

Ausbil Active Sustainable Equity Fund

Controversial Activity Exclusion Policy

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While Ausbil prefers to engage with companies on ESG issues, as opposed to excluding or divesting investments in companies, there are several controversial activities, Ausbil believes will be subject to increased regulatory restrictions impacting earnings over time, and where engagements are not possible to address the issues. As a result, Ausbil, in relation to Ausbil Active Sustainable Equity Fund (ARSN 623 141 784) (**Fund**) has deemed certain activities as controversial and companies with material direct (manufacturing, development, or trading of

or indirect exposure (trading/distribution of or through the value chain, eg provision of services/components to a controversial industry) to these controversial activities are excluded from the investible universe of the Fund.

The table below outlines these activities by type, direct or indirect examples and the material threshold that is applied to exclude the company.

Controversial Activities & Thresholds ¹				
Activity	Activity type	Direct Exposure ²	Indirect Exposure ³	Material Threshold ⁴
Tobacco & tobacco-based products	Production	For example The production cigarettes, other tobacco products or e-cigarettes.		0% of earnings
Tobacco & tobacco-based products	Distribution	For example Not applicable.	For example The production of critical components, eg packaging for cigarettes or distribution of tobacco products through supermarkets.	10% of earnings
Controversial weapons & armaments	Production	For example The production of anti-personnel landmines, cluster bombs, depleted uranium, nuclear weapons, chemical weapons, biological weapons, or production of critical components specifically designed for controversial weapons.		0% of earnings
Conventional weapons & armaments	Production and/or distribution	For example The production, trade, testing, maintenance of conventional armaments.	For example The production, trade / distribution, testing, maintenance of critical components and/or services for conventional armaments.	10% of earnings
Fossil fuels	Mining	For example Companies that mine oil, gas, oil sands and coal.		0% of earnings ⁵
Fossil fuels	Distribution	For Example Companies that distribute fossil fuels and/or contract to fossil fuel companies, eg transport of gas or oil, mining services companies.		10% of earnings ⁵
Alcohol	Production and/or distribution	For example Manufacturing, distribution or retailing of alcohol products.	For example Distributors or producers of malt or other commodities / goods used for alcohol production, pub and club tenants.	10% of earnings

Ausbil Active Sustainable Equity Fund has been certified by the Responsible Investment Association Australasia (RIAA) according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsiblereturns.com.au for details. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Controversial Activities & Thresholds ¹				
Activity	Activity type	Direct Exposure ²	Indirect Exposure ³	Material Threshold
Gambling	Production and/or distribution	For example Provision of gambling services, eg a casino.	For example Manufactures of gaming machines/ software for gambling purposes.	10% of earnings
Adult content & adult entertainment	Production and/or distribution	For example Production of pornographic material.	For example Broadcasting / distribution of pornographic material or inputs (services or products) used in pornographic material.	10% of earnings
Uranium	Mining/ extraction	For example Uranium extraction, refinement.	For example Contractors to uranium miners.	10% of earnings
Animal cruelty		For example Live exports, excessive use of animal testing (beyond regulatory requirements for healthcare products) or practices that cause unnecessary harm to animals (eg use of animals for entertainment or sport).	For example Provision of services or products for the use of live exports	10% of earnings
Old growth forest logging		For example Old growth forest logging and the production of non-RSPO palm oil.	For example Provision of services for the use of forest logging.	10% of earnings
Predatory lending	Production and/or distribution	For example Payday lenders.	For example Distributors of payday lending products.	10% of earnings
Human rights		Based on Ausbil's research and analysis, either: a) occurrence(s) of material and non-remediated case(s) of human rights violations in a company's operations or supply chains, and/or b) inadequate risk management in relation to the level risk of human rights violations in a company's operations or supply chains.		10% of earnings

- The thresholds apply on a combined basis, eg a company with 6% exposure to alcohol and 5% exposure to gambling = 11%, which means the company is excluded from the investable universe.
- Direct exposure refers to exposure through the company's business, eg a company that produces wine, or a company that manufactures poker machines.
- Indirect exposure refers to exposure through the value chain, eg a company that transports fossil fuels such as gas, or a company that provides services to a company that mines oil sands.
- EBIT (a company's earnings before interest and taxes) is generally used to assess the earnings of a company and, if it is not available, then another reasonable measure or estimate of earnings is used.
- If a company plays a net positive role in the transition to a low carbon economy, but exceeds the material threshold, the Fund may invest in the company. Ausbil's ESG research team has the discretion to use their ESG research to make this assessment and applies it infrequently, based on companies having either:
 - highly credible climate change commitments; and/or
 - earnings from decarbonisation-related activities that exceed earnings from activities that have negative climate change impacts.

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (**Ausbil**). Ausbil is the issuer of the Ausbil Active Sustainable Equity Fund (ARSN 623 141 784) (**Fund**). This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at www.ausbil.com.au and the target market determination which is available at www.ausbil.com.au/invest-with-us/design-and-distribution-obligations/fund-tmds before acquiring or investing in the Fund.

