

Paradice Climate Action Plan

Progress Report
2025

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Climate Action Plan Summary*



Overall ambition:
net zero emissions by 2050

Three pillars of action



Governance

Policies,
governance
structures and
Board oversight



Investments

Integrating climate
considerations,
measuring and
monitoring emissions



Stewardship & Advocacy

Driving net zero-
aligned action at
investee company
and policy level

Targets

1

By 2030 divest any company emitting over 150 ktCO₂e p.a. which does not have a credible transition plan

2

Engage the top 40 highest Scope 1 & 2 emitting companies held by Paradise at least once annually

3

Offset operational carbon emissions annually

* Please refer to the inaugural Paradise Climate Action Plan ('the Plan') available on our website (for the period 2023-2025).



Introduction

Paradice¹ is pleased to provide our stakeholders with an update on the final year of implementation of our inaugural Climate Action Plan (CAP) which commenced in 2023.² We encourage you to refer to the full multi-year Plan which is available on our website while reading this progress report.

Our plan not only outlined a net-zero ambition by 2050 alongside three formal targets, but it detailed the actions we aimed to take across 2023-2025 as part of our evolving response to climate change. In this progress report, we provide an update on achievements during the past calendar year and the final status of the plan delivery.

Additionally, we highlight key climate-related stewardship activities carried out during 2025. These include engagement with investee companies on climate risk – encompassing both transition and physical climate risk – and opportunities, as well as relevant proxy voting actions.

As our inaugural CAP comes to an end, from 2026 we commence the delivery of our second CAP. This Plan retains the same ambition and targets as the first and outlines additional actions we will take over 2026-2027 as we mature our approach.

Update on formal targets

With respect to our three formal targets, two require achievement annually.

- 2 Engage the top 40 highest Scope 1 & 2 emitting companies held by Paradice at least once annually

In line with this target, we proactively sought to engage with our top 40 emitting investee companies and were successful in engaging each during the year. Most were engaged once although some companies were engaged multiple times.

- 3 Offset operational carbon emissions annually

We were pleased to measure and validate our operational emissions through PathZero for FY25, so we could purchase the equivalent number of offsets. Please see more information about PathZero [here](#).



Completion of our inaugural Plan

We are pleased to share that we have completed our inaugural three-year Climate Action Plan (CAP), with all but one action item achieved. The majority of the CAP's action items were completed prior to 2025, leaving the final year of the plan's implementation predominantly about embedding initiatives in our day to day operations.

By completing various initiatives across the three action pillars in the CAP – governance, investments, and stewardship and advocacy – Paradise has significantly enhanced its approach to climate change since 2023. The most transformative initiatives have been:

- The explicit inclusion of climate risk in formal responsibilities of the Sustainability Committee, internal business risk registers, and new governance structures to support and monitor the delivery of the CAP. This has introduced climate risk responsibilities to multiple functions across our business, not just our ESG Team.
- Expanding our access to specialist third party data and significantly improving our systems and processes to assess climate-related investment risks. This included an overhaul in the period of our in-house climate risk assessment tool, including a greater focus on physical risk analysis and consideration of different climate scenarios.
- Maturing our engagement activities relating to climate change, with greater attention to objective setting and monitoring progress. This included formalising an escalation framework for instances where our climate-related engagement is not progressing as hoped.
- Improving our public and direct-to-client reporting on our responsible investment activities related to climate change.

One item – under Pillar Two: Investments – was not achieved. We had intended to evolve of our product offering to include an investment strategy with climate-related objectives. During the past three years, we actively explored the viability of a climate-focused product or mandate for an institutional investor, but there was not sufficient interest. As such, we couldn't meet this intended action for commercial reasons.

In terms of next steps, we will move on to the delivery of our second CAP from 2026. Stakeholders can find this on the Paradise website.

Pillar One: Governance



Initiative	2025 Planned	2025 Actual	Status
Board approval of the Climate Action Plan	✓	✓	Completed in 2022
Define formal climate change responsibilities in the Sustainable Committee Terms of Reference and role descriptions	✓	✓	Completed in 2023
Update policies and statements as relevant to reflect the Climate Action Plan	✓	✓	Completed in 2023
Climate risk included in PIM risk registers	✓→	✓→	Ongoing
Climate change training and awareness for Board and investment teams	✓→	✓→	Ongoing
Offset PIM's own operational emissions annually	✓→	✓→	Ongoing
Report on progress against the Plan	✓→	✓→	Ongoing
Implement processes to review and revise the Plan as commitments are met and climate risks exposures and best practices evolve	→	✓→	Ongoing
Report regularly to the Board and senior management on climate performance and portfolio climate risk exposures	✓→	✓→	Ongoing

- ✓ Completed
- Start
- Ongoing / continue
- Target completion
- ⊗ Not completed

Pillar Two: Investments



Initiative	2025 Planned	2025 Actual	Status
Assess and monitor portfolio exposure to transition risk, including through monitoring of carbon footprint	✓→	✓→	Ongoing
Establish internal criteria for a credible climate transition plan to be applied in our target	✓	✓	Completed in 2024
Monitor relevant portfolio companies' climate action plans and their alignment to net zero by 2050 including:			
1. Overarching net zero by 2050 commitment	✓→	✓→	Ongoing
2. Interim targets			
3. Credible plan to deliver commitments			
Expand assessments and monitoring of portfolio exposure to physical climate risk	✓→	✓→	Ongoing
Monitor exposure to green economic activity		✓→	Ongoing
Employ third party tools to supplement internal assessments	✓	✓	Completed in 2023
Evolve our product offering over time to better enable capital allocation to climate solutions	Planned for 2023	⊗	Not achieved
Disclose portfolios' weighted average carbon intensity (WACI) to clients	✓→	✓→	Ongoing
Expand scenario analysis undertaken	✓→	✓→	Ongoing

✓	Completed
→	Start
→	Ongoing / continue
●	Target completion
⊗	Not completed

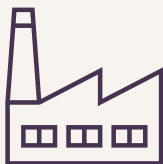
Pillar Three: Stewardship & Advocacy



Initiative	2025 Planned	2025 Actual	Status
Set clear escalation process for insufficient climate responses at investee companies	✓	✓	Completed in 2024
Engage with companies we assess to be higher risk	✓→	✓→	Ongoing
Advocate for the goals of the Paris Agreement and the uptake of TCFD recommendations	✓→	✓→	Ongoing
Participate in collaborative engagement initiatives such as Climate Action 100+	✓→	✓→	Ongoing
Participate in industry associations which positively advocate on climate matters	✓→	✓→	Ongoing
Publish annually trade association memberships and membership fees	✓→	✓→	Ongoing
Participate in government and other public policy consultations and advocate for ambitious policy	✓→	✓→	Ongoing
Exercise voting rights in line with relevant position statements and policies, in support of better climate outcomes	✓→	✓→	Ongoing
Engage with clients and stakeholders such as asset consultants to communicate our approach to climate change and to help deliver on their own climate commitments	✓→	✓→	Ongoing
Publish an annual summary of outcomes achieved through corporate engagement	✓→	✓→	Ongoing
Support, file or co-file climate resolutions at companies who have not responded appropriately to engagement	✓→	✓→	Ongoing

- ✓ Completed
- Start
- Ongoing / continue
- Target completion
- ⊗ Not completed

Climate-related engagement statistics



over **60**
companies engaged
over **112** total
climate-related
engagements



over **99**
engagements on
transition risk



over **25**
engagements on
physical risk



Note: some engagements covered topics in addition to climate change



Engagement Snapshots

Climate-related engagement in 2025

Origin Energy

Paradice regularly engages Origin Energy on climate change, but in 2025 our engagement focused on the company's next Climate Transition Action Plan (CTAP) which was put to shareholder vote in the year. We had six climate engagements, including with the CEO and Chair. We provided feedback on how to enhance the second CTAP and address uncertainty created by the government-requested extension of its large Eraring power plant, which drives Origin's emissions, and was initially scheduled to shut in 2025. Opportunities in renewables and orchestrating rooftop solar through its 'Virtual Power Plant' were also a focus.

Santos

Oil and gas company Santos is a priority company for our climate engagement. We engaged four times directly, and twice through our participation in Climate Action 100+ alongside other investors. We also visited the Moomba carbon capture and storage (CCS) facility – a key part of the company's climate strategy and proving up this technology. Santos has improved its climate disclosures in line with feedback, although we continue to seek enhancements. Management of methane emissions specifically was a topic of note in the year.

Kingfisher plc

Kingfisher, a UK-based home improvement retailer, developed a climate action plan to achieve net zero for its own operations, and more recently included its value chain in this initiative. During the year, we engaged with the company to understand their priorities. We focused on their Zero Carbon Stores initiative, where many stores have shifted from gas-powered heating to heat pumps, and most electricity is procured from renewable energy sources. While structural challenges exist with leased assets, we encouraged the company to use their strong commercial influence to advocate for decarbonisation standards within the commercial real estate sector.

National Australia Bank

Our primary concern for NAB from a climate perspective is its financed emissions and exposure to physical climate risk via its loan book. We had four climate engagements in the year where we sought certain disclosure enhancements and provided feedback on the bank's approach to assessing their business customers' transition plans. We also sought to understand how the bank monitors underinsurance across its loan book and the implications for its own risk profile, which is emerging as a focus area.



Proxy Voting

Paradice's share ownership entitles us to vote on a range of matters at shareholder meetings. Climate change considerations have become increasingly relevant to our voting decisions in recent years. In part, this has been driven by the trend of companies putting forward their own climate plans to an advisory ('Say on Climate') vote. Climate change is also often a topic for shareholder-requisitioned proposals lodged at these meetings (not supported by company management). As our stewardship practices mature, how we vote on items such as the remuneration report or director elections may form part of an escalation where we are not satisfied with progress in our climate engagement with a company.

In 2025, we voted on several climate-related shareholder resolutions and three 'Say on Climate' votes. We took each vote on its merits, supporting some and voting against others. In cases where we chose to vote in line with the company but had some reservations about their climate efforts or disclosures, we wrote detailed letters to explain our voting position should not be read as a full endorsement of their current approach.

We found one of the shareholder resolutions supportable because it sought enhanced disclosures from the company. In this case, we thought this request aligned with shareholder interests and we agreed the company could make improvements to its climate reporting.

Collaboration and Advocacy

We work alongside other investors on ESG issues through various initiatives. Our main collaborative initiative centered on climate change is our involvement in Climate Action 100+. This initiative allows us to participate in joint engagements with multiple companies identified as priorities due to their position among the globe's largest emitters. Throughout 2025, we maintained our active involvement and advanced change objectives at three companies.

Where appropriate to do so, we participate directly in government consultations on climate-related policy which is relevant to our investee companies. This year, however, we did not undertake any direct advocacy. Through our membership in groups such as Responsible Investment Association Australasia (RIAA) and the Principles for Responsible Investment (PRI), however, we indirectly participate in public policy advocacy as submissions are completed on behalf of members. We provided feedback on a PRI submission on mandatory climate disclosures.

Endnotes:

¹ For the purposes of this Climate Action Plan, 'Paradice' shall mean Paradise Investment Management Pty Ltd and, only insofar as it relates to those Australian trusts, or strategies covered by the sub-delegation of investment advisory services arrangements in place, Paradise Investment Management LLC.

² The Plan was initially approved by the Board of Directors of Paradise in December 2022.

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