System Capital

SYSTEM CAPITAL ESG POLICY

October 2026

INTRODUCTION

This policy outlines System Capital's (System) principles and approach to integrating Environmental, Social, and Governance (ESG) factors into the general research process.

At System, our investment philosophy and process focuses on understanding a business's strength within its business ecosystem. This ecosystem encompasses suppliers, customers, competitors, regulators, governments and new entrants, all of which collectively influence the long-term economic performance of a business.

System's investment strategy focuses on finding businesses that can generate attractive free cashflow returns and strengthen their competitive positioning over time.

We believe that an understanding of ESG factors can increase long-term returns and better manage risk in portfolios, aligning with our investment philosophy and fiduciary duty to act in the best interests of our clients and shareholders.

INVESTMENT PROCESS

System's investment process includes four key steps:



ESG INTEGRATION APPROACH

At System, ESG integration is a component of our investment process, combining both qualitative and quantitative analysis.

1. Research and Analysis

Our approach prioritises businesses that demonstrate a strengthening competitive advantage over time. We focus on key economic measures and incorporate ESG factors as critical inputs into our quality and valuation assessments.

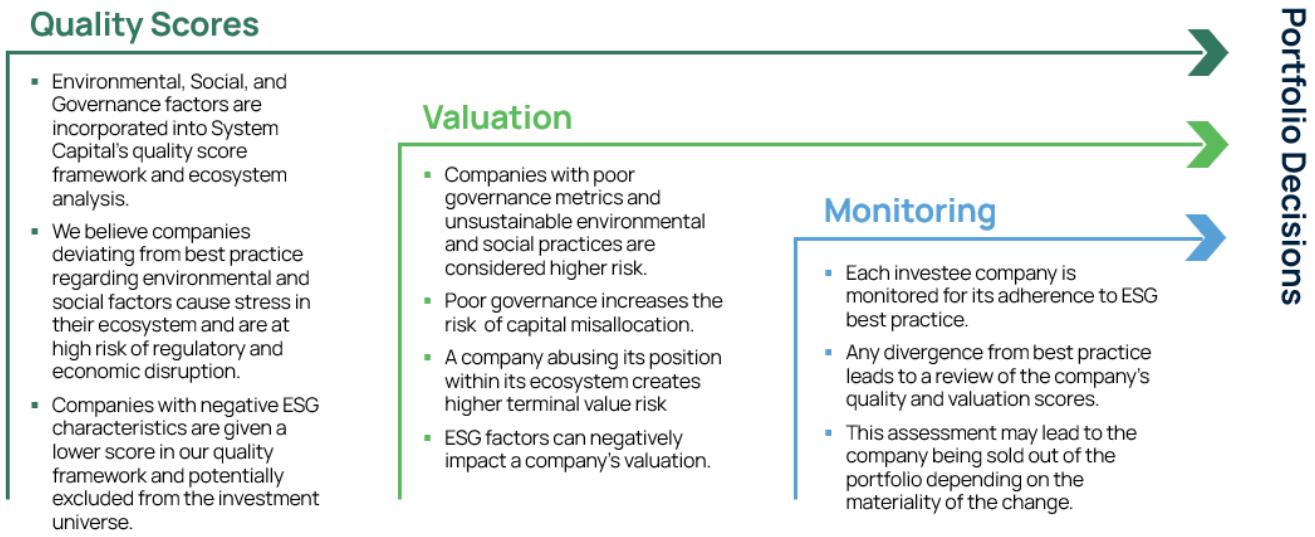
2. Score and Ranking

As part of our investment checklist and qualitative scoring methodology, we assign higher quality scores to companies with robust governance frameworks that align with shareholder interests, as we believe strong governance enhances long-term shareholder returns. Conversely, weak governance—particularly where it negatively impacts capital allocation—is reflected in lower valuation scores. Our governance assessment incorporates key quantitative factors, including insider alignment, shareholder-focused compensation structures, and long-term incentive plans.

Environmental and social considerations are included in this framework. Businesses with poor environmental or social practices face heightened risks of operational disruption over time. As a result, these factors are directly incorporated into our quality assessment, leading to lower scores where risks are identified, and a reduced valuation score due to increased terminal value risk.

3. Portfolio Construction

By embedding ESG factors into our investment framework and maintaining rigorous ongoing monitoring, any negative changes to a company's quality and/or valuation scores could lead to a sell decision.



ESG FACTORS

We acknowledge that not all ESG factors will be relevant to all investments and their respective ecosystems. As such, we incorporate relevant material ESG factors into the fundamental analysis of each company we include, or are considering for inclusion in, our portfolio.

We determine materiality by considering which ESG risks and opportunities the industry is most exposed to as well as any ESG risks and opportunities specific to the company itself. A material ESG risk is one which can have a significant impact on the valuation of a company, if not well managed.

Key ESG factors that we consider include:

- Insider alignment with shareholder interests
- Shareholder value focused compensation
- Long term focused compensation
- Management quality and incentives
- Societal and ecosystem impact of business products

STEWARDSHIP AND ENGAGEMENT APPROACH

Our overall Stewardship objective is to maximise overall value to clients. We recognise our responsibility as stewards of capital and incorporate ESG considerations in our investment process, to promote long-term value creation and mitigate risks in our portfolio.

Engagement Approach

We may engage with portfolio companies on relevant material ESG issues to drive long-term value creation and responsible corporate behaviour. Our engagement approach is outcome-focused and tailored to each investment.

We recognise that all companies will have some positive and negative real-world impacts. We aim to identify the full impact for every investee company so that we understand the risks and opportunities of the business and identify where we can add value through company engagement.

Our overall goal is to:

- Improve risk-adjusted returns for our clients through ESG integration
- Invest in companies that are increasing their competitive advantage over time

Prioritisation of Engagement Activity

We prioritise material ESG issues for engagement where we feel that material exposure to an ESG risk or risks is not being adequately managed or company strategy is not sufficiently considering opportunities.

Escalation Strategies

If a company's response to engagement activity does not satisfy our concerns regarding ESG and other material risks, we may take any of the following actions:

- Exercise our ownership responsibilities through voting as a proxy in all meetings of our investee companies; or
- Reduce the valuation accordingly and:
    - Reduce position; or
    - Exit the position

Monitoring of Engagement Outcomes

We monitor our engagements and the commitments made by investee companies as part of that engagement. We follow up to ensure that the relevant changes have been made. If the company does not honour the commitment this will trigger our escalation process outlined above.

Proxy Voting

At System, we recognise the right to vote as a proxy for our investors as a valuable asset. Where practical, we will vote on shareholder resolutions with the objective of maximising value for our clients.

Our voting decisions will take into account financial and material ESG factors that may affect company value.

SPECIAL ESG CONSIDERATIONS

Specific Approach to Climate Change

We believe that uncertainty surrounding both the physical changes in our climate as well as the policy response around the transition to a low carbon economy can pose a risk to our investments across all industries to varying degrees. Equally, there will be companies that benefit from such a transition. As such, we consider the physical and transition risks and opportunities of climate change as part of our fundamental analysis.

Specific Approach to Social Factors

We recognise that social factors—such as modern slavery—present both ethical risks to individuals and financial risks to companies, including reputational damage and potential supply chain disruptions. Where social risks are deemed material, we incorporate ESG due diligence into our investment analysis. This process focuses on assessing whether companies have appropriate systems and policies in place to manage these risks across their operations and supply chains.

Review and Oversight of Policy

ESG integration is embedded in System's investment process and every member of the investment team is responsible for ESG research and integration.

System's ESG policy is reviewed annually and approved by System Capital's Board and senior executive-level staff, who have ultimate oversight on responsible investment activities and ESG strategy and policy.