

CORPORATE SUSTAINABILITY/ESG

Introduction

Pella specialises in Responsible Investing, which the Company defines as incorporating sustainability and ESG considerations into all its investing decisions. It is also incumbent on the Company to practice what it preaches and incorporate sustainability and ESG considerations into its internal operations and practices. Pella's Responsible Investing Manual explains how sustainability and ESG considerations are incorporated into investment operations and this policy explains how these considerations are incorporated into the Company's operations and practices.

What is Sustainability and ESG?

Sustainability and ESG are related terms. The Company defines Sustainability as 'activities that can continue over the long-term because they do not come as a material cost to current or future generations. ESG refers to incorporating environmental, social, and governance factors into all decisions. Incorporating solid considerations into all decisions helps, but does not guarantee, delivering sustainability.

Implementation

Sustainability and ESG considerations must be factored into every decision made by the Company, including investing decisions and operational decisions. The Company expects all its employees, contractors, and service providers to equally incorporate sustainability considerations into all their decisions and actions.

Travel

Pella's policy is to minimize the environmental footprint caused by employee travelling. As part of this policy employees are required to use virtual meeting technology rather than in-person meetings whenever it is feasible to do so. If travelling is required, employees should implement the following strategies (as appropriate):

- If the meeting is within walking distance (e.g. 30-min walking travel time) - walk to meetings, rather than drive/catch a taxi.
- If the meeting is not within walking distance - catch public transport, if possible.
- When flying - purchase carbon offsets, when these offsets made available by the airline

Supply-Chain

The Company's supply chain policies are communicated in the Service Provider Policy. Specific ESG requirements incorporated into that policy are:

- Environmental, Social, and Governance (ESG) track-record - the SP's ESG track-record must be taken into consideration and prioritised ahead of cost. SP's with a poor track-record of complying with international human rights and labour standards, including not paying a living wage, should be avoided. SPs with a poor environmentally track-record should also be avoided.
- Diversity - diversity is considered a positive attribute, and the Company strongly encourages the use of SP's with ownership from under-represented populations.

Office supplies and practices

The Company strongly requires the use of environmentally preferred products and practices (e.g. recycling) in the working environment.

When purchasing office supplies, the default option should always be environmentally options. This includes purchasing recycled (FSC-certified) paper products, environmentally friendly pens, and recyclable printing cartridges.

The Company should also purchase the most environmentally friendly electricity contracts with the default option to select the contracts that offer carbon offsets.

In addition, to the office supplies used, the Company's policy is to adopt the following environmentally friendly practices:

- Recycle whenever possible, this includes - paper, ink cartridges, any metals.
- Dispose of e-waste responsibly - never through e-waste into general garbage. This waste should be centrally collected by the Company and disposed of through a dedicated, environmentally friendly e-waste service.
- Printing - avoid unnecessary printing, and when printing is necessary, print double sided and, ideally, in black and white
- Reuse and recycle boxes and packaging
- Switch off computers and office lights overnight and over the weekend.
- Minimize heating and cooling
- Use reusable mugs for coffee/tea
- Use natural sunlight as much as possible

Employee wellbeing

Pella's employees are its most valuable assets, and their wellbeing is paramount to the Company. As such, the Company's policy is to always prioritise its employees' wellbeing. This includes their physical, emotional, intellectual, professional, and spiritual wellbeing.

The Company applies several methodologies to create an environment that delivers employee wellbeing, including

- Policies - Training, Employee Behaviour & Grievance, Employee Privacy, Leave, Work Health and Safety
- Feedback mechanisms - the Company provides tools for employees to make anonymous complaints and to share their input into the Company's strategic direction.
- Corporate culture - the Company seeks to create and maintain a corporate culture of teamwork, compassion, tolerance, and personal self-development.

Engagement

A stakeholder is an individual, or group of people, that all share a common interest in a project or organisation and share an interest in its outcomes. Put another way, stakeholders are anybody that affects or is affected by a project or organisation. Each stakeholder has different interests and requests and should be communicated with on an individual level that suits them.

Pella believes it is valuable to engage with its stakeholders. This provides a communication mechanism that enables maintenance/improvement of service levels, targets Pella is in

compliance with its responsibilities, offers a resource for Pella's improvement, and targets the wellbeing of the stakeholders.

Engagements can be catalysed proactively and reactively. Proactive engagement is typically based on Pella's internal policies, while reactive engagement typically occurs in response to Ad-hoc items being brought to Pella's attention.

Table 1 demonstrates Pella's stakeholder engagement matrix, which provides the base level of engagement required for each stakeholder. The person assigned primary responsibility for the stakeholder should make and record the engagement. This person should also target that the results of the engagement are follow-up on and, where possible, resolved within a reasonable amount of time, which is typically considered within one month following the engagement.

Table 1 - Pella's stakeholder engagement matrix

Stakeholder	Primary responsibility	Frequency	Stakeholder goals
Certifiers	<ul style="list-style-type: none"> Managing Director 	Annually	<ul style="list-style-type: none"> Ongoing certification compliance and identify areas of improvement
Charities	<ul style="list-style-type: none"> Managing Director 	Quarterly - volunteering Annually - donations	<ul style="list-style-type: none"> Pella participates in quarterly volunteer programs Make meaningful donations to the charities that satisfy Pella's philanthropic policies
Company suppliers	<ul style="list-style-type: none"> Managing Director 	As needed Quarterly review with key suppliers	<ul style="list-style-type: none"> Maintain requisite service levels Suppliers comply with Pella's Service Provider Policy Identify areas Pella can improve to facilitate improved supplier relations
Employees	<ul style="list-style-type: none"> Managing Director; Chairman 	Daily	<ul style="list-style-type: none"> Employee wellbeing Employee feedback, suggestions, and complaints Track progress of employees' work Pella and employees comply with employee-related policies
Fund distributors - Europe	<ul style="list-style-type: none"> Chairman 	Weekly	<ul style="list-style-type: none"> Maintain requisite service levels Identify areas for Pella's improvement
Fund investments	<ul style="list-style-type: none"> Analysts 	As needed	<ul style="list-style-type: none"> Remain up to date with investee performance, financial, ESG and sustainability progress
Fund prospects	<ul style="list-style-type: none"> Head of Distribution 	Monthly, Quarterly, Annual Ad. Hoc	<ul style="list-style-type: none"> Update of the Fund's performance, positioning, and outlook Identify, and sell to, prospects that are well suited to use the Fund Identify areas of improvement e.g. items prospects would want to see before investing in the Fund
Fund suppliers	<ul style="list-style-type: none"> Managing Director 	As needed Quarterly review with key suppliers	<ul style="list-style-type: none"> Maintain requisite service levels Suppliers Comply with Pella's Service Provider Policy

Fund unitholders	<ul style="list-style-type: none"> • Head of Distribution 	Monthly, Quarterly, Annual Ad. Hoc	<ul style="list-style-type: none"> • Update of the Fund's performance, positioning, and outlook • Identify areas of improvement e.g. methods of communication with unitholders
General public	<ul style="list-style-type: none"> • Managing Director • Head of Distribution 	As needed	<ul style="list-style-type: none"> • Educate on investment and sustainability/ESG topics • Identify areas for Pella's improvement - for example, sustainability improvements
Pella shareholders	<ul style="list-style-type: none"> • Managing Director 	Quarterly	<ul style="list-style-type: none"> • Updates of Pella's corporate performance
Regulators - Australia	<ul style="list-style-type: none"> • Managing Director • COO 	As needed	<ul style="list-style-type: none"> • Ongoing regulatory and legal compliance
Regulators - Europe	<ul style="list-style-type: none"> • Managing Director • Chairman 	As needed	<ul style="list-style-type: none"> • Ongoing regulatory and legal compliance
Researchers	<ul style="list-style-type: none"> • Head of Distribution 	Semi-annually	<ul style="list-style-type: none"> • Update of the Fund's performance, positioning, and outlook • Identify areas for Pella's improvement

Advocacy

Pella recognises its operations impact several stakeholders and the company should advocate for all these stakeholders. This includes,

- Advocacy opinion pieces - Pella should prepare opinion pieces in support of disadvantaged groups,
- Volunteer - Pella targets organizing quarterly volunteer days for its employees to work at charities.
- Participation in industry initiatives - Pella should participate in industry sustainability/ESG initiatives, such as the UN Principals for Responsible Investing, United Nations Global Compact, and B Corporation certification.

Philanthropy

Pella understands that commercial organizations can have a positive impact on the planet through philanthropy and Pella joined the Pledge 1% movement (pledge1percent.org/). Pella's initial focus is on pledging 1% of its employees' time to charities. Assuming an eight-hour workday and 250 business days p.a., 1% of time amounts to 20 hours per employee per annum. The charities selected for volunteering projects are determined by Pella's employees. These charities will typically offer social, environment, or animal welfare services.

Monitoring and Reporting

Pella should monitor its internal ESG performance and include it in the Company's quarterly board papers for board sign off. The Company should conduct an annual review of its sustainability/ESG performance and report publicly relevant results in the annual Responsible Investing Report. The Company's quantifiable sustainability/ESG goals are to be carbon neutral (Scope 1 and 2), participate in four charity volunteer days per annum, resolve all employee complaints, and minimise the volume of paper consumed. There should be an ongoing process to continually improve on each of the sustainability/ESG factors, with consideration given to the Company's changing size over the period of analysis.

Review of this Policy

This policy will be reviewed by the Pella's Board of Directors annually to check that its operation fulfils the original purpose and general principles.