

# MUNRO PARTNERS

## Environmental Social and Governance Charter

Dated: February 2017



# ENVIRONMENTAL SOCIAL AND GOVERNANCE CHARTER

## Purpose

This Environmental, Social and Governance (“ESG”) Charter is to define Munro Partners’ and Munro Asset Management Limited’s (together “Munro”) approach to integrating the consideration of environmental, social and governance risks into its investment process.

Munro recognises that environment, social and governance issues by companies contribute to the short, medium and long term financial performance.

Munro takes a broader approach to ESG than simply a means to enhanced financial performance, rather incorporating the following ESG Charter into its investment process and business operations. Munro, therefore, does not apply an accepted ESG benchmark to its investments, rather taking a case by case approach.

Munro recognises and commits to consider material ESG in the course of its investment process and in the monitoring of portfolio investments to the extent reasonably practical under the circumstances. Where our investment process identifies that minimum standards are not being met by a company, we may look to engage with the company to improve ESG levels, avoid investment or simply divest.

## Investment Approach

Munro’s Investment Approach considers environmental, social and governance issues as part of its due diligence in investing in its portfolio of investments.

In particular, the Munro proprietary investment process includes qualitative factor assessment include sustainability and customer perception as two key parts of its five company characteristics.

Namely, companies that are focused on short term financial goals at the expense of long term sustainability and customer perception are generally excluded from our investment universe of stocks of interest. Environmental, social or governance issues that are contradictory to best practice will inevitably lead to lower financial performance, reduced earnings sustainability and lower customer perception levels.

Increased recognition and improved management of ESG risks will enable companies to better deal with a changing environment and may improve their overall performance. This approach is well aligned with Munro’s overall investment philosophy which includes filters for sound management and quality of business.

## Munro’s Internal ESG

Munro believes that it cannot endorse appropriate environmental, social and governance issues to its portfolio companies without first incorporating standards internally.

Munro sees many of the ESG practices as simply common sense and therefore have incorporated into our business operations. For example:

Environment: recycling initiatives, green office environment and aiming for a carbon neutral business;

Social: ownership within Munro being a reflection of all the partners and thus encouraging respect, ongoing training, family and personal flexibility and general wellness; and

Governance: Munro’s business philosophy stems from building investor relationships based on partnership, shared philosophy, transparency and accountability.



## Best Endeavours

In connection with its investment approach to identify long term sustainability and high customer perception companies, Munro seeks to:

1. Consider environmental, safety and social issues associated with companies when evaluating whether to invest in a particular company, as well as during the period of ownership;
2. Review the companies in which Munro invests for long-term sustainability and to benefit multiple stakeholders, including on environmental, social, and governance issues;
3. Remain committed to compliance with applicable national, state, and local labor laws in the countries in which Munro invests;
4. Respect the human rights of those affected by Munro's investment activities;
5. Provide timely information to Munro's partners on the matters addressed herein, and work to foster transparency about Munro's activities; and
6. Encourage Munro's invested companies to advance these same principles in a way that is consistent with their fiduciary duties.

## Contacting Us

You can contact us by mail, telephone, email or via our website:

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