

## INTRODUCTION

The Argonaut Group (Argonaut) provides stockbroking and research services to retail, wholesale and institutional clients and corporate finance and funds management services to wholesale and institutional clients. Argonaut also invests in companies through its Principal transactions.

Argonaut believes in being a good corporate citizen and is committed to acting ethically and with integrity in all its business dealings and relationships.

## PURPOSE

The purpose of this Policy is to outline Argonaut’s approach to responsible investment. It is part of Argonaut’s commitment to our obligations as a signatory to the Principles for Responsible Investment (PRI).

In line with Principle 1 of the PRI’s principles, Argonaut incorporates Sustainable Investment/Environmental, Social and Governance (ESG) issues into investment analysis and decision-making processes.

The Policy also details which investments are prohibited in Argonaut’s transactions both as a principal, and as a financial services provider.

## SCOPE

The Argonaut Group is comprised of **Argonaut Limited** (ABN: 33 109 326 418) and its related bodies corporate, including its respective AFS Licensees:

Name	Principal Activities
<b>Argonaut Corporate Finance Limited</b> ABN: 18 099 761 547 AFSL No: 221476	Provision of Corporate Finance services to wholesale and institutional clients
<b>Argonaut Securities Pty Limited</b> ABN: 72 108 330 650 AFSL No: 274099 (ASX Market Participant No: 6013)	Provision of stockbroking and research services to retail, wholesale, and institutional clients
<b>Argonaut Funds Management Limited</b> ABN: 76 101 152 863 AFSL No: 224815	Management of funds to wholesale and institutional clients

Throughout this policy, Argonaut Limited, its related bodies corporate and its respective AFS Licensees, will be referred to jointly as "Argonaut", "we", "our" or "us".

This Policy applies to the whole Argonaut Group and throughout this Policy Argonaut Limited, its related bodies corporate and its respective AFS Licensees will be referred to jointly as "Argonaut", "we", "our" or "us".

This Policy applies to:

- all of the business activities of Argonaut; and
- all persons engaged in our business activities and all our business relationships including all Board directors, employees, contractors, consultants, suppliers and third-party service providers.

This Policy is not a stand-alone document; it is an integral part of Argonaut’s sustainable investment framework. The Policy should be read in conjunction with Argonaut’s Stewardship Policy.

## REGULATORY FRAMEWORK

The Policy is aligned to the Policy is aligned to the UN Principles of Responsible Investment.

## ARGONAUT’S APPROACH TO RESPONSIBLE INVESTMENT

Argonaut seeks to be a responsible investor and considers sustainable investment risks as part of its investment approach. As part of this approach, we consider sustainable investment factors across all our investments and seek to understand all opportunities and risks (including sustainable investment factors). We believe that good companies with good corporate behaviour represent better investments, as these companies tend to manage other aspects of their business competently and ethically.

Any Argonaut Principal investment is predicated on sound governance, quality management and strong business strategy. We undertake extensive engagement with companies and incorporate sustainable investment considerations as part of our investment management and decision-

making process. If governance, management, or strategy is compromised, we take steps to protect the interest of our clients and Argonaut through including active engagement, other stewardship tools and, potentially, divestment.

## PRE-INVESTMENT AND ONGOING DUE DILIGENCE

Before making an investment, we conduct sustainable investment analysis in addition to the fundamental/financial investment analysis. In doing so, we seek to identify and understand what sustainable investment risks a company faces and how it is managing these risks, and if its share price reflects these risks. This sustainable investment analysis may be the trigger for more analysis, a stronger investment case or for engagement with the company.

For companies covered by the Argonaut research team, part of this assessment may include consideration of the sustainable investment components of relevant Argonaut Research team reports, which have been developed independently of Argonaut's Corporate Finance, Stockbroking and Fund Management teams.

For unlisted assets, we may consider due diligence factors, including sustainable investment risk analysis and the company's ownership structure and rights.

For both unlisted and listed companies, Argonaut is focused on investing in quality companies. Our assessment of a company's suitability for investment includes consideration of:

- The quality of its Board, in terms of knowledge, commerciality and ethics;
- Financial position and structures;
- Corporate governance structure and practices
- Will it deliver sustainable growth
- Its potential environmental impact
- Its treatment of workers
- Its relationship with its customers and the wider community

- The timeliness and transparency of its communication to shareholders.

## ESG ASSESSMENT METHODOLOGY

Argonaut employs several approaches when considering its investments:

1. Integration – explicitly and systematically including sustainable investment factors in our investment analysis and decisions;
2. Screening – applying filters to potential investments to determine their suitability for Argonaut's investment portfolio;
3. Thematic – seeking investments that have an environmental or social upside.

## PROHIBITED INVESTMENTS

Argonaut will not knowingly support, invest in, or provide services to the following company types:

1. Companies whose primary focus is tobacco manufacturing or production.
2. Companies who are involved in the following areas of environmental or social concern:
  - a) Thermal coal generating below 5,000 kilocalories per kg;
  - b) Commercial whaling;
  - c) Shark finning;
  - d) Destructive fishing practices, including the use of poison or explosives;
  - e) Gaming;
  - f) Operating fur farms from endangered species, or the trade and manufacturing of fur products from endangered species.
3. Companies that are on the Consolidated Sanctions list of the Australian Government's Department of Foreign Affairs and Trade.
4. Companies that have confirmed breaches of the UN Guiding Principles on Human Rights.

5. Companies that have confirmed modern slavery breaches within their supply chain and do not take prompt action to address the breaches, including with the relevant authorities.
6. Companies that buy, sell, manufacture, or store controversial weapons banned under international agreements to which Australia is a party; or nuclear weapons outside NATO country government-controlled programs that are authorised under the Nuclear Non-Proliferation Treaty.
7. Companies involved in the production of pornography.

## **ROLES AND ACCOUNTABILITIES**

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- The Argonaut Board has ultimate accountability for determining Argonaut's Responsible Investment Policy.
- The Argonaut Sustainable Investment Committee is responsible for overseeing the implementation of Argonaut's Responsible Investment Policy as part of its broader oversight of Argonaut's sustainable investment framework.
- The Board is supported by Executive Management in ensuring that Argonaut's Responsible Policy is complied with.
- The Head of ECM and Principal Investments and Kevin Johnson, Executive Director, Corporate Stockbroking (or their delegates) are responsible for managing Argonaut's Principal investments
- The Head of Risk & Compliance is responsible for the management and ongoing monitoring of Responsible Investment risk controls.

## **COMMUNICATING THIS POLICY**

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The Head of Risk, Compliance & Business Support will communicate this Policy:

- to new Board directors, employees, contractors, and consultants as part of their induction

- to all Board directors, employees, contractors, and consultants following a substantive amendment to this Policy
- in any event, to all Board directors, employees, contractors, and consultants at least annually.

The Head of Risk & Compliance will ensure that this Policy is easily accessible on the Diligent Board Platform and, the Argonaut intranet. A condensed version, tailored for external parties, will be made available on the company website.

## **REVIEWING THIS POLICY**

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The Head of Risk & Compliance will review this Policy every year and report to the Sustainable Investment Committee on the review. This Policy will also be reviewed following any relevant legislative changes.