VERTiUM
ASSET MANAGEMENT

Sustainability and Engagement Report

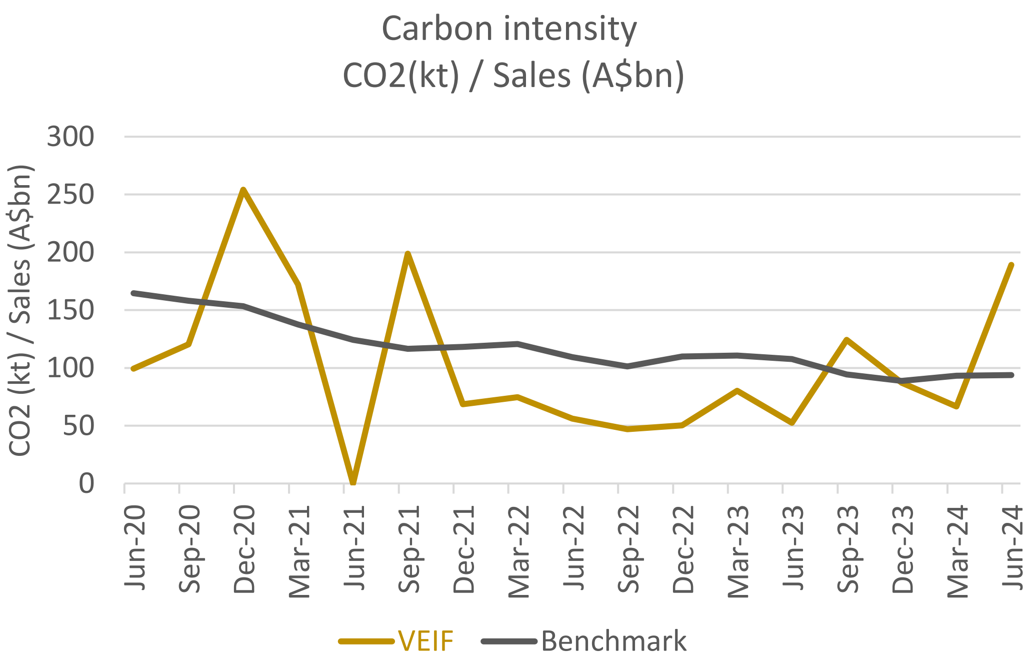
2024 Financial Year

Carbon Emissions

Top 10 Carbon Intensive Positions (June 2024)

#	Stock	Portfolio Weight	CO2 Emissions* (kt)	Sales (A$bn)	Carbon Intensity CO2 / Sales (kt/A$bn)	Portfolio Contribution (kt/A$bn)	Portfolio Contribution (%)
1	AGL	4%	40,100	13.1	3,053	125	66%
2	ORG	2%	14,453	15.9	911	21	11%
3	BHP	8%	12,300	83.2	148	12	6%
4	RIO	2%	32,300	80.5	401	7	4%
5	AZJ	3%	835	4.0	206	6	3%
6	AMC	6%	1,883	21.5	87	5	3%
7	ORI	2%	1,883	8.3	227	5	3%
8	APA	0%	1,586	3.4	466	2	1%
9	COL	2%	1,536	44.6	34	1	0%
10	CSL	5%	347	23.7	15	1	0%
	Other holdings	64%				4	2%
	Total	**100%**				**189**	
	Benchmark					**94**	
	Difference %					**202%**	

Portfolio Carbon Intensity (June 2020 – June 2024)



Source: Company sustainability reports, FactSet, Vertium

*CO2 emissions are measured as scope 1 and 2 carbon emissions

Engagement

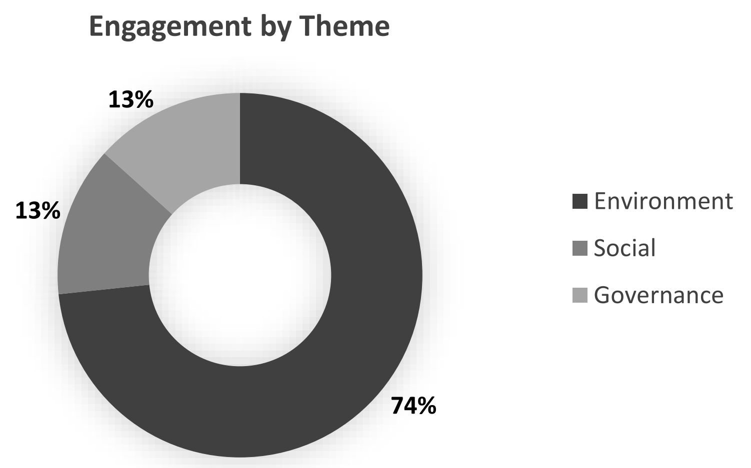
Voting

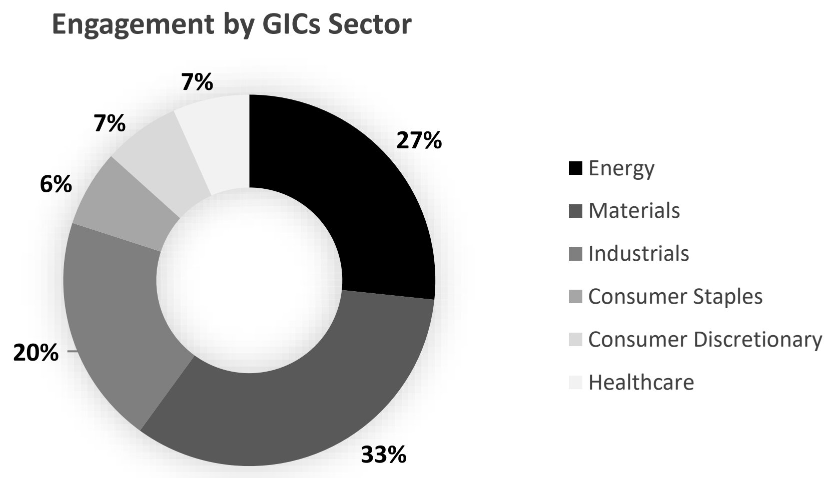
During the 2024 financial year, Vertium voted in the best interest of its clients and was in line with management recommendations.

FOR votes	97%
AGAINST votes	3%
ABSTAIN votes	0%
Vote with management	100%

Meetings

During the 2024 financial year, Vertium investment team engaged with companies to discuss a range of topics, including environmental, social and corporate governance risks. The purpose of these discussions is to identify investment risks and opportunities and help guide whether we invest in, increase/decrease position, or sell the security.





Examples of Company Engagement

Company	Amcor PLC	**Sector**	Materials
Theme	Environment	**Risk/Opportunity**	Climate change
Response	Positive		

Background:

Amcor plc (AMC) is a global packaging company. It develops and produces flexible packaging, rigid containers, specialty cartons, closures and services for food, beverage, pharmaceutical, medical-device, home and personal-care, and other products. AMC is dual listed on the ASX and NYSE, employing 41,000 people in 200 locations in over 40 countries.

Action:

During our meeting with AMC, we discussed the management's ability to meet 2030 targets given that Scope 3 emissions mostly pertain to customers, who are beyond the company's direct ownership. Management is please that the European Parliament adopted the Packaging and Packaging Waste Regulation (PPWR) on April 24 2024, which should contribute to the transition to a circular economy. PPWR EU is aligned with AMC's current goals. It is a stick for customers to adopt more recycled content more quickly. The EU will fine customers who do nothing (so the cost of switching becomes lower). The EU is leading the rest of the world. The legislation ramps up from next year with targets at 2030, 2035, 2040.

74% of what AMC makes is recyclable, with a 100% target for 2025. Infrastructure for recycling needs to improve, particularly for plastics. Customers and consumers sometimes don't have access to recycling and AMC can't collect customers' bottles for them. Customers can get accused of greenwashing – recyclable bottles not getting recycled because of no bottle scheme or infrastructure in a particular region. AMC works with the WWF to determine how much gets recycled. They estimate 19%.

Outcome:

Overall, the meeting left us feeling positive about AMC's ability to meet targets with management leading the global packaging industry. Management has made strong progress since it first announced in 2018 to develop all packaging to be recyclable, reusable or compostable by 2025.

Company	Woodside Energy	**Sector**	Materials
Theme	Environment & Governance	**Risk/Opportunity**	Climate change & Safety
Response	Neutral		

Background:

Woodside Energy produces liquefied natural gas, crude oil and condensate. It holds interests in the Pluto LNG, North West Shelf, Wheatstone and Julimar-Brunello, Bass Strait, Ngujima-Yin FPSO, Okha FPSO, Pyrenees FPSO, Macedon, Shenzi, Mad dog, Greater Angostura, as well as Scarborough, Sangomar, Trion, Calypso, Browse, Liard, and Atlantis. WDS is dual listed on the ASX and NYSE.

Action:

We have engaged with Woodside Energy to better understand its carbon emissions reduction plan following the rejection of its climate plan at its 2024 AGM and a recent safety issue.

Woodside is on track to meet its scope 1 and 2 net equity emissions reduction targets through asset decarbonisation projects (e.g. Pluto modifications) and carbon offsets. Scope 3 targets were implemented from FY22 AGM, which are linked to their new energy projects (e.g. carbon capture and hydrogen projects). WDS has invested US$355m of US$5bn new energies budget so far by 2030.

Woodside had a contractor fatality at North Rankin in FY23. The contractor was on ropes cleaning and one of the clamps failed and detached and subsequently hit him. Woodside have held internal and external investigations on the incident.

Outcome:

Critics prefer Woodside to have stronger carbon abatement projects rather than buying carbon offsets. We have a neutral view on this issue. Buying carbon credits helps support renewable projects that would not exist without them. Encouragingly, the company has increased their focused developing carbon capture projects. Woodside reiterated new energy IRR of >10% and payback within 10yrs.

Woodside must balance the Environmental and Governance issues properly. New Energy projects are unproven and have the potential to destroy shareholder value. For example, the slow progress on their hydrogen project is the result of the lack of customer demand if it is not competitive with diesel prices.

The reports on the North Rankin fatality have not been made public and we will follow up on this at a future meeting.

Overall, the company is meeting their targets. However, in recent times the company continues to evolve its efforts to reduce its environmental impact by focusing on carbon capture projects. We'll continue to monitor how the company balances its environmental obligations and shareholder value creation.

Company	AGL Energy	**Sector**	Utilities
Theme	Environment	**Risk/Opportunity**	Climate change
Response	Positive		

Background:

AGL Energy supplies energy and other essential services to residential, small and large businesses, and wholesale customers in Australia. It operates through three segments: Customer Markets, Integrated Energy, and Investments. The company engages in retailing of electricity, gas, broadband, mobile, voice, solar, and energy products and services; and operates power generation portfolio and other assets including coal, gas and renewable generation, natural gas storage and production, and development projects.

Action:

During our meeting with AGL Energy, we discussed the company's energy transition to reduce carbon emissions. AGL has already shutdown their Liddell coal-firepower station and have specific timeframes to shutdown Bayswater (by 2035) and Loy Yang A (by 2045). To replace coal-fired generation capacity AGL has plans for renewable generation development, which include wind farms, solar farms and batteries. AGL expect post-tax returns of 6-8.5% on renewables and 7-11% on firming and flexible generation.

Outcome:

Given the political pressure a few years ago, AGL has firmly committed to reducing its carbon emissions via the closures of their coal-fired plants. This potentially creates an industry-wide issue as coal generation is reduced with fixed shutdown dates and it is not replaced fast enough by new renewable projects. AGL is doing everything possible to meet their targets but is unsure about the rest of the industry. Overall, the meeting left us feeling optimistic about AGL's climate plans as they are adamant about closing their coal fired generation plants.