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Sustainability Report

Pendal Sustainable Balanced Fund

31 December 2025

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Sustainability Objective (SO)

Support the transition to a more sustainable economy

The Fund aims to ***support the transition to a more sustainable economy***, by aligning 50% or more of its capital (within the Australian and International shares, Australian and International fixed interest and part of the Alternative investments asset classes of the Fund) in aggregate with investments that advance this transition.

We aim to do this by allocating capital to investments that in our view:

- support positive environmental and/or social change via their investment processes, use of capital and/or approach active ownership[1]; and
- avoid exposure to companies and issuers with business activities that negatively impact the environment and/or society[2].

We define a sustainable economy as an economic system which balances environmental, social, and economic factors.

The Fund's Sustainability Objective does not apply to derivatives.

[1]Pendal defines active ownership (or stewardship), as exercising our voting rights through proxy voting and select engagement with investee companies or issuers.

[2]As defined by the Fund's exclusionary screens and gross revenue thresholds.

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Implementing the Sustainability Objective

Primary Sustainability Steps

Sustainability Objective (SO)	Primary Sustainability Actions	Investment Selection	Total Portfolio Management	Monitor and Control - Investments	Monitor and Control - Total Portfolio
Transition to a more Sustainable Economy Applied top-down Influences all investment decisions Balanced with the Performance Objective (PO)	Applied across all levels of the Fund where possible: • ESG integration • Activity screening • Sustainability tilting • Active ownership	Funds (strategies) selected are generally aligned with the SO Each aligned fund will have its own specific RI process for security selection & stewardship Assessed via a Sustainability Due Diligence Questionnaire (S-DDQ)	Top-down sustainability management to ensure intentional alignment with the SO, including sustainability tilting and stewardship Judicious management of sustainability active risk taken i.e. Sustainability Efficiency	Quarterly review of their holdings (e.g. carbon emissions, WACI, SDGs) and stewardship activities Annual Strategic Sustainability Review Engage where warranted	Quarterly tracking of aggregate Fund SO alignment and a positive sustainable tilt e.g. carbon emissions, WACI, SDGs, stewardship Engage with underlying funds and/or enhance the sustainable tilt where warranted

Source: Pendal

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Implementing the Sustainability Objective

Investment Selection – Alignment with the Sustainability Objective

Selection of Investment Funds (strategies):

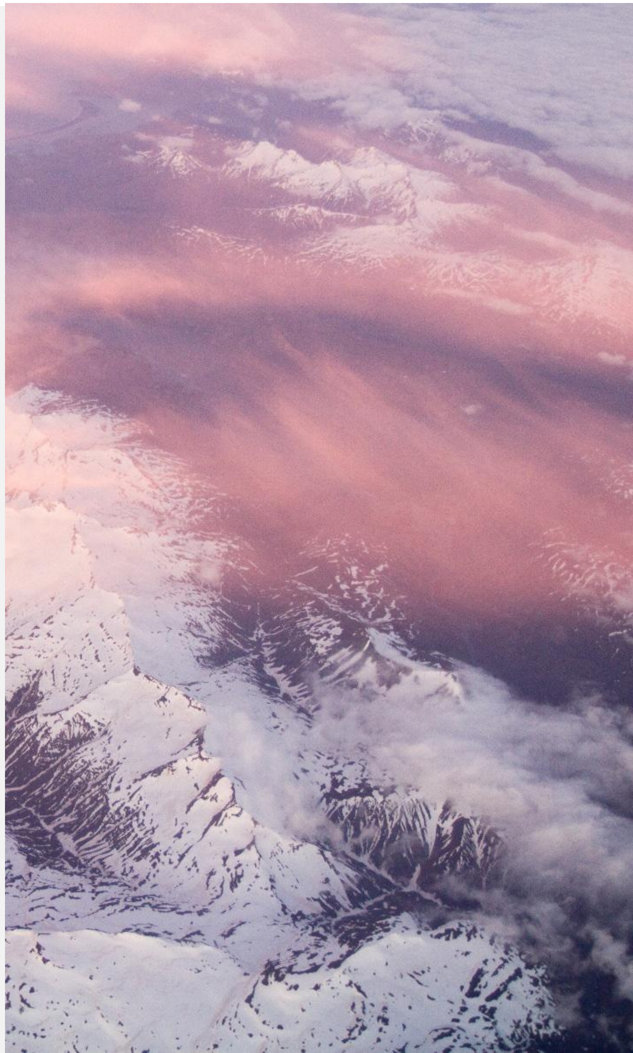
- When selecting, retaining or realising the Fund's investments, Pendal evaluates each investment's alignment with the Fund's Sustainability Objective, which aims to *support the transition to a more sustainable economy*

Sustainability Due Diligence Questionnaire (S-DDQ):

- For every fund considered for the Fund, we complete an S-DDQ, which helps determine the extent to which the prospective fund contributes to a more sustainable economy
- We review the fund's holdings, investment and stewardship approach, stewardship activity, ESG integration approach, activity screening, sustainable themes and/or tilts, and the Sustainability Objective of the fund, where applicable, along with available reporting

- **Note**: not all underlying funds and securities held within the Fund will have a positive sustainability tilt or objective:
  - The Fund has both a performance and a sustainability objective
  - These objectives must be balanced to meet the best interest of investors

Source: Pendal



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Implementing the Sustainability Objective

Total Portfolio Management - Alignment with the Sustainability Objective

Measurable Sustainability Objective

We aim to maintain:

- **At least 50% of the Fund's total capital to contribute towards a positive sustainability tilt:**
  - These investments should demonstrate a positive impact on environmental and/or social factors
- **A Weighted Average Carbon Intensity (WACI) at least 15% below that of the benchmark:**
  - An informal target covering equities and listed property asset classes (i.e. owned emissions)

Source: Pendal

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Sustainability Metrics Tracking

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Sustainability Objective Alignment

~85% of capital is aligned^ with the Sustainability Objective

Asset class	Strategic Asset Allocation (SAA)#	Ranges	Strategy/Fund	Sustainabilitiy Objective Aligned^
Australian Shares	31%	20-40%	Pendal Sustainable Australian Share Fund	Yes
International Shares*	36%	20-40%	Pendal Sustainable International Share Fund	Yes
Australian Property	2%	0-10%	Pendal Property Securities Fund	
International Property	2%	0-10%	Pendal Global Property Securities Fund	
Australian Fixed Interest	13%	0-25%	Pendal Sustainable Australian Fixed Income Fund	Yes
International Fixed Interest~	4%	0-25%	iShares Broad Global Govt Bond UCITS ETF	
Alternatives	8%	0-20%	Pendal Multi Asset Target Return Fund	Yes
			Sustainable Listed Infrastructure Companies	Yes
			Pendal Risk Parity Fund	
Cash	4%	0-40%	Pendal Managed Cash Fund	

As at 31 December 2025. The SAA was changed effective SOD 1/10/25. Alternatives and IFI were both reduce by 4%, whilst Australian Shares, International Shares and Australian Fixed Income were increased by 1%, 2% and 5% respectively.

^As evidenced by the Sustainability Due Diligence Questionnaire (S-DDQ) for strategy/fund alignment. Strategies/funds are weighted in accordance with their strategic strategy weights.

*International Shares Strategic FX Hedge Ratio 20%; Strategic FX Exposure 28.8% of Fund.

CERTIFIED RESPONSIBLE INVESTMENT ™

SUSTAINABLE PLUS

CERTIFIED BY RIAA

The Pendal Sustainable Balanced Fund has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org 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.

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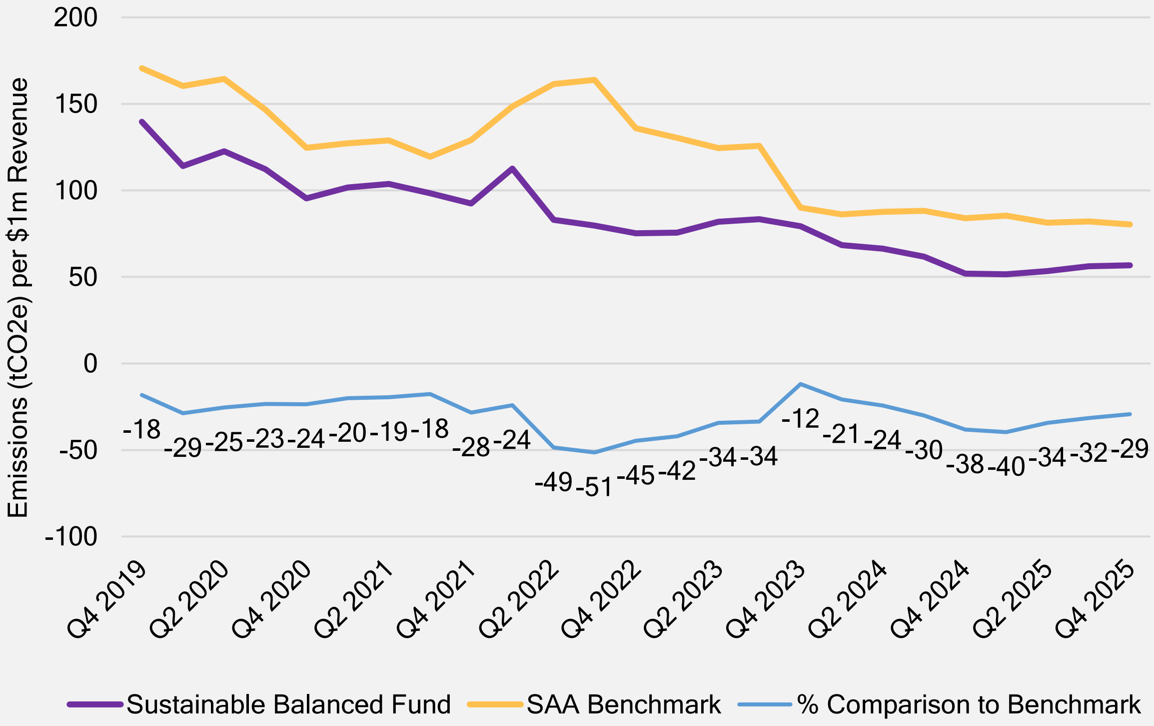
Carbon Emissions Reporting - Equities and Listed Property

Evidencing and tracking the environmental factor: Weighted Average Carbon Intensity (WACI)

The Fund's WACI exposure has been materially better than the benchmark since 2019. The significant underperformance of the energy sector in 2023 led to the benchmark's WACI falling materially, however the portfolio did not benefit in the same way due to fossil fuel screens excluded most energy related securities. This explains a spike in the WACI compared to the benchmark as at Q4 2023 (however still remained better). When this spike occurred, the exposure to the highest WACI contributing stocks were reduced to bring the WACI again materially below the benchmark as at Q1 2024. Since April 2025, the Fund has adopted an informal target to aim to have a WACI 15% below the benchmark.

Weighted Average Carbon Intensity (WACI) over time:



Source: Pendal Group, ISS

The estimated Weighted Average Carbon Intensity (WACI) of the equity and listed property asset classes is shown in the adjacent chart. These asset classes currently represent 71% of the Strategic Asset Allocation (SAA) of the Fund. The WACI provides an indication of the Fund's exposure to carbon emissions intensive companies, as measured by Greenhouse gas (GHG) emissions equivalents per $1m AUD of corporate revenue. GHG (scope 1 and 2[1]) intensity data supplied by ISS is weighted by the size of our holding in each exposed company. We also compare this to the WACI of the benchmark portfolio[2].

The Fund and benchmark measures are grossed up from 71% to 100%, in order to facilitate comparison with individual asset classes. This could be considered a conservative measure of the true carbon intensity of the Fund in that it likely overstates the true value when the remaining asset classes in the Fund are taken into account.

We caution that there are limitations of using carbon metrics as an indicator of a portfolio's overall exposure to climate-related risks. For example: not all companies report their emissions data and hence some of the analysis includes estimates; it does not include scope 3 emissions; portfolio carbon analysis does not capture exposure to physical climate-related risks, or the unique transition risks some companies within the portfolio face.

Nevertheless, the WACI metric is recommended by the IFRS Foundation's IFRS S2 standard as a key metric for climate-related disclosures, particularly for asset managers given it supports greater comparability of investor reporting.

[1] Scope 1 GHG emissions result from sources directly owned or controlled by the company. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 3 GHG emissions result from activities not directly owned or controlled by the company but are associated with its operation such as business travel, waste management, commuting, and the use of sold products and services. https://ghgprotocol.org/sites/default/files/standards/ghgprotocol-revised.pdf
[2] Benchmark The benchmark for the Fund is created from a range of published indices. The benchmark is based on the SAA weight and the index holdings for each asset class. Details of the particular market indices used for the Fund's SAA benchmark can be found at www.pendalgroup.com/products/pendalsustainable-balanced-fund. Only the equity and listed property asset classes are used for this analysis.

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Carbon Emissions Reporting - Equities and Listed Property

Evidencing and tracking the environmental factor: Weighted Average Carbon Intensity (WACI)

The Fund has an overall WACI exposure significantly below the Fund's SAA benchmark. That is, the Fund emits materially less carbon per dollar of underlying company revenue than the SAA benchmark. This is driven by selecting lower carbon intensity companies, the application of fossil fuel activity screens, and the application of the Positive Sustainability Tilting overlay when relevant, within the International and Australian Equities asset classes.

Source: Pendal Group, ISS

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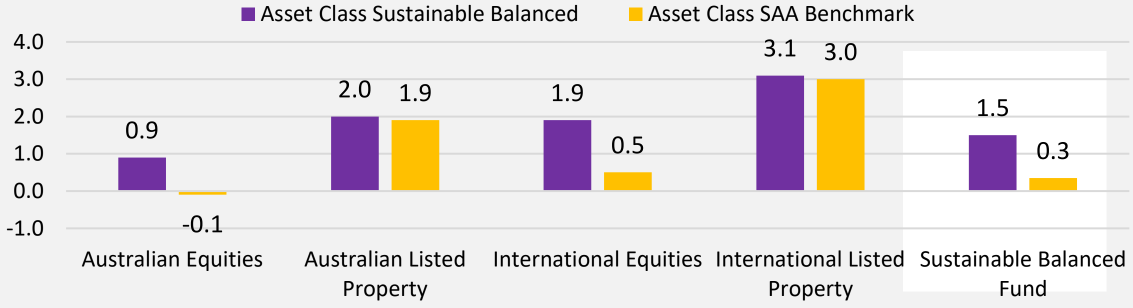
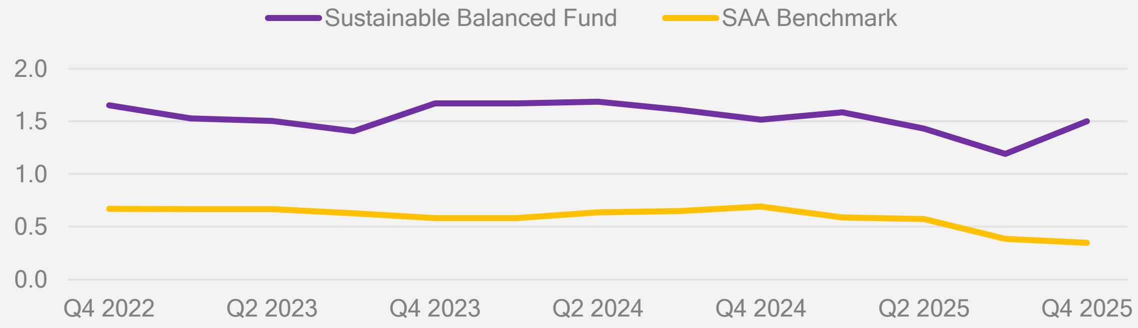
Sustainable Development Goals (SDGs) Reporting - Equities and Listed Property

Evidencing and tracking the social factor: SDG Solutions Assessment by Score

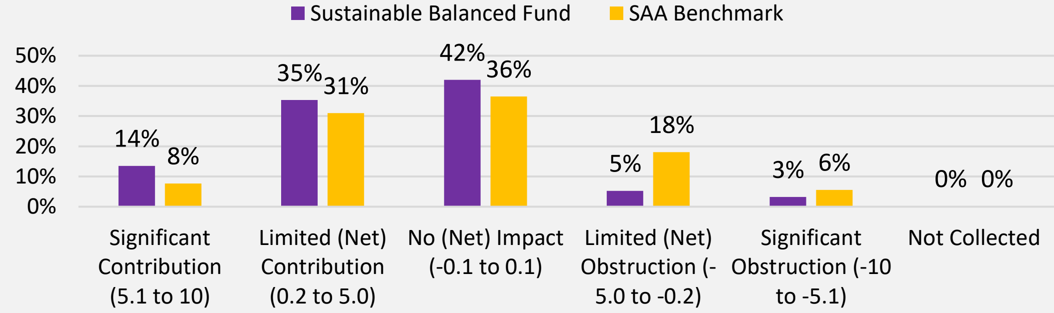
The graphs below shows an assessment of the Fund's positive and negative sustainability impacts of underlying companies' products and services, using the UN Sustainable Development Goals (SDGs) as the reference framework. The SDGs are widely seen to reflect the current global consensus regarding the world's most pressing social, environmental, and economic challenges. The Fund displays a strong positive sustainability tilt as represented by the SDG Solutions score and % of sales that provide a positive SDG contribution vs the SAA benchmark. The increase in sustainability tilt over the quarter reflects a material increase in International Shares as the new SDG Enhanced strategy's allocation was increased. This sustainability enhancement ensures greater sustainability intentionality, as represented by an increase in the SDG sales contribution vs the benchmark.

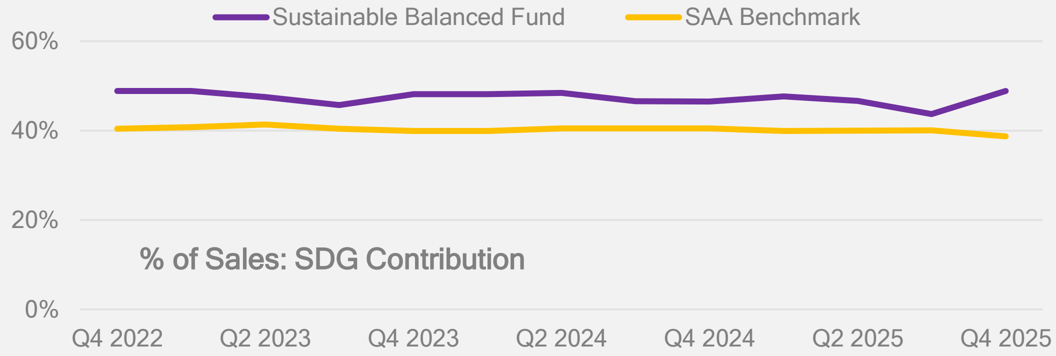
SDG Solutions net scores*





SDG solutions intentionality (% of sales per contribution category)





Source: Pendal Group, ISS

*The SDG Solutions Score (SDGS), which assesses the overall, aggregated impact of a company's product portfolio on the achievement of sustainability objectives. SDG scores range from -10 to +10, where a score of +10 represents 100% of net sales are generated with products/services classified as having a significant contributing impact on the SDGs.

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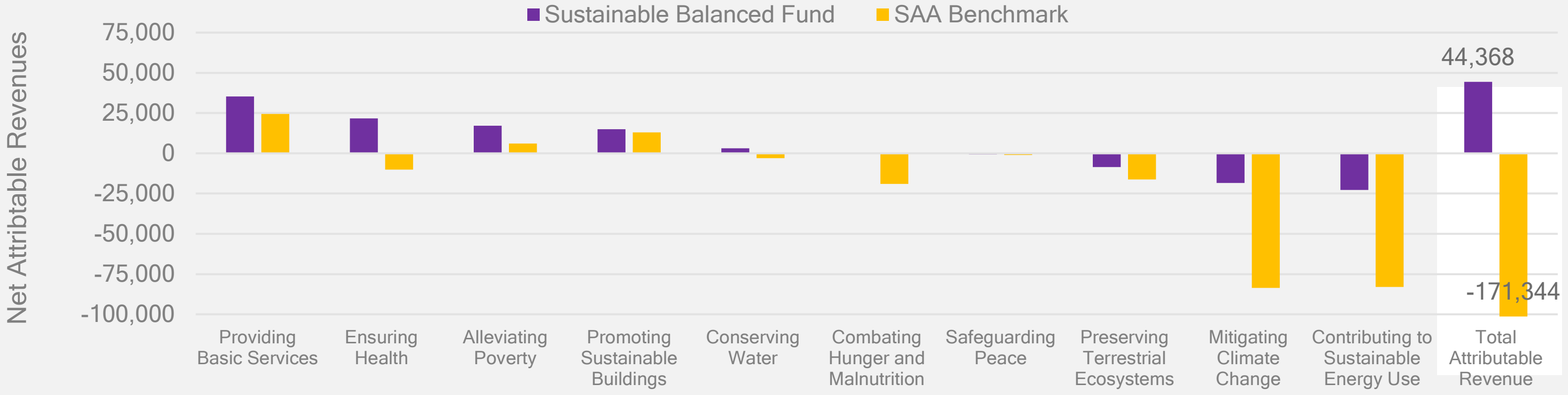
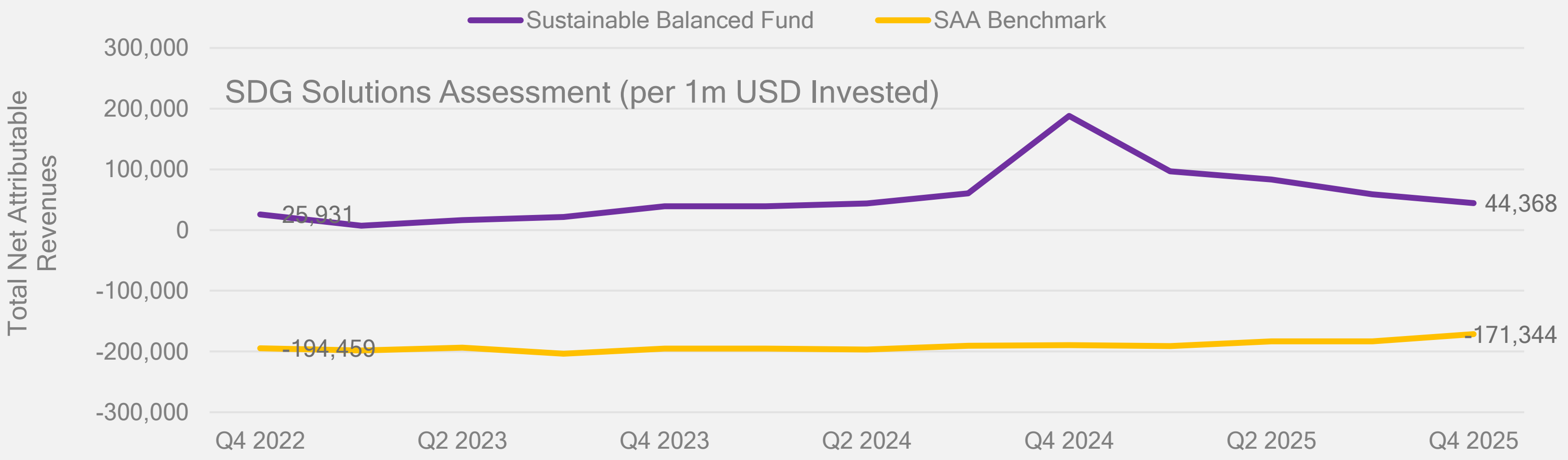
Sustainable Development Goals (SDGs) Reporting - Equities and Listed Property

Evidencing and tracking the Social Factor: SDG Solutions Assessment (SDGA)* by Sustainability Objectives

Net Attributed Revenues to Social and Environmental Sustainability Objectives (per 1M USD Invested) -Top/Bottom 5





Source: Pendal Group, ISS

The adjacent graphs show an assessment of the Fund's top/bottom 5 attributable revenues (of underlying companies' products and services) towards sustainability objectives (which reference the UN Sustainable Development Goals (SDGs)). Of particular note, is the SAA benchmark's total net attributable revenue (-USD171k) is negatively aligned with the sustainability objectives. Whereas the Fund provides not only a better alignment than the SAA benchmark, but also a positive total revenue alignment with sustainability objectives evidencing a clear positive tilt.

*The SDG Solutions Assessment (SDGA) measures the positive and adverse sustainability impacts of companies' product and service portfolios. It follows a thematic approach encompassing 15 distinct Sustainability Objectives, using the 17 UN Sustainable Development Goals (SDGs) as a reference framework. The 15 objectives were defined by ISS ESG following a detailed analysis of the UN SDGs, including considerations of whether the goals are relevant for the private sector as well as whether and how they can apply to the potential (positive and negative) contribution of a company's products and services. The SDGA sustainability objectives are mapped to those UN SDGs for which assessed products and services could potentially be relevant. For example, 'water services for residential customers' and 'energy supply to residential customers' are both positively assessed in the Objective Providing basic services. While the former is relevant for SDG 6 - Clean Water & Sanitation, the latter is relevant for SDG 7 - Affordable & Clean Energy.

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Sustainability Themes Reporting - Australian Fixed Interest

Targeted Environmental and Social Themes^

Theme	Description	Sub-category
Climate stability	Actions towards a net-zero future, preserving climate stability, and biodiversity.	Preserving climate stability
		Net zero future
		Biodiversity
Human basics	Essential goods and services, key infrastructure, and access to finance, telecommunications, and insurance.	Access to finance
		Access to connectivity (internet, telco)
		Essential goods and services
		Key infrastructure
		Insurance
Innovations for good	Development projects for underserved communities, activities aimed at empowerment or resilience, and other actions that lead to human flourishing.	Empowerment, resilience and innovation
		Development projects for the underserved
		Activities leading to human flourishing

Note: non sustainable labelled bonds are also mapped to these sustainability themes. For example, government bonds are generally mapped to the Human Basics theme.

^These are the sustainability themes employed by the underlying investment fund, which align with the Sustainable Balanced Fund's Sustainable Objective as evidenced via the Sustainability Due Diligence Questionnaire process.

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Sustainability Themes Reporting - Australian Fixed Interest

Alignment with targeted themes^

Target Sustainability Theme	Total
Climate Stability	61%
Human Basics	25%
Innovations for Good	2%
No category#	3%
Cash	9%

88% of the asset class was invested in securities aligned with the Sustainability Themes via:

- 70% held in Sustainable Labelled Bonds (e.g. Green Bonds, Social Bonds, Sustainable Bonds and Sustainability-Linked Bonds) vs 9% for the benchmark
- 18% held in government or corporate issuers whose activities are viewed to support one or more of the underlying fund's sustainable investment themes

"No category" refers to issuers that do not fit within the sustainability themes, e.g. non sustainable labelled corporate bonds that aren't viewed to be reasonably aligned with the sustainability themes.

^These are the sustainability themes employed by the underlying investment fund, which align with the Sustainable Balanced Fund's Sustainable Objective as evidenced via the Sustainability Due Diligence Questionnaire process.

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Sustainability Themes Reporting - Australian Fixed Interest

Examples of Sustainable Labelled Bonds

ANZ Sustainable Development Goal Bond
Supporting a range of social and environmental projects

The fund invested in an ANZ Sustainable Development Goals (SDG) Bond, which allocates proceeds toward a diversified portfolio of social and environmental lending activities aligned with the United Nations SDGs. Proceeds from ANZ's SDG Bonds are used to fund or refinance eligible assets with a strong emphasis on climate action, sustainable cities, clean energy and positive social outcomes.

The bond finances a broad range of projects, with approximately 80% of proceeds allocated to environmental activities and around 20% to social outcomes. Around two thirds of funding has been directed to projects based in Australia.

On the environmental side, the bond supports the financing of more than 360 large scale renewable energy projects across Australia, India, Hong Kong and other regions. These include wind farms, solar projects and battery energy storage systems. One example is the development, construction and operation of the 252-megawatt Wambo Stage I and 254-megawatt Wambo Stage II wind farms in south-east Queensland.

Examples of social projects supported include the operation of specialist disability accommodation across Australia, comprising nearly 1,000 beds, as well as the construction of a further 106 specialist disability accommodation homes providing around 350 beds. The bond has also supported the delivery of more than 1,200 dwellings to be used as social and affordable housing.

Investing in an ANZ SDG Bond provides exposure to a high-quality Australian bank while directing capital toward a wide range of activities that support climate stability, social inclusion and sustainable economic development.

MTR Corporation Green Bond
Funding low carbon transportation

The fund invested in MTR Corporation's inaugural AUD Green Bond, which directs proceeds toward a portfolio of low-carbon transport and energy-efficient urban infrastructure. MTR is recognised as a global leader in electrified mass transit, carrying around 6.5 million passenger journeys each week across its networks, including in the Sydney and Melbourne metros. The Green Bond finances and refinances eligible green investments under MTR's Sustainable Finance Framework, with proceeds expected to support a range of climate-aligned projects such as major rail line extensions in Hong Kong, station energy-efficiency upgrades, low-carbon building improvements, renewable energy installations, biodiversity and conservation initiatives, and climate-resilience works.

Several near-term projects are likely to be funded through this issuance, including rail expansion programmes that increase public transport capacity in new growth districts, replacement of older rolling stock and equipment with more efficient alternatives, and upgrades to station infrastructure aimed at reducing operational energy use. The bond may also finance enhancements to MTR's extensive property portfolio, where the company is targeting substantial reductions in Scope 1 and 2 emissions intensity by 2030, as well as water and waste-management improvements across its network.

This bond is significant as it supports one of the world's most heavily used public transport systems, where scale magnifies climate benefits. Hong Kong relies on public transport for roughly 11.7 million trips per day, and rail accounts for around 44% of domestic journeys. Improvements funded through this Green Bond help avoid emissions by shifting more commuters onto efficient rail networks, reducing road congestion, and accelerating energy-efficiency gains across MTR's operations. These projects contribute to MTR's science-based targets, which include reducing well-to-wheel rail transport emissions by 46.2% per passenger-kilometre by 2030 and achieving carbon neutrality by 2050.

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Sustainability Themes Reporting - Australian Fixed Interest

Examples of Sustainable Labelled Bonds

Asian Development Bank Gender Bond
Bringing opportunities to women in Asia

The fund invested in an AUD sustainable bond from the Asian Development Bank (ADB) called a Gender Bond. These bonds are issued in Australian dollars, and we have no exposure to any project level credit risk. Our exposure is solely to the AAA rated ADB, a multilateral development bank established in 1966 and owned by 69 member countries across the Asia Pacific region.

The ADB exists to promote inclusive, resilient, and sustainable development, and one of its core priorities is accelerating progress on gender equality. The Asia Pacific region still experiences some of the widest gaps between women and men across economic participation, financial inclusion, education access, and leadership representation. ADB's work recognises that closing these gaps is crucial for improving economic productivity and supporting long term social stability. These bonds with their specific focus on gender allow investors to contribute to these goals whilst maintaining exposure to a high-quality supranational credit.

An example of the type of project that these Gender Bonds support is the Uzbekistan Inclusive Finance Sector Development Program. This program aims to expand access to finance for underserved micro and small entrepreneurs, particularly women-led businesses, by strengthening the regulatory environment, improving consumer protection, and enabling new microfinance institutions to operate sustainably. Uzbekistan has made progress in broadening financial inclusion and around sixty percent of adults now hold a financial account, driven in part by rapid growth in digital finance. However, women entrepreneurs still face significant barriers in accessing credit. ADB's program supports targeted reforms such as increasing the ceiling for microloans, developing responsible lending guidelines, and establishing gender focused lending quotas to help narrow these gaps and improve opportunities for women to participate in economic life.

World Bank Sustainable Development Bond
Supporting people around the world to meet basic needs

The fund invested in a World Bank (IBRD) Sustainable Development Bond, which supports a broad portfolio of development projects across emerging and developing economies.

IBRD lending spans a wide range of environmental and social priorities. On the environmental side, financing supports renewable energy and energy-efficient infrastructure, as well as climate-resilience activities. Alongside this, lending delivers important social outcomes, including improved access to education and healthcare.

Examples of projects supported through this lending include the expansion of electricity supply to rural areas of Bolivia, where more than 100,000 people gained access to new or improved electricity services.

In Angola, IBRD financing has strengthened public health preparedness through training programs that equipped around 10,000 health workers with skills in infection prevention and control.

More recently, this funding has supported people affected by the war in Ukraine through the Housing Repair for People's Empowerment project. This program has enabled rapid repairs to partially damaged homes, helping families secure safe and habitable housing ahead of winter. In many cases, this support is genuinely life-saving.

These bonds provide exposure to a AAA-rated supranational issuer while directing capital toward globally significant development outcomes, including supporting climate stability, poverty reduction and shared prosperity across emerging and developing economies.

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Active Ownership Reporting

Sustainable Balanced Fund
Case studies from our Underlying Funds

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Pendal Sustainable Balanced Fund – Australian Equities

Engagement examples over the quarter

Westpac Banking Corporation (WBC)

Sustainable theme: *Human Basics*

Engagement objective*: Discuss* the drivers of WBC's gender pay gap (GPG) and the actions the bank is taking to improve representation across higher paid roles

Description: Westpac's headline GPG is elevated versus peers. Conversations with the company suggest this is predominantly a function of workforce mix rather than unequal pay, with no material difference for employees of the same age in comparable roles. The mix effect comes from a long tail of female employees in lower graded, flexible positions, where women account for 75% of staff. Westpac does not expect this structural mix to change significantly. At the other end of the spectrum, higher paying roles in technology and institutional banking have historically been male dominated. Changing gender mix in technology will be difficult given the broader talent pool. But the company does see potential to increase female representation in institutional banking. The company is also investing in internal development more broadly, including a sponsorship program where 20 high potential female employees are paired with senior executives for targeted career support. We encouraged Westpac to continue strengthening pathways into senior roles and to enhance disclosure around the effectiveness of these initiatives.

James Hardie Industries PLC (JHX)

Sustainable theme: Energy Transformation (Emissions Reduction)

Engagement objective: To understand how the company is responding to competitor products marketing themselves as low carbon intensity.

Description: We met with the company to understand what they are doing in response to competitors low carbon intensity marketing strategy.

JHX have a research and development (R&D) priority to reduce the carbon intensity of their product, relating to the emissions intensity of cement. This is a long term approach which will contribute towards solving an industry-wide problem, in a hard to abate sector (cement production), whilst also addressing the climate resilience of their products. Cement has a durability advantage over their competitor's products. Competitor products contain wood chip, making them more susceptible to burning in the event of bush fires. When burnt, these products will release carbon dioxide into the atmosphere, something which is not accounted for in their carbon intensity number. Since the frequency and intensity of bush fires is increasing in response to climate change, we think JHX's approach to addressing the underlying carbon intensity for cement through R&D whilst factoring in the climate resilience of their products to be sound.

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Pendal Sustainable Balanced Fund – Australian Equities

Engagement examples over the quarter

Goodman Group (GMG)

Sustainable theme: Energy transformation, Human Basics

Engagement objective: Monitor sustainability commitments.

Description:
We engaged with Goodman Group to discuss sustainability progress, remuneration structures, and board composition, reflecting the global nature of the business. We hold GMG in several of our portfolios.

Goodman noted that 350MW of solar PV is installed or committed across its global portfolio and that the Group is on track for certification as a carbon neutral organisation by Climate Active for FY25.

Competition for talent remains intense and global, with approximately 70% of the business operating offshore. For key management personnel, around 80% of remuneration is performance-driven and at risk.

Lastly, the Board comprises 44% female directors, with five of the nine members residing offshore, reflecting the international footprint of the business.

Downer EDI Limited (DOW)

Sustainable Mega theme: Increasing prosperity, Human Basics

Engagement objective: Seek confirmation of commitment to climate goals and understand progress. Test safety controls put in place following Bondi attack.

Description: We met with the company to discuss remuneration governance, safety culture, project risk oversight, and progress on systems transformation and climate considerations. We hold Downer in several of our portfolios.

Remuneration was a key focus following a recent framework review led by EY. Benchmarking confirmed CEO fixed pay is around market median.

Safety and culture remain top priorities, with the board reinforcing Downer's "no compromise" approach and using internal audit and whistleblower reporting as important cultural indicators.

The company continues a multi-year transformation program to integrate legacy systems and modernise core platforms. The Chair confirmed climate targets remain under active consideration.

Pendal Sustainable Balanced Fund – Australian Equities

Proxy voting example over the quarter

ANZ Group (ANZ)

Shareholder proposal on climate: We believe all four major banks have adequate frameworks for managing emissions intensive industries, and also believe they are making strong progress towards these targets. Nonetheless, there are areas where each could do better. For ANZ, oil & gas is the most notable sector where it is an outlier, targeting a similar reduction to peers, but off a much higher base. ANZ had also made less progress reducing emissions intensity in this sector through to FY24 (which is the only year where data exists for all banks), although it subsequently caught up in FY25 (noting ANZ is the only bank which publishes data without a lag). In time, we would like to see all banks set targets in agriculture, although this is a sector where abatement is difficult. But on the whole, we don't currently see a need for further shareholder proposals on climate.

Shareholder proposal on deforestation: We recognise banks' social responsibilities, but regulations around deforestation appear vague and it is not clear to us that banks should necessarily be responsible for detecting and policing any deforestation by customers. This would require extensive data collection and then a conversation with clients, even though deforestation is not necessarily part of the customer's banking contract. Nonetheless, we believe this issue will likely build over time, and are looking for assurance from ANZ that they are building a data capability to monitor and measure client deforestation, in order to position the company for any future reporting requirements.

Pendal Sustainable Balanced Fund – International Equities

Engagement examples over the quarter

American Water Works Co (AWK)

Regnan wrote to AWK seeking change in the company's approach to physical impacts of climate change scenario analysis and sustainability disclosure.

Objectives of the Engagement: Augment frequency and breadth of PICC scenario analysis; Enhance disclosures to include more decision-useful information

Key insights:

AWK's current focus on water-stressed areas understates risk as physical impacts accelerate and water demand rises faster than expected.

Scenario-based playbooks can reduce exposure to frequent extreme events, lower renewal frequency, and build long-term resilience when integrated within capital allocation planning.

Early supply challenges in New Jersey, Pennsylvania, and Illinois—where conservation notices have been issued—underscore the need to look beyond today's high-stress zones.

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Pendal Sustainable Balanced Fund – International Equities

Engagement examples over the quarter

Brambles Ltd (BXB)

Regnan met with the company to discuss the physical impacts of climate change; climate transition; ethics and conduct; safety and human capital management September

Objectives of the Engagement:

Seek the conduct, and evidence, of updated and more comprehensive scenario analysis of physical impacts of climate change to improve resilience of the infrastructure and networks on which Brambles business relies; Brambles strengthen its approach to a net-zero pathway for Scope 1, 2 and 3, with clear and actionable items with milestones for addressing existing barriers around infrastructure for fleet electrification. Demonstrate that programs are substantive and not tokenistic; Strengthen the reporting on whistleblower process investigations including consequence management; Seek better demonstration and articulation of how the human capital strategy aligns with key business objectives including monitoring of leading indicators.

Key insights: BXB has completed a second round of scenario analysis, expanding disclosure in FY26 to include NGFS scenarios and analysis of supply chain – transport, agriculture and forestry. Focus remains on resilience program via value-at-risk for asset locations, with ongoing work underway to understand third party service centre vulnerabilities. Rail disruptions remain a material operational dependency.

Regnan encouraged disclosure of number, nature and outcomes of whistleblower complaints. Brambles agreed to consider enhancements in reporting suite to align with industry practice.

Regnan noted HCM disclosure lacks granularity (e.g., eNPS) and around banded vs unbanded employees and sought expanded reporting egarding elevated turnover in unbanded employees.

Noted move from bespoke safety metric to more standard LTIFR. Broader internal consultation underway on leading indicators and potential improvements in FY26 disclosure.

Pendal Sustainable Balanced Fund – International Equities

Engagement examples over the quarter

Deutsche Post AG (DHL)

Regnan wrote to DHL on the topics of climate transition; sustainable fuel; and physical risk.

Objectives of the Engagement:

Enhance sustainable fuel deployment and explore a broader range of decarbonization technologies

Expand physical climate risk assessments to the value chains and integrate physical climate risk considerations into DHL's broader climate resilience or adaptation plans, moving beyond assessment to include actionable strategies.

Description:

Regnan encouraged the following changes

- Transparency of sustainable fuel deployment and collaboration with other stakeholders.
- That DHL explore a broader range of decarbonization technologies across aviation, ocean freight, and long-haul road transportation
- DHL should seek to expand physical climate risk assessments to cover upstream and downstream value chains, not just core operations.
- Conduct analysis of critical infrastructure such as airports, seaports, transportation networks, and digital infrastructure to identify system-wide vulnerabilities.
- Integration of physical climate risk considerations into DHL's broader climate resilience or adaptation plans, moving beyond assessment to include actionable strategies.

Pendal Sustainable Balanced Fund – International Equities

Engagement examples over the quarter

Sea Limited (SEA)

Regnan wrote to the company on the following topics climate change; waste management; circular economy.

Objectives of the Engagement:

Encourage pursuit of a credible climate plan which integrates scenario analysis, climate targets and credible initiatives; Track scope 3 GHG emissions and engage with merchants, suppliers and customers on sustainability, and set credible reduction targets; Enhance waste management practices to manage waste reduction and recycling in terms of waste types; and Embed circular economy principles into its core business strategy and collaborate with stakeholders

Description:

We encouraged SEA to consider the following initiatives :

- Develop a comprehensive Climate Change Action Plan (CCAP) that incorporates multi-scenario risk analysis for both transition and physical climate risks within business decisions and mitigation strategies.
- Set clear, science-based GHG emissions reduction targets for the short, medium, and long term, including interim targets to objectively track progress.
- Demonstrate credible initiatives, sufficient resources and effective governance structures for CCAP implementation, including board oversight and climate expertise.
- To collect and monitor Scope 3 emissions throughout its value chain, and to collaborate with merchants, suppliers, and customers to set and achieve credible reduction targets.
- Introduce a responsible waste management policy and corresponding programs to reduce environmental impact.
- Embed circular economy principles into its core business strategy and collaborate with merchants, suppliers and customers to promote circularity to minimise environmental footprint.

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Pendal Sustainable Balanced Fund - International Equities

Engagement examples over the quarter

Compania de Saneamento Basico do Estado de Sao Paulo (SBSP3:SAO)

Regnan met with the company on the following topics climate change; water quality; water loss; biocultural resilience.

We also conducted a site visit at the ETE Parque Novo Mundo wastewater treatment facility, a critical asset operated by SABESP, Brazil's largest water utility.

Objectives of the Engagement:

Integration of PICC and sustainability considerations in universalisation network expansion capex;

Enhance water loss strategy and integrate capex efficacy monitoring in relation to the multi-stakeholder program;

Enhance biocultural resilience; and Enhance assessment and remediation practices following fatalities;

Integrate forward looking metrics; and disclose

Key insights:

Regnan encouraged the company to more systematically embed physical climate resilience and multi-stakeholder considerations into capital expenditure planning

Water loss reduction will rely heavily on smart metering in the shorter term and will become the primary focus for the second regulatory period, after universalisation targets are achieved.

We recommended to the company to improve disclosures with regards to the drivers of fatalities, remediation actions and resulting changes to practices to prevent future occurrences.

We encouraged expansion and integrated nature-social disclosures would better evidence the robustness of the company's practices and the scale of its positive impact.

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Pendal Sustainable Balanced Fund - International Equities

Engagement examples over the quarter

United Utilities - (UU)

Regnan met with the company on the following topics: River pollution & EPA rating; Remuneration & Water Bill; Whistleblower disclosure; Systems thinking & resilience.

Objectives of the Engagement:

Augment the company's response to ongoing issues around river pollution in the United Kingdom

Network and water supply resiliency to physical impacts of climate change, considering a systems view (including stakeholders)

Disclosure of whistleblower complaint management

Align remuneration structure with the Water (Special Measures) Bill

Key insights:

Management clarified that the downgrade to a 2-star EPA rating was driven by a methodology change where a single "red" metric automatically triggers the rating, despite UU asserting they remain the sector's second best performer

The company confirmed that executive bonuses for 2024/25 were restricted under the Water (Special Measures) Bill due to a single fisheries incident during a reservoir drawdown; Regnan emphasised the need to align remuneration structures with that of the Bill, which the company confirmed they are working on

Regnan pressed for the disclosure of consequence management statistics (e.g., number of complaints vs. disciplinary actions) to evidence the effectiveness of whistleblower channels.

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Pendal Sustainable Balanced Fund – International Equities

Proxy voting examples over the quarter

Regnan reviewed all AGM resolutions where differences between management and/or shareholder positions and the proxy provider's Sustainability Policy recommendations were identified.

Examples of issues the Fund voted on and rationale

Assess and Report on Positive Financial Value of Company's Inclusion Programs (S) – AGAINST

The company's inclusion programs do not appear to have created financial harm for the company, nor do they appear to present a material risk that would warrant additional monitoring. Not aligned with the SO.

Consider Abolishing DEI Policies, Programs, Departments, and Goals (S) – AGAINST

Not aligned with the Sustainable Objective of the Fund.

Report on Risks of Operating in Countries with Significant Human Rights Concerns (S) – FOR

A vote FOR this resolution is warranted. The resolution aligns with the Fund's SO to promote a more sustainably economy where human rights concerns are adequately addressed. More disclosure would assist shareholders in assessing the company's processes and risk mitigation efforts.

Report on Risks of Microsoft's ESP being Utilized for Censorship of Legitimate Speech (S) – AGAINST

The company approach to its core business software is broadly sound in respect of filtering inappropriate content. The shareholder proponents appear to want less safeguards in place which would not align with the fund's SO to create a more sustainable society and avoid community harm.

Vote for re-election of Chair (E and S) – AGAINST

Significant risks to shareholders stemming from severe ESG controversies have been identified at the company, which reflects a failure by the board to proficiently guard against and manage material environmental, social and governance risks. Votes AGAINST board chair are warranted given that the chair of the board ultimately shoulders the most responsibility amongst all board members for failing to effectively supervise the management of risks to the company and its shareholders, and should therefore be held the most accountable for poor board oversight of ESG risk exposures at the firm. Aligned with the SO

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Pendal Sustainable Balanced Fund - Australian Fixed Income

Our engagement and advocacy philosophy

As an active investment manager, Pendal plays an important role engaging with bond issuers. We view an engagement as an interaction with an issuer or arranger whereby we seek to influence, or identify the need to influence, ESG practices and/or improve ESG disclosure. Many of our Income and Fixed Interest (I&FI) team's engagements are with unlisted entities. This expands the reach of our stewardship activities and is particularly important for climate transition since many infrastructure and utility companies are privately owned.

Pendal's I&FI team seeks improvement from issuers on the management of environmental, social and governance issues via our engagement and advocacy activities. In our sustainability and impact strategies, we work to ensure our investments are bringing about impact, with a focus on climate stability and supporting the underserved in society.

In the growing market for impact and sustainability securities (e.g. social bonds, green bond and sustainability bonds) we advocate for enhanced quality of issuance supported by timely, outcome-focused reporting. This provides investors with greater assurance of environmental and social outcomes.

Issuers are becoming more conscious of investor interest in ESG as a material factor in their pricing of debt. Our engagement and advocacy activities target strong ESG performers to further enhance performance and raise the expectations on the sector as a whole – as well as laggards. When an issuer deviates from expectation, either by its behaviour or issuance, we consider it an engagement opportunity to drive the business towards greater sustainability.

Our five areas of focus

Theme	Description	Q4 2025*
Climate stability	**We probe issuers to:** • identify climate risks and opportunities • develop or improve transition plans • increase their ambition	6
Underserved in society	**We request from issuers:** • evidence that bonds are targeted towards the underserved • targeted funding towards social projects • effective monitoring of impact	2
Improving the debt market	**We do this to:** • share our expectations of bonds • safeguard against greenwashing • grow the impact bond market • improve impact reporting	8
Disclosures	**We ask issuers for:** • greater public disclosures • improved, specific and timely ESG reporting	4
ESG integration	**We seek to:** • enhance management of ESG risks • signal the importance of ESG across all issuers.	2

*Meetings where the subject was discussed

Pendal Sustainable Balanced Fund - Australian Fixed Income

ESG engagement and advocacy over the quarter

Climate stability

Nature repair: Scaling nature repair through public-sector financing

Objective: To encourage consideration of large-scale nature repair within public-sector climate financing approaches.

Process: We have maintained a longstanding engagement with the issuer on climate-related risks and opportunities. As part of this engagement, we discussed the potential role of financing mechanisms in supporting nature repair at scale. The issuer participated in a site visit alongside academics and representatives from multiple investors to explore the scope of nature-related investment needs and the applicability of different debt instruments.

Outcomes: The engagement is ongoing. The discussions have contributed to a greater shared understanding of the scale and complexity of nature repair financing, with the issuer exploring a range of potential financing approaches across different debt products.

ESG integration

Embedding ESG: Integrating ESG in decision making across an organisation

Objective: To support the integration of ESG considerations into issuer behaviour, governance and disclosures, including how sustainability factors inform financing decisions and labelled issuance.

Process: We engaged with the issuer's sustainability, risk and internal policy teams to discuss how ESG considerations are embedded across the organisation. The engagement focused on clarifying investor expectations around ESG disclosures, governance processes and the standards applied when assessing both labelled and unlabelled debt issuance.

Outcomes: The engagement reinforced the importance of ongoing dialogue between investors and issuer teams responsible for sustainability and risk. We clearly articulated our expectations regarding disclosure quality, issuance frameworks and activities that may influence our investment decisions, helping ensure alignment across teams involved in policy development, reporting and capital market activity.

Underserved in society

Peace bonds: Mobilising capital for fragile contexts in developing economies

Objectives: To encourage the development of investment-grade bonds that target underserved populations in developing countries, particularly in conflict-affected contexts.

Process: We engaged with the issuer through participation in the African Resilience Forum, where we contributed investor perspectives on the role of capital markets in supporting peace, stability and development. The discussion focused on how bond structures and use of proceeds could be designed to channel funding toward projects that address the needs of underserved and conflict-affected communities.

Outcomes: Engagement with the issuer is continuing. There is shared interest in further developing these concepts, with a long-term ambition to create a new class of investment opportunities that combine investment-grade risk profiles with targeted social outcomes in fragile and conflict-affected regions.

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Important note

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