Environmental, Social and Corporate Governance (ESG) Policy

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ESG investment philosophy

Bentham Asset Management is a specialist global credit investment manager. Our investment management philosophy is based on a strong credit culture and a systematic investment process, with a focus on the preservation of principal and protection against downside risk.

We believe environmental, social, and governance (ESG) issues are an important consideration in the credit research process. ESG analysis can assist in the identification of risks that may significantly impact creditworthiness. Therefore, considering ESG issues alongside financial measures provides a more complete view of the risk / return characteristics of potential investments.

ESG analysis is incorporated into our credit research process and is aligned with our active approach to investing. We believe disciplined application of ESG principles contributes to management of investment risks and long-term value preservation.

Our approach is grounded in our fiduciary duty to act in the best interests of our clients.. We believe that the systematic assessment of financially material ESG factors, including climate, nature and human rights related risks, supports better informed investment decisions. Stewardship and active engagement with issuers in a considered and constructive manner is an important complement to the process. This policy should be read together with the Bentham Engagement and Stewardship Policy and the Modern Slavery Statement.

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Application of ESG to Bentham fixed income products

Bentham Asset Management provides diversified exposure to global fixed income and credit markets through its specialised funds. These funds provide exposure to domestic and global credit markets, including Senior Secured Loans, High Yield Bonds, Bank Capital Securities, Fixed Interest and Asset Backed Securities.

ESG issues can affect the risk characteristics of credit markets in various ways depending on the industry and / or individual company. Bentham Asset Management attempts to reflect these risks through a scoring process that allows for variations between sectors. The score for each company reflects their relative ESG risk and is an input into relative valuations and portfolio positioning.

Bentham seeks to support its clients ESG policies and goals through the provision of information and ESG engagement. Bentham adopts client specific ESG policies for Institutional mandate clients.

ESG integration approach

Bentham integrates ESG into the credit research process. Our credit team reviews information on ESG factors that are material to issuers as part of the fundamental credit analysis framework. Potentially material ESG issues are initially identified through application of the Bentham ESG risk framework (which is built using the SASB materiality framework and internal analyst research), which outlines ESG risk factors on an industry basis. Where ESG factors are considered material to credit pricing or default risk, they are assessed in greater detail as part of a bottom-up credit risk analysis. This entails assessment of ESG factors in conjunction with qualitative risk information, top-down sector selection and financial risk metrics. Our approach anchors ESG analysis in Bentham's fundamental investment decision processes. Common ESG factors considered include:

- Governance considerations regarding board decision making, red flag issues and corporate culture.
- Material climate regulations and policies which effect enterprise value and the quality of climate information.
- Intersection and conflicts between ESG goals and policies. Complementary ESG goals and policies.

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The Bentham ESG risk framework is reviewed and updated periodically to ensure it reflects evolving ESG issues relevant to fixed income & credit investing.

In addition, our credit team receives regular training to stay informed of ESG developments and emerging ESG themes. Bentham also engages external experts to provide training on ESG.

Climate change

The impact of Climate change on issuer credit fundamentals is considered across a range of sectors in which Bentham invests. This is generally done within the context of the relevant government policies regarding Climate Change. Transition and physical risks are assessed where material, alongside any climate change adaptation and mitigation measures that may reduce an issuer's exposure to these risks.

Transition risks arising from policy, regulation, technology and market change, and physical risks arising from acute and chronic climate impacts, are identified through the Bentham ESG risk framework and, where they are material to credit pricing or default risk, are assessed in greater detail as part of the bottom-up credit analysis.

Bentham monitors issuer level climate data sourced from external providers alongside internal analyst research. Portfolio level climate metrics, including weighted average carbon intensity and financed emissions intensity, are monitored across the majority of assets under management. Where issuers disclose emissions reduction targets and transition plans, including targets aligned with the goals of the UNFCCC Paris Agreement, these are considered in the assessment of transition risk.

Bentham is progressing the alignment of its climate related disclosures with the Australian Sustainability Reporting Standards (AASB S2), improving the quality and coverage of carbon data to support financed emissions reporting over time.

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Nature

Nature related issues, including biodiversity loss, land use change, water use and pollution, can affect the creditworthiness of issuers in exposed sectors such as agriculture, food and beverage, mining, utilities and forest products. Bentham assesses financially material nature related risks and any mitigating factors as part of the ESG framework, which uses the SASB materiality framework to identify the sectors in which those issues are most likely to be material. Internal ESG scoring reflects nature related factors where they are material to the specific issuer.

Human rights and modern slavery

Bentham has regard to the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Relevant financially material human rights risks, including labour practices, workplace health and safety, supply chain practices and community relations, are assessed within the ESG risk framework and supported by third party data and controversy monitoring. Modern slavery risk across portfolio holdings is assessed at the sector and country level through the modern slavery risk assessment undertaken with the administrator, and Bentham's approach is described in the Modern Slavery Statement.

Stewardship and engagement

Stewardship is an important part of Bentham's responsible investment approach. As a credit investor, Bentham engages with issuers, sub-advisers and industry working groups to encourage improved disclosure and stronger management of material sustainability risks. Bentham's engagement objectives, priorities and escalation processes are set out in the Bentham Engagement and Stewardship Policy, which should be read alongside this policy.

Bentham also engages with policy makers and other stakeholders on sustainable finance policy relevant to fixed income investors, including through participation in the Financial Services Council ESG Working Group.

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ESG data and industry initiatives

The availability, quality and comparability of ESG data remains the most material responsible investment challenge facing credit investors. Bentham uses third party ESG research and data alongside internal analyst research, and engages with data providers on fixed income coverage, estimation methodologies and data quality.

Bentham participates in industry initiatives that seek to improve issuer disclosure, including the ESG Integrated Disclosure Project, which provides borrowers with a harmonised and standardised means of reporting ESG information to lenders across private and broadly syndicated credit markets.

Bentham has extended its ESG assessment capability to structured credit through a CLO manager assessment framework and an ESG scoring approach for CLO liability tranches and other structured products.

Sub-Advisers

Bentham applies the ESG policy and ESG risk framework to evaluate Sub-adviser ESG integration.

UBS Credit Investment Group (CIG), our sub-adviser for the Bentham Syndicated Loan Fund and the Bentham High Yield Fund, also employs an integrated approach in relation to ESG. CIG analysts evaluate ESG risks in each credit memo based on internal training provided by UBS in combination with sector expertise.

In 2014, CIG (then within Credit Suisse) became a signatory to the UN's Principles for Responsible Investment – a voluntary, investor-led framework that helps signatories to better understand the implications of sustainability and incorporate ESG considerations into the investment decision making process. As a signatory to the PRI, CIG commits to acting in the best long-term interest of clients by incorporating ESG criteria into the investment process and decisions.

ESG is a formal component of the selection, appointment and ongoing monitoring of sub-advisers. Prior to appointment, Bentham assesses a sub-adviser's ESG policy, integration process, resourcing and data sources against this policy and the Bentham ESG risk framework. Following appointment, ESG integration is reviewed as part of periodic manager monitoring.

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ESG exclusions

Bentham excludes Tobacco product manufacturing and controversial weapons from its investment funds. The exclusion process is supported by external information providers and internal research. Exclusions are included in fund disclosure documents.

The exclusion list is reviewed at least annually as part of the review of this policy.

ESG oversight

Bentham Asset Management is committed to ongoing improvement in ESG analysis. This ESG policy reflects our current approach to ESG integration within the investment process.

We have established an internal group responsible for oversight and implementation of this policy. Members of this group serve as internal leaders for our ESG integration activities, and a focus point for ensuring experience gained through implementation of ESG risk analysis is incorporated into any updates of ESG risk frameworks and application guidance.

The ESG oversight group includes representatives of the investment function and an external member. Its responsibilities include reviewing the ESG risk framework, monitoring the application of this policy across portfolios and sub-advisers, considering developments in ESG data, regulation and reporting, and recommending changes to this policy to the Board.

The Bentham ESG Policy has been developed internally under advice from external ESG specialist consultants.

Bentham is a signatory to the Principles for Responsible Investment (PRI).

Bentham reports annually to the PRI. This policy, the Bentham Engagement and Stewardship Policy and the Modern Slavery Statement are published on the Bentham website.

Bentham will continue to monitor and adopt best practice in relation to ESG. This policy will be reviewed annually and is approved by Bentham's Board who have ultimate oversight and responsibility for investment activities and ESG strategy and policy.

This policy was last reviewed in August 2026 and is next scheduled for review in August 2027.