PARADICE
INVESTMENT MANAGEMENT

Paradice Climate Action Plan

2026-2027

Introduction

We are pleased to publish the second multi-year Climate Action Plan (CAP) for Paradice.[1] It serves as both an internal roadmap for the implementation of various initiatives as we mature our approach, and an external commitment demonstrating accountability for our stakeholders.

For years, we have recognised that we must consider climate change as a business, and how it may impact our operations, as well as understanding the potential risks from climate change to the investments we make on behalf of our clients as an asset manager.

While we seek to be a responsible operator as we believe it's the right thing to do, most importantly we want to be a viable business over the long term. As such, we recognise that we must understand the potential effects of climate change upon our operations and investments to inform necessary responses so we can remain resilient and support risk-adjusted returns for our clients.

This CAP is an evolution of our inaugural plan and outlines the actions we intend take over calendar years 2026-2027 to enhance our understanding of climate risks and respond appropriately, such as through encouraging decarbonisation of portfolio companies in line with national and global climate goals. Our general beliefs and approach to climate change are described separately in various policy documents across Paradice.

Please also refer to our inaugural CAP and the annual progress reports on our website to learn more about actions taken by Paradice to date.

We have established a net zero emissions by 2050 ambition

Our second Climate Action Plan

Our inaugural CAP, which concluded in 2025, established an overall ambition of net zero by 2050 and three formal targets as well as outlining actions we intended to take in the period. We have decided to maintain the overall ambition and three targets from the inaugural plan as they all remain relevant. We do, however, present herein a range of new initiatives to drive a maturing of our approach across the three pillars of governance, investments and stewardship and advocacy.

Our CAP is aligned to our commitment – as a business and an investor – to appropriately manage material risks, to minimise our contribution to harmful climate outcomes as much as practical, and to use our influence responsibly to drive positive climate action.

However, in developing our CAP, we have had to also consider not only our formal obligations but other operating realities in order to put forward a plan that is achievable. Considerations in our plan design include:

- Fiduciary duty to our clients must always come first. While financially material climate risks are integrated into investment decision making, our obligations as a fiduciary mean we must not be overly prescriptive in climate frameworks applied to our investments.
- Paradice operates in Australia, a country which is a signatory to the Paris Agreement with a net zero by 2050 commitment and interim 2035 emissions reduction targets. A vast majority of our portfolio companies are subject to Australian regulation which is shaping their decarbonisation efforts. Our portfolio holdings with global operations tend to be exposed to jurisdictions which are Paris Agreement signatories or are subject to other climate policies. As global regulations progressively tighten through carbon pricing, renewable energy mandates and fossil fuel restrictions, our holdings face both compliance requirements and market incentives to decarbonise their operations, translating to portfolio-level emissions reductions.
- Our mandate clients, who are mostly large institutional investors, have differing climate-related objectives. It is our view that we can best serve their direct needs through tailored investment approaches as relevant.
- Paradice investment teams have autonomy in all investment decision making for their respective strategies, including regarding climate risk, subject to fiduciary and contractual obligations. An overly prescriptive framework could inhibit the teams’ ability to invest within their risk appetite or investment philosophy.

We believe our CAP provides accountability to our stakeholders while enabling sufficient flexibility for us to best meet diverse business and investment obligations. As climate science and our operating context evolves, we will continue to periodically update this plan to ensure we have an appropriate response to climate change.

Climate Action Plan Summary

Overall ambition:
net zero emissions by 2050

Three pillars of action

Governance

Policies, governance structures and Board oversight

Investments

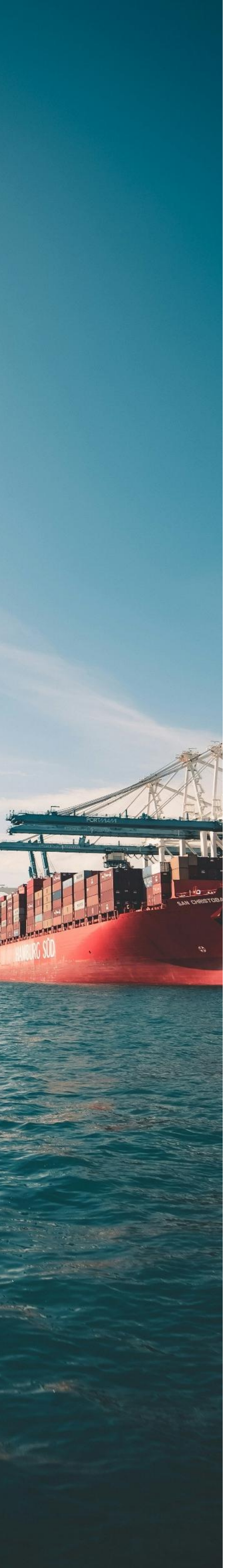
Integrating climate considerations, measuring and monitoring emissions

Stewardship & Advocacy

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

Targets

1. By 2030 divest any company emitting over 150 ktCO_2e p.a. which does not have a credible transition plan
2. Engage the top 40 highest Scope 1 & 2 emitting companies held by Paradice at least once annually
3. Purchase equivalent offsets for operational carbon emissions annually



Pillar One: Governance

Initiative	2026	2027
Review and update Paradice's Climate Change Position Statement	●	
Develop a nature and deforestation position, given the connection to carbon emissions and physical climate risks	●	
Establish an annual survey to measure and track employee awareness on climate change	➔	⇢
Review internal (business) climate risk controls	●	
Review climate-related reporting to the Board of Directors, to ensure appropriate content and frequency	●	
Update climate-related training and awareness program for the Board of Directors		●
Review policy position on investment exclusions relevant to climate change		●
Review and update the Climate Action Plan, including climate targets as relevant, for the next multi-year period		●

● Target completion
➔ Start
⇢ Ongoing / continue

Pillar Two: Investments

Initiative	2026	2027
Integrate in-house climate risk assessments into portfolio-level risk management dashboards	Start	Ongoing / continue
Create new template for explicit climate analysis for all new positions*	Target completion	
Enhance portfolio level analytics to better identify potential climate risk concentrations	Start	Ongoing / continue
Establish more functional tracking of score changes in climate risk tool to better highlight improvers and decliners	Start	Ongoing / continue
Undertake review of service providers' current climate research and data offerings	Target completion	
Establish formalised climate data quality monitoring (e.g. gaps, estimation uncertainty)		Start, Ongoing / continue
Update internal criteria for a credible climate transition plan in line with evolving expectations		Target completion

* New position meaning a stock not held in the portfolio for the previous 12 months

- Target completion
- Start
- Ongoing / continue

Pillar Three: Stewardship & Advocacy

Initiative	2026	2027
Expand transition risk thematic engagement program to include sector-specific sub-programs	⊖→	- - -▶
Refresh company-specific engagement plans for high priority companies	●	
Expand proxy voting reporting to include statistics on climate-related voting	⊖→	- - -▶
Develop approach to assessing participation in collaborative engagement initiatives		●
Develop framework for expectations on climate-related KPIs within executive remuneration	●	
Review approach to measuring stewardship effectiveness		●

● Target completion

⊖→ Start

- -▶ Ongoing / continue

Risks to delivering our net zero ambition

While the intended actions outlined in this CAP are within Paradice's control, achieving our 2050 net zero ambition largely remains subject to factors outside of our control – many of which are uncertain.

Below are the key risks, dependencies and uncertainties which we believe could jeopardise global climate goals, and therefore our own:

- The current global policy settings are not sufficient to drive down emissions in line with a below 2°C warming scenario, let alone 1.5°C. With the US withdrawing from the Paris Agreement, momentum for ratcheting climate policy ambition has slowed at a time when it should be accelerating. If climate policies fail to strengthen, it is unlikely that voluntary corporate climate action will be sufficient.

- Geopolitical uncertainty in recent years has changed the priorities of nation states around the world. Near-term energy availability and maintaining sovereign manufacturing capabilities (that require reliable energy) have been prioritised over decarbonisation. This has seen fossil fuel energy sources favoured over renewables by many countries, at least in the near term.

- In Australia, where the majority of our portfolio holdings operate, the roll out of renewables and transmission infrastructure has been challenged. There could be the need to prolong the use of fossil fuel-based energy to meet supply shortfalls.

- Energy demand continues to increase globally as economic development progresses, and the population grows. The extent to which developments such as generative artificial intelligence will place additional upward pressure on global energy demand are yet to be fully understood.

- Economic recessions, inflation or prolonged periods of capital scarcity could materially slow corporate decarbonisation as companies prioritise near-term financial resilience over long-term transition investments.

- Our portfolio decarbonisation relies on successful commercialisation and scaling of key technologies – particularly for hard-to-abate sectors like steel, aviation and shipping. While progress has been made in many areas, some low carbon technologies remain uncertain.

- Our ambition is reliant on portfolio companies successfully decarbonising. As with any corporate strategy, climate plans are subject to execution risk (from permitting delays to supply chain risks). Further, portfolio companies may slow decarbonisation efforts if they are penalised by financial markets for transition costs in equity valuations.

- Physical climate impacts – increasingly severe weather events, chronic climate stresses, potential tipping points – could themselves disrupt the orderly transition we assume.

Commitment to delivering on our Climate Action Plan

Given the uncertainties and risks just outlined, some of which we don't have full agency to address, we are constrained to having a net zero by 2050 ambition rather than a firm commitment. Nevertheless, we believe it is important to have this ambition and a CAP which guides our day-to-day actions in decarbonising and responding to climate change as a business and investor.

We strive to maximise what we can within our sphere of influence while acknowledging that ultimate success depends significantly on a favourable evolution of factors beyond our control.

Our CAP is not just about playing a role in reaching net zero. It reflects Paradice's commitment to building the investment capabilities, analytical rigour, stewardship practices and operational resilience required to navigate the significant transformation of the global economy that is occurring due to climate change.

A key foundation as a business is having sound governance structures in place. We significantly uplifted our governance regarding climate change under our first CAP. Pillar One of this plan targets some incremental improvements.

Better integration of climate into investment decision making is particularly relevant given the nature of our business as an asset manager. Actions under Pillar Two are intended to improve capabilities and processes in this area. We are confident that this will generate better investment decisions, regardless of the precise pace of the transition to net zero.

Stewardship on ESG issues is part of our active approach to investment management, and Pillar Three initiatives guide how we can tailor these efforts to address climate change. We want to see our holdings succeed in the transition, and we will support management teams pursuing credible pathways – while holding accountable those who lag community and investor expectations. Further, we participate in relevant advocacy within financial markets and policy making.

For our clients, we commit to continuous improvement in our approach to climate change. Indeed, our CAP guides concrete actions to mature our climate approach.

We approach this plan with humility about external uncertainties and confidence in our willingness to adapt as necessary. Climate policy, technology and markets will evolve in ways we cannot fully predict, but our plan will evolve with them and as our capabilities deepen.

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Endnotes:

[1] For the purposes of this Climate Action Plan, Paradice shall mean Paradice 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, Paradice Investment Management LLC.

Paradice

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