indicator of risk of involvement in corrupt activites.

Some factors can be shown to have statistical significance as indicators of future relative out performance and are suitable for integration into quantitative assessment of valuation and/or risk. Other factors may not have broad statistical significance but alone, or more often in combination with other factors, may indicate misalignment of interest and greater risk.

Assessment of these factors is necessarily qualitative and may take into consideration other factors such as the historical actions and performance of directors and management. Importantly, Nanuk's approach allows for recognition that improvements in governance standards are likely to be more significant as an indicator of future outperformance than the absolute or relative measures of governance standards. The approach also allows for recognition that appropriate governance structures may vary depending upon the nature and stage of development of a company, as well as the individual entities and people involved.

An issue or concern related to a single factor may not of itself indicate inherently higher company risk or uninvestability: considerations such as materiality and context (cultural and geographic biases, subsequent actions, historical performance etc) are made in conjunction with assessment of other relevant governance factors. For example, the risks potentially associated with an Executive Chairman may not be of concern if the board contains a majority of appropriately experienced independent directors.

Significant uncertainty about the sustainability of returns or doubt about the prioritization of shareholder's interests in management decision making is taken into account in investment decisions. This may result in adjustments to valuations (typically through incorporation of risk factors into discount rates), and/or a lower conviction (and therefore lower position size), and/or a risk-based decision not to invest.

The governance factors outlined above are not intended to be a complete and comprehensive list of governance factors relevant to evaluating every company. Other factors are considered as a normal part of fundamental company analysis and investment decision making. Examples of such factors are listed below:

- Fines and penalties
- Litigation
- Environmental liabilities
- Listing rules and disclosure practices
- Related party transactions
- Misleading and/or historically inaccurate financial guidance
- Manipulation of financial results (for example, asset revaluations)

Nanuk does not seek to achieve a portfolio with high average ESG scores or ratings.

Climate Change Risks

The assessment of climate change related risks and opportunities is central to the firm's existence.

We believe that the transition of the global economy to a sustainable form will take many decades. However, the investment risks and some of the opportunities related to these transitions are likely to be manifested on much shorter timeframes and are already evident at this early stage of the transition away from current unsustainable technologies and business practices. The timing is industry and technology specific and will be influenced significantly by government policy development, particularly the implementation of new 2050 net zero emissions targets, business strategies and changing public and consumer behaviour. Similarly, physical risks are likely to appear over many decades and the timeframes will be to some extent determined by the course of actions taken by government, business and consumers.

The firm's focus on companies that are likely to benefit from the transition away from activities inconsistent with mitigating climate change is the primary means through which the climate related risks inherent in the broader global equity universe are mitigated.

Further to this the construction of the firm's investment universe precludes, through negative screening, investment in companies with direct involvement in industries susceptible to climate related transition risks - such as oil & gas exploration and production and coal fired power generation, and companies with substantial indirect exposure to these industries.

Indirect exposure to transition risks is considered during investment analysis and, where considered appropriate, factored into forecasts and cost of capital.

Proxy Voting

Nanuk fulfills its stewardship obligations through comprehensive proxy voting. In doing so, Nanuk uses the services of a proxy voting research provider (ISS) to inform our voting decisions.

Voting is conducted based on the recommendations of the external proxy voting research provider and in accordance with the agreed sustainability and ESG aligned voting policy. Nanuk reviews the voting recommendations prior to implementation and will exercise our own voting decisions in relation to items that we consider material to economic outcomes and alignment of company decision making with our interest as a minority shareholder - specifically on issues such as compensation and incentive arrangements, capital raisings and acquisitions and divestments.

ISS's Sustainability Voting Guidelines are accessible via the following links:

https://www.issgovernance.com/file/policy/active/specialty/Sustainability-International-Voting-Guidelines.pdf

https://www.issgovernance.com/file/policy/active/specialty/Sustainability-US-Voting-Guidelines.pdf

Engagement

Commencing in 2020 Nanuk has engaged an external engagement services provider (ISS) to undertake engagement activities with selected investee companies on our behalf and in conjunction with other investors.

Assessment and Outcomes

RIAA Certification

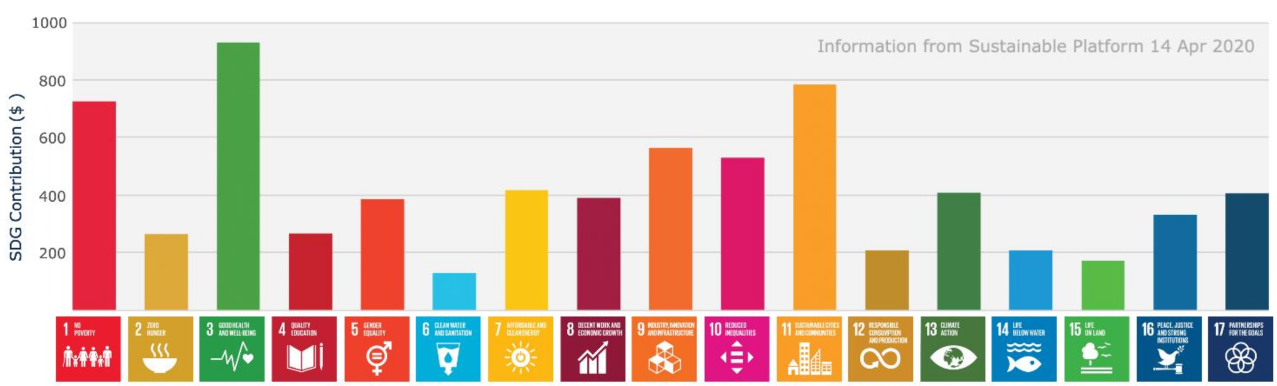
The Nanuk New World Fund has been certified by the RIAA as a Responsible Investment and an Ethical Investment according to the strict operational and disclosure practices required under the Responsible Investment Certification Program.   See www.responsibleinvestment.org for details.

This certification signifies that the **Nanuk New World Fund** offers an investment style that takes into account environmental, social, governance and ethical considerations.   The Responsible Investment Certification Program does not constitute financial product advice. For further details see www.responsibleinvestment.org.

SDG Contribution

The activities of companies within Nanuk's proprietary investment universe typically demonstrate a clear connection with the delivery of the UN's Sustainable Development Goals (SDGs). Nanuk utilizes the services of an independent research house (Sustainable Platform) to analyse individual company and portfolio contribution to the delivery of the SDGs and exposure to controversial industries.

Nanuk New World Fund demonstrates a substantially higher average contribution to the UN SDGs and lower exposure to controversial industrial and lower sustainability related risk than traditional global equity benchmarks.



	Nanuk New World Fund	FTSE Environmental Opportunities All Share Index	MSCI All Country World Index*
SDG Contribution	72.2%	70.9%	62.3%
Controversial Industry Exposure	5.4%	9.6%	10.6%
Carbon Risk	4.9%	8.5%	7.3%
Portfolio Reputational Risk	14.9%	28.5%	27.1%

*Source: Sustainable Platform, Nanuk. As at 31 December 2019 * - based on holdings of iShares MSCI ACWI Index*

Carbon exposure

The Nanuk New World Fund demonstrates substantially lower exposure to Carbon Related Assets and direct and indirect exposure to carbon intensive industries than broader global equity benchmarks.

TCFD Metrics

Nanuk commenced reporting TCFD compliant Carbon Footprinting and Exposure Metrics in 2020.

The metrics for the Nanuk New World Fund, the Fund's benchmark (the FTSE Environmental Opportunities All Share Index) and a representative traditional global equity benchmark (the MSCI All Country World Index) are shown below.

It is notable that the weighted average carbon intensity of constituents of the Environmental Opportunities index is substantially higher than that of constituents of a broader global equity index. This is primarily a reflection of the higher weightings of low carbon intensity businesses in sectors such as Financials and Information Technology in traditional benchmarks compared to environmental benchmarks which comprise companies that are producing goods and services that will contribute to lower future global carbon emissions, and illustrates the paradox of using such metrics to assess whether individual companies or portfolios are contributing positively to mitigating climate change or minimizing climate change related risks.

TCFD Carbon Footprinting and Exposure Metrics
Nanuk New World Fund
31-Dec-19

	Nanuk New World Fund	FTSE EOAS Index	MSCI ACWI ETF
Total Portfolio Value (USDm)	162		
Data Availability (% of portfolio)	67%	74%	76%
Weighted Average Carbon Intensity (tC02e/$m revenue)	269	417	211
Total Carbon Emissions (tC02e)	12384		
Carbon Footprint (tCO2e/$m invested)	117	222	157
Carbon Intensity (tCO2e/$m revenue)	197	358	241
Exposure to Carbon Related Assets	1.3%	9.6%	8.2%

Sources: Bloomberg, FactSet
Notes: Excludes companies for which data is not available. Carbon Related Assets includes GICS Energy and Utilities (ex Water Utilities and Alternative Power Generation)

UNPRI

Nanuk commenced reporting as a signatory to the UN PRI in 2018.

The aggregate scores for each module in the 2020 Assessment Report are shown below.

Summary Scorecard

AUM	Module Name	Your Score	Your Score / Median Score
	01.Strategy & Governance	A	A
Direct & Active Ownership Modules			
>50%	10. Listed Equity - Incorporation	A	A
>50%	11. Listed Equity - Active Ownership	C	B

Collaboration

Nanuk is a member of the following peak bodies:

Investor Group on Climate Change

Signatory of: PRI Principles for Responsible Investment

riaa Responsible Investment Association Australasia