

### 1. Purpose and Scope

The Responsible Investment Framework (Framework) sets out the approach of the Bell Asset Management Limited (BAM) Australian Small Companies investment team (the Team) to the integration of environmental, social and governance (ESG) considerations into the investment process for the Bell Australian Small Companies Strategy (the Strategy).

This Framework sits beneath BAM's firm-level Stewardship Policy and should be read in conjunction with it. It describes the specific implementation of responsible investment practices within the Strategy, consistent with the Team's investment philosophy and process.

The Strategy is not an ESG-focused or sustainability-labelled product. ESG factors are assessed as financially material risks and opportunities alongside all other fundamental investment considerations.

### 2. ESG Integration

#### Philosophy

The Team believes that ESG factors can be sources of material risks and opportunities impacting valuation and the sustainability of a business. ESG assessment is therefore embedded in the Team's fundamental research process as a component of the risk and quality assessments undertaken. It is not a separate overlay or investment screen. Investment decisions are not made on the basis of any predetermined view any ESG considerations.

ESG considerations enter the investment process at multiple stages as follows:

#### Integration into the Investment Process

Prior to a security making into the portfolio, the Team utilises an ESG checklist (see appendix 1) to inform the assessment of potential material ESG risks on an individual company basis. It should be noted that not every component of the ESG Checklist will be applicable to each stock, nor does the checklist aim to be definitive or capture every risk that could be associated with ESG. The impact of material factors identified at a stock-specific level are then assessed in detail and included in the fundamental valuation.

#### Valuation Impact

Where material ESG issues are identified, their financial impact is incorporated into the fundamental valuation of a company in one of two ways:

- Where the impact is quantifiable — for example, earnings risk arising from regulatory change, safety incidents or environmental liability — the adjustment is made directly to earnings estimates.
- Where the impact is real but difficult to quantify with precision, an adjustment is made to the capitalisation multiple applied in the valuation. The discount applied reflects the Team's assessment of the severity and persistence of the risk. For example, the Team could apply this to reflect governance concerns such as those arising from the concentration of control in a majority shareholder whose actions have not consistently reflected minority shareholder interests.

## Responsible Investment Framework

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### Ongoing Portfolio Monitoring

ESG risk is assessed initially and considered throughout the lifecycle of an investment within the portfolio, as part of the overall ongoing monitoring of portfolio composition. Existing holdings are monitored periodically for material changes in their ESG profile. One of the ways this is monitored is through a quarterly review of portfolio holdings using MSCI ESG metrics, providing an independent lens, highlighting possible outliers or ratings that diverge from the Team's assessment of ESG risks. The team uses this information as a supplemental assessment tool, it does not directly influence portfolio construction.

The MSCI data further allows the team to look at the portfolio in aggregate vs the benchmark, allowing them to identify the proportion of the portfolio exposed to companies with heightened ESG risk profiles, track changes in that exposure over time and review for any potential unintended risks as a result of portfolio construction.

### 3. Screening

ESG factors are assessed stock by stock as part of the fundamental research process, and the weight placed on any ESG consideration reflects its financial materiality in the context of its valuation. The Strategy does not apply ESG-based investment screens. The Team does not maintain a list of excluded sectors, industries or companies, and does not apply positive, negative or norms-based screens as part of the portfolio construction process.

### Bespoke Client Screens

The Team is able to accommodate bespoke client directed ESG screens for clients invested via separately managed account ("SMA").

### 4. Proxy Voting

The Team utilises an independent external proxy voting adviser to provide research on proposed resolutions and corporate governance issues as well as voting recommendations, however the ultimate voting decision remains with the portfolio managers.

BAM is able to accommodate client directed proxy voting for SMA clients.

Proxy voting outcomes are reviewed to assess whether there was meaningful investor alignment on key issues and to determine if further engagement with the company is warranted, helping inform and refine the ongoing stewardship priorities and escalation approach.

### Voting Records

Information on votes cast is reported annually to the Governance Committee. The 12-month rolling proxy voting report is publicly available on our website. Proxy voting reports are available to SMA clients upon request.

### 5. Engagement

The Team engages with company management and boards as a regular part of the investment process. Engagement from an ESG specific perspective, where appropriate, serves two related purposes: to deepen the Team's understanding of a company's ESG risks and management's approach to them, and to encourage improved practice where the Team believes this would be in the long-term interest of shareholders.

#### Approach to Engagement

Given the Team's focus on small cap companies, direct access to management is generally available and is used actively. Engagement is conducted through:

- Company meetings and management presentations
- Site visits and asset inspections
- Direct correspondence with boards or management on specific ESG concerns

Engagement topics are prioritised by financial materiality. The Team will typically engage with management on ESG matters where it has identified a material risk through the ESG checklist process, where a company's disclosure is insufficient to form a considered view, or where the Team believes management's approach to a risk is inconsistent with long-term shareholder value.

#### Escalation

Where engagement does not result in satisfactory progress on a material ESG concern over a reasonable timeframe, the Team's escalation options include one or more of the following:

- Raising the concern directly with the board rather than management
- Voting against relevant resolutions at the AGM or EGM
- Reducing the position size to reflect the unresolved risk
- Exiting the position where the concern is assessed as sufficiently material to impair the investment thesis

Escalation decisions are made collectively by the three Portfolio Managers and documented in the engagement log.

#### Collaborative Engagement

The Team may participate in collaborative engagement initiatives with other investors where this is consistent with client interests and applicable legal and regulatory requirements, including those relating to market conduct and the management of inside information.

#### Engagement Records

Material engagement activity, including the subject matter, parties involved, outcomes and any follow-up actions is recorded and maintained as part of the investment file for each relevant holding. A summary of engagement activity is available to clients upon request.

### 6. Governance of this Framework

#### Responsibility

The three Portfolio Managers — Tim Johnston, James Nguyen and Scott Hudson — are collectively responsible for the implementation of this Framework. Tim Johnston, as the senior Portfolio Manager with final decision-making authority, has ultimate accountability for ensuring the Framework is adhered to.

#### Review

This Framework is reviewed at least annually, or sooner where there is a material change to the investment process, the regulatory environment, or BAM's firm-level Responsible Investment Policy. Any proposed changes to this Framework are reviewed by BAM's compliance function prior to implementation to ensure disclosure consistency. Any substantive changes to this Framework are approved by the BAM Governance Committee.

#### Consistency with Firm-Level Policy and Disclosure

This Framework must at all times be consistent with Bell Asset Management's firm-level Stewardship Policy and with ESG-related disclosures made in any product disclosure statement utilising the Team's strategies, investor reporting or marketing material.

#### Reporting

The Team reports on its responsible investment activities as part of BAM's periodic PRI Transparency Report and adherence to this framework periodically to the BAM Governance Committee. Strategy-level reporting on engagement and proxy voting can be provided to clients on request.

### Appendix 1

#### ESG Materiality Checklist

<b>Governance</b>	<p><b>Board composition and diversity</b> - Appropriate size; good diversity of skills &amp; expertise; director tenure; approach to succession planning; frequency and attendance of board meetings</p> <p><b>Board Independence</b> - &gt; 50% of independent directors; independent chair; committee independence (Audit, Remuneration, Nomination)</p> <p><b>Executive remuneration</b> - Pay aligned to performance; Clawback provisions; Peer benchmarking; Shareholder support for remuneration framework.</p> <p><b>Governance structure &amp; ethics</b> - Code of conduct/ethics policy; Whistleblower protection; Anti-bribery policies; related party transaction disclosure.</p>
<b>Social</b>	<p><b>Workplace Health &amp; Safety</b> - LTIFR (trend and vs peers); Total Recordable Injury Frequency Rate; Fatalities (zero tolerance); Safety Management System Certification (ISO 45001)</p> <p><b>Workplace diversity &amp; inclusion</b> – Gender diversity targets; Gender Diversity (senior management); Gender Pay Gap (disclosure &amp; action plan); Ethnic/Cultural diversity; Inclusion policies &amp; Programs</p> <p><b>Human rights and labour practices</b> - Modern Slavery statement; Supply chain due diligence processes; Human Rights policy aligned with UN principles; Remediation mechanism; Third party audits of suppliers</p> <p><b>Regulatory &amp; Compliance Risk</b> - Regulatory breaches / fines (last 3 years); Ongoing investigations or litigation; Compliance management system; Industry specific licence compliance</p>
<b>Environmental</b>	<p><b>Climate policy &amp; Governance</b> - Board level oversight; TCFD (Task Force on Climate-related financial disclosures) reporting compliance; Climate-related risk assessment; Climate policy publicly disclosed; External assurance of climate data.</p> <p><b>Carbon emissions and management</b> - Scope 1 &amp; 2 emissions disclosure; Scope 3 emissions disclosure (if material); Emissions intensity trend (reduction vs baseline); Science-based target adoption; Carbon pricing mechanism in place; 3rd party verification of emissions.</p> <p><b>Net Zero Commitment</b> - Net Zero Commitment with target date; Interim targets; Transition plan credibility; Capital allocation alignment.</p>