

## ESG Engagement - Annual Disclosure

This disclosure covers the period from 1 January 2018 to 31 December 2018 and will be updated annually.

Bell Asset Management Ltd (BAM) is a signatory to the United Nations Principles for Responsible Investment (UNPRI). BAM has a policy relating to UNPRI compliance and the integration of Environmental, Social and Governance (ESG) matters into our investment management processes. Over the course of the year ESG consideration was applied to 100% of stock decisions. One of the characteristics of that ESG policy and our UNPRI status is engagement with the companies in whom we invest or are considering for investment.

This statement describes to clients, beneficiaries and the public our approach to engagement, which in this context relates to direct contact with investee and prospective investee companies in order to influence changes in their ESG behaviour or to improve their disclosure practices in the area of ESG matters.

BAM's approach is to be a member of at least one UNPRI Sponsored Collaborative Engagement Group, operating under terms of reference overseen by the UNPRI Board at all times.

During the year we participated and continue to participate with two UNPRI coordinated engagements. The first engagement is regarding cyber security for corporates. The second engagement is regarding tax transparency.

In addition to these forms of engagement, we meet directly with companies as part of our regular research activities. This is a combination of face to face meetings, site visits, conference meetings, telephone and email contact in order to establish the information necessary to make our investment decisions. It is our consistent practice to engage directly with investee companies to obtain, clarify or verify ESG information where the information supplied does not meet our requirements or is insufficient or unclear. For the year ended 31 December 2018 BAM conducted in excess of 500 such direct information engagements (noting that not all such engagements were specific to ESG matters). We discussed ESG topics at 165 of these direct engagements. BAM is also part of a collaborative engagement with Apple Inc, one of our longest held investments.

BAM engages directly with the ESG research agencies on a variety of ESG related topics. For example, BAM has in the past engaged with MSCI ESG Research when we thought their ESG classification and/or description of a certain company has been factually incorrect. We also participate in annual surveys regarding how overall ESG scores are measured for specific sectors, as each industry sector is measured differently. (For example, a mining company is measured differently to a clothing manufacturer).

BAM seeks to evolve our ESG engagement with all of our key stakeholders continually and we welcome any feedback or questions regarding our ESG Policy.

Nick Fels  
Managing Director  
ESG Investment Officer

29 March 2019