

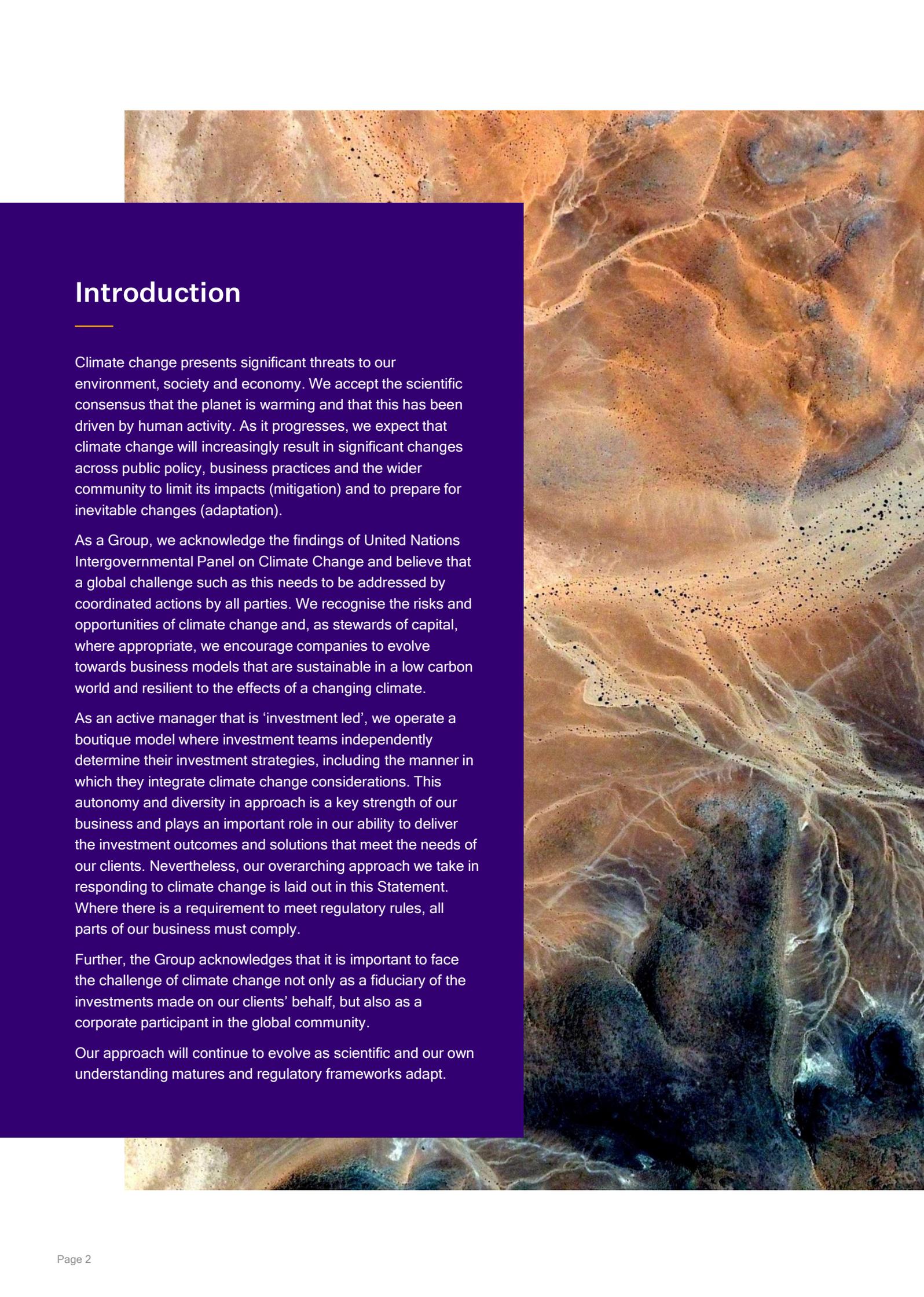
December 2020

Pendal Group Climate Change Statement

Scope

This Statement applies across Pendal Group (Group). The Group consists of Pendal Group Limited (including its Australian subsidiaries), J O Hambro Capital Management Limited (including its subsidiaries) and Regnan our specialist ESG business unit. The document applies across the Group's investment management businesses providing guidance to our investment teams as well as to our corporate activities more broadly.

This Statement is reviewed at least annually.



Introduction

Climate change presents significant threats to our environment, society and economy. We accept the scientific consensus that the planet is warming and that this has been driven by human activity. As it progresses, we expect that climate change will increasingly result in significant changes across public policy, business practices and the wider community to limit its impacts (mitigation) and to prepare for inevitable changes (adaptation).

As a Group, we acknowledge the findings of United Nations Intergovernmental Panel on Climate Change and believe that a global challenge such as this needs to be addressed by coordinated actions by all parties. We recognise the risks and opportunities of climate change and, as stewards of capital, where appropriate, we encourage companies to evolve towards business models that are sustainable in a low carbon world and resilient to the effects of a changing climate.

As an active manager that is 'investment led', we operate a boutique model where investment teams independently determine their investment strategies, including the manner in which they integrate climate change considerations. This autonomy and diversity in approach is a key strength of our business and plays an important role in our ability to deliver the investment outcomes and solutions that meet the needs of our clients. Nevertheless, our overarching approach we take in responding to climate change is laid out in this Statement. Where there is a requirement to meet regulatory rules, all parts of our business must comply.

Further, the Group acknowledges that it is important to face the challenge of climate change not only as a fiduciary of the investments made on our clients' behalf, but also as a corporate participant in the global community.

Our approach will continue to evolve as scientific and our own understanding matures and regulatory frameworks adapt.



Our position

This Statement provides transparency to our stakeholders about the Group's position on climate change and provides internal guidance to our business and investment teams to decision making. Specifically, our conclusions are:

- Transitioning to a lower-carbon economy will bring changes in public policy, regulation, technology and market preferences. Such changes will present both risks and opportunities for the Group's investments. The pace and nature of the transition, which is uncertain, will impact the level of risk and opportunity. It is in our collective interest for this transition to be early and orderly.
- Risks from climate change have consequences for both real and financial assets. These risks may be priced into asset valuations well before they materialise.
- The market is already responding to real and perceived risks stemming from moves to decarbonise, resulting in transition risks, as well as physical risks. A failure to adequately consider these dynamics and to stay ahead of the market will leave investors vulnerable to financial loss, such as through exposure to stranded assets. Some sectors, such as fossil fuels, are highly exposed.
- The transition to a low carbon economy and physical climate impacts will impact people. An orderly transition will reduce the negative impacts to those employed or otherwise economically dependent on the fossil fuels sector, by facilitating new employment and economic opportunities to enable a 'just transition'.
- Populations in areas vulnerable to physical risks are likely to face varied impacts on daily life and, in extreme cases, areas may become unliveable. Delayed action on climate change is likely to increase the severity of physical impacts in vulnerable areas.
- The varied policy responses to climate change will have social and economic implications, which may be compounded by the physical impacts of climate change upon communities, potentially causing increased instability and inequality. It is important that climate action, including policy responses, seeks to minimise the potential for instability and inequality.
- The finance sector is well positioned to support the private sector efforts in both climate mitigation and adaptation through capital allocation as well as collaboration. Stewardship, or active ownership, practices can drive positive climate action within investee companies, including accurate, timely and relevant climate-related disclosures. Active managers have an interest in leveraging their influence to support such outcomes.

Our actions

Our beliefs inform how we manage climate-related risks and opportunities within both our business and our investments. Specifically:

- We continue to enhance our understanding of how transition and physical risks and opportunities may impact the Group's own operations and the investments made on behalf of our clients. Where these are material, we act to address these in our operations and, where relevant, in our investment decision making.
- Where relevant, especially for sectors identified as high risk, we seek more information and action from companies and issuers with respect to their own climate risk management. This helps us manage our investment risks.
- As part of our corporate engagement and proxy voting activities we encourage companies and issuers to address performance gaps where we identify potential concerns - as informed by our position on climate change outlined above.
- We collaborate with other market participants where this can amplify our efforts, such as through industry association membership and joint engagement initiatives, to support the role of collaboration in achieving the goals of the Paris Agreement and in reducing risks to the global financial system and impacts to society more broadly.
- We monitor and manage the advocacy we undertake, or that is undertaken on our behalf, through industry associations of which we are a member, to ensure it does not undermine fair and effective public policy on climate change.¹
- Where appropriate and in line with the individual investment strategy, we seek to allocate capital to those sectors that will support the transition and adaptation needed.
- We continue to enhance our management, measurement and reporting of climate-related risks and opportunities, consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- We seek to expand the investment solutions and services provided to clients seeking strategies that align with their needs and ambitions around the management of climate-related issues within their investments.
- We raise awareness, where appropriate, of the importance of considering climate change within investment portfolios among our clients and the community more broadly.
- We measure and manage the carbon footprint from our business operations.

¹The list of climate-related initiatives in which the Group participates can be found here: <https://www.pendalgroup.com/about/corporate-governance/industry-representation/>

Our commitment

We recognise that the rapidly evolving nature of climate change requires the Group to be flexible, inquisitive and to continually understand how our business and investments may be affected. This will require deep analysis, specialist capabilities, training and focus.

We are committed to a comprehensive and progressive response to climate change, acknowledging that this is in the interests of our business, our stakeholders, the environment and the wider community.

This statement has been prepared by Pendal Group Limited ACN 126 385 822 and the information contained within is current as at 31 December 2020.

This statement has been issued in the United Kingdom by J O Hambro Capital Management Limited, authorised and regulated by the Financial Conduct Authority.

Issued in the European Union by JOHCM Funds (Ireland) Limited ("JOHCM") which is authorised by the Central Bank of Ireland.

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