

Stewardship Activity Report

Bendigo Socially Responsible Growth Fund

What is the Bendigo Socially Responsible Growth Fund?

The Bendigo Socially Responsible Growth Fund (Fund) combines Environmental, Social, and Corporate Governance considerations (ESG) while striving for long-term returns for investors.

Sandhurst Trustees (Sandhurst), as the responsible entity for the Fund, engages expert ESG asset managers to manage at least 75% of the Fund's assets. ESG considerations are primarily applied to listed shares (both Australian and international) and fixed interest assets in the Fund.

What is stewardship?

Stewardship, in terms of investing, is about ensuring there is responsible allocation, management and oversight of assets to promote long term value for customers.

Sandhurst performs stewardship activities which can include influencing companies, Government, and other stakeholders to adopt more ESG practices. Influencing may include voting at shareholder meetings. As Sandhurst invests into other asset manager's funds, who perform direct share investments for the Fund, these asset managers will perform voting via proxy.

Sandhurst stewardship approach and activities for the Fund

Research and analysis are undertaken in preparation for appointment of an asset manager. Once appointed, the Sandhurst Investment Team monitors the underlying investments of the Fund while engaging with the asset managers who manage the underlying investments.

Regular meetings include discussions on market sentiment, market outlook, portfolio exposures, asset allocations and liquidity. These meetings confirm the respective portfolios current positioning and discuss proposed actions based on perceived outlook. These discussions ensure there is awareness of current market conditions, focus on risks and opportunities for the various portfolios, include details of recent performance and portfolio changes as well as upcoming news and investment opportunities.

The Sandhurst Investment Team provides research and analysis to the Investment Governance Committee (a Sandhurst Board governing committee) for review and oversight.

The Investment Governance Committee is responsible for the investment frameworks, policies and monitoring of adherence and performance. Issues with performance, processes, people, and systems that disadvantage beneficiaries are escalated to the Investment Governance Committee, Audit, Risk and Compliance Committee and Sandhurst Board depending on the nature and severity of the issues. Remediation and rectification management and monitoring is reported to the relevant committee.

Direct monitoring of the Fund investments

Underlying investment monitoring performed by the Sandhurst Investment Team can include negative screening - With the objective of entirely excluding investments in companies that manufacture tobacco products and controversial weapons. Examples of tobacco products are nicotine alternatives (i.e. electronic cigarettes) and tobacco-based products (e.g. cigarettes, cigars). Examples of controversial weapons are anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, and nuclear weapons. Sandhurst also conducts involvement screening with an aim to reducing exposure to non-pharmaceutical animal testing and companies with high event controversy.

Further to this, Sandhurst conducts revenue monitoring of companies with the below table outlining the maximum revenue threshold per activity:

Activity	Revenue
Tobacco products (nicotine alternatives and tobacco-based products)	0%
Distribution and/or production of adult entertainment	10%
Production of alcohol	10%
Gambling operations and/or specialised gambling equipment	10%

Sandhurst recognises that taking these standards and considerations into account can have a positive influence on the financial performance of companies, particularly over the long-term. By adopting this approach, the Fund aims to be more financially sustainable in the long-term and aims to deliver long-term financial performance.

To assist with monitoring the Fund's adherence to these standards, Sandhurst relies on data from an independent ESG research provider. Adherence to the ESG standards is monitored regularly by Sandhurst. Based in part on this research, Sandhurst will, on a case-by-case basis, review and determine whether or not to retain a particular asset manager. However, as a company's activities may change and information made available to Sandhurst may not be up to date or complete, we cannot guarantee that the Fund will comply with the ESG standards at all times.

The screening criteria applied to the Fund does not consider derivatives or certain underlying assets, including inflation-linked and government bonds, property, and unlisted assets.

Sandhurst ESG Engagement Activities (2023)

The below table outlines the engagement activities that Sandhurst undertook relating to the Bendigo Socially Responsible Growth Fund.

Activity	Notes
Annual meeting with Australian Unity	General discussion on performance and ESG practices. No specific ESG issues discussed as nothing flagged outside of PDS guidelines.
Annual meeting with Altius	
Annual meeting with VanEck	

Voting Records of underlying funds in Bendigo Socially Responsible Growth Fund (July 2022 to June 2023)

For more information on the proxy voting actions of the underlying managed fund managers, please click on the link/s below. Please note that some voting records are not applicable for the Bendigo Socially Responsible Growth Fund.

- [Australian Unity Future of Healthcare Fund – Proxy Voting Actions](#)
- [VanEck MSCI Australian Sustainable Equity Fund – Proxy Voting Actions](#)
- [AXA IM Sustainable – Proxy Voting Actions](#)