Milford 2025

Engagement Activities & Outcomes Report

MILFORD
INVESTED IN YOU

Contents

Engagement Activities & Outcomes Report December 2025

Milford is proud to be a founding signatory of Aotearoa New Zealand's Stewardship Code, signifying our commitment to effective stewardship. This Engagement Activities and Outcomes report provides information on most aspects of our alignment with the Stewardship Code principles. See appendix for mapping of our disclosures against the principles of the Code.

Introduction

Engagement is how Milford plays a proactive role to help the transition to a more sustainable future.

We use our sustainability research to enable educated conversations with the companies we invest in and push them to deliver better outcomes through sustainability targets, action and reporting.

This Engagement Activities and Outcomes report outlines the engagement activities underway and provides detailed examples of the company communications we have undertaken in the last six months.

Alongside our proxy voting activities, engagement is how we action our commitment to be good stewards of capital. In this report, we also describe how engagement fits into our sustainable investment strategy and detail our Stewardship Principles; the beliefs that underpin all our stewardship activities.

Our intent is that sharing this information will encourage other investors to raise these issues with the subject companies to grow collective action and help drive real-world change.

Proxy Voting

Engagement

Stewardship

Our Philosophy

The Milford Investment team has always looked for the best companies. It is clear to us the best companies are those committed to sustainable practices.

Over time, we believe these businesses will deliver better environmental and social outcomes, more resilient business models and ultimately, higher shareholder returns.

At Milford, our approach to sustainability reflects our active management philosophy. We have a large team using a wide range of strategies to identify the best investments in changing market conditions. This includes a dedicated Sustainable Investment team who research sustainability best practice across the sectors we invest in.

As well as enabling us to identify areas of sustainability-related risk and opportunity within our portfolio, this research underpins our communication with companies to encourage them to improve their sustainability performance.

Every company needs to act to achieve the transition to a more sustainable future. We are acutely aware of our capacity as shareholders to encourage positive change and, rather than just avoid harm, we believe it is our duty to use our seat at the table to advocate for the transition.

We embrace this opportunity by working with company management, boards and policymakers to advocate for improvements in sustainability-related targets, investment and disclosure. This is how we can best play our part in the transition to a more sustainable future.

Our Sustainability Approach

Research and analysis underpin our approach to sustainable investing at Milford.

The Sustainable Investment team is a part of the broader Investment team responsible for managing the Milford Funds. This enables us to integrate our sustainability research into our company analysis and investment decision making process.

We use Milford's ESG Checklist to evaluate the companies we invest in. The Checklist is an internally developed assessment tool used to evaluate a company's environmental, social and governance performance, highlight sustainability-related risks and opportunities and identify the areas where the company can improve its sustainability performance.

While the ESG Checklist is the core of our sustainability process, engagement is our primary tool for action as we believe it has the most potential to deliver real-world change. We believe this is simply good stewardship, and we engage in a variety of complementary ways to maximise our impact on the companies we invest in.

The Exclusions Gate

Adherence to our ESG Exclusion List.

Sustainability Analysis

In depth analysis of every company we invest in.

Good Stewardship

Engagement and proxy voting to help drive change.

How We Engage

We define engagement as 'using our influence to encourage the companies we invest in to improve their sustainability performance and help drive change'.

We believe this is our greatest opportunity to make a positive impact due to:

Our understanding of sustainability issues and the transition to more sustainable business models, enabling educated and impactful engagements.

Our size and active management approach, which provides influence and access to company management and Boards.

Our resource and capability to undertake long and difficult engagements with a range of companies.

Stewardship Principles

These principles guide our stewardship activities at Milford. Our Core Principles underpin our stewardship activities and the long-term objectives we aim to achieve. Our Environment, Social and Governance principles inform the specific outcomes we push for through stewardship actions focused on those topics.

Core Principles

We believe in helping to drive real-world change, not simply avoiding harm.

We acknowledge that ‘transition’ means change over time, not overnight. We target ongoing improvements from our engagements, and believe these activities support risk-adjusted returns.

We accept that the sustainable transition will require compromise. We invest in crucial transition activities and expect companies to minimise any negative impacts to ensure sustainable, long-term business models.

Stewardship Principles

Environment

E1 Global warming is an existential threat and must be addressed. Further, the warming impact of atmospheric Greenhouse Gas (GHG) emissions is compounding, meaning time is of the essence.

E2 We expect companies to set decarbonisation targets aligned with the most current and credible guidance offered by climate science, which is at present Net Zero operations by 2050.

E3 Protecting ecosystems and biodiversity is key to the sustainable transition. We expect companies to prioritise their broader impacts and dependencies on the natural environment, including their management of pollution, water and waste.

Social

S1 We believe in a 'just transition' that promotes sustainable development in a fair and equitable way for all members of the global population.

S2 We expect companies to maintain their social licence to operate by actively addressing the scope of their social impact on their customers, employees, local communities, and society as a whole.

S3 We expect companies to identify modern slavery risk in their supply chains and to take action to address this risk.

Governance

G1 We believe effective boards are crucial to deliver long-term company performance. This is best delivered by prioritising a Board's skill set, capability, capacity and diversity.

G2 Appropriate remuneration structures should be aligned with shareholders, incentivise management to excel and build long-term shareholder value.

G3 We promote transparent disclosure as this attracts shareholder capital, provides confidence to all stakeholders, and demonstrates integrity and a positive culture.

Spotlight on Greenwashing

The lack of a harmonised definition of what constitutes 'green', 'sustainable', 'responsible' and similar terms can make it difficult for investors to determine if a company is **greenwashing**.

We generally assess a company as greenwashing where it has claimed or created the perception that its activities, products and services are more sustainable than they actually are.

Greenwashing can manifest as:

- Claiming to be on-track with sustainability targets with no credible plan in place to achieve them.
- Promoting improvements, such as GHG emission reductions, that have been achieved via asset sales with no underlying improvement delivered.
- Implying a minor improvement has a major impact or promoting a product that meets minimum regulatory requirements as if it is significantly better than the standard.
- Communicating the sustainability attributes of a product in isolation of brand activities (and vice versa).

We will engage with companies to address greenwashing concerns, and encourage companies to be transparent by communicating both achievements and challenges candidly, setting realistic and meaningful targets, providing data and evidence in support of key sustainability initiatives, and leveraging credible third-party verification and global reporting standards (where appropriate).

Overview of Engagement Approach

We undertake a wide range of engagement activities to maximise our influence in working towards our Stewardship Principles.

1 Proactive engagements

We undertake strategic engagements to affect change with the companies we invest in that have the most ability to cause harm and where we have the most influence.

We undertake informal engagements by asking sustainability-focused questions and promoting improvement in our regular dialogue with company management teams and boards. This should help drive change by demonstrating that active investors value and prioritise sustainable practices.

2 Reactive engagements

We respond to unexpected controversies, such as significant breaches of environmental or social requirements, in accordance with our Controversy Matrix.

3 Active proxy voting

We use the power of voting to communicate our expectations and agitate for change. We commit to voting all proxies where possible and engage with Boards to share our concerns when required.

4 Collaborative engagements

Collaboration between investors can increase influence and ability to achieve outcomes. We collaborate where there is a mutually beneficial opportunity, including as a member of Climate Action 100+.

5 Policy engagements

We engage with policymakers where possible, such as collaborating with industry bodies and responding to regulatory proposals.

Strategic Engagement Process

Our strategic engagements have the most potential to encourage real-world change.

The companies are selected based on their ability to cause environmental and social harm, plus our expected level of influence due to the size of our holding or on our position in the local market.

We determine the specific engagement outcomes we seek for each company using our ESG Checklist and sustainability best practice research. These outcomes aim to progress the transition to a more sustainable future in line with our Stewardship Principles, reduce sustainability-related risk and improve the outlook for long-term shareholder returns.We take a constructive and collaborative approach to our engagements, starting the process by sharing our research and targeted outcomes with the most appropriate company personnel and learning more details about the company's approach before making our recommendations.

While we acknowledge that change can take time, we do expect progress from our target companies and will advance engagements via our escalation framework if required.

Milford Escalation Framework

Milford's Escalation Framework is designed to incentivise companies to engage with us and adopt our recommendations. By being clear on the engagement process we will follow, and transparent about the consequences of refusing to take action, we hope companies will adopt a proactive approach to our engagement process and work with us to help drive positive change. If we are unable to make any progress with the companies we are engaged with, we will adopt the steps in the Escalation Framework as most appropriate for that engagement.

Indicative Timeframe

6-12 months

1

Trigger
No / dismissive response from company personnel.

Action
Escalate to CEO, Non-Executive Directors or Chair of target company.

2

Trigger
No / dismissive response from CEO, Non-Executive Directors or Chair .

Action
Contact other investors to raise the issue and collaborate.
AND/OR
Publicise the issue in Milford disclosures.

Indicative Timeframe

12-24 months

3

Trigger
Refusal to cooperate or adopt recommendations by company personnel, management and board.

Action
Vote against relevant resolutions and/or Directors at the next AGM.
AND/OR
Publicise the issue in broader media.
AND/OR
Divest based on sustainability-related risk and add to the ESG Exclusion List.

4

Trigger
Continued refusal to cooperate or adopt recommendations by company personnel, management and board.

Action
Raise resolution at next AGM to deliver change.
AND/OR
Divest based on sustainability-related risk and add to the ESG Exclusion List.

Engagement Targets

We have formalised our commitment to our strategic engagements by setting engagement targets directed at the companies that we believe have the greatest potential to cause harm, with consideration for where Milford has the greatest potential to help drive change via our position as a large fund manager in the New Zealand and Australian markets.

In reflection of that, we currently limit our engagement targets to companies listed on the New Zealand or Australian stock markets. We select our engagement targets based on our equity holdings as this is where we have more capacity to encourage change through our voting activity. For this report, our engagement target companies are based upon our opening holdings as at 1st April 2025 (the first day of our FY26 financial year).

For the FY26 year, we have set three engagement targets:

1. Fossil fuels

We commit to engaging with every Australasian Energy company in our equity holdings.

2. High emitters

We commit to engaging with the five highest financed greenhouse gas emitters in our Australasian equity holdings (excluding the Energy sector).

3. Social harm

We commit to engaging with our top five social harm and modern slavery exposed companies in our Australasian equity holdings.

The specific engagement outcomes Milford will seek for each target company, outlined in the next pages, are set by the Sustainable Investment team using the ESG Checklist and our sustainability best practice research. These outcomes aim to support the transition to a more sustainable future in line with our Stewardship Principles, reduce sustainability-related risk and improve the outlook for long-term shareholder returns.

We report progress against these outcomes, including contact with the company, issues discussed and any company action, in this report alongside examples of our broader stewardship activities. Any divestments, which will challenge our engagement progress, will also be reported.

Engagement Targets

Energy sector

The energy sector is the primary provider of fossil fuel resources to the Utility, Industrial and Transport sectors. The production and consumption of these resources is responsible for approximately 75% of global greenhouse gas emissions.

We have identified our current Energy sector companies using Global Industry Classification Standard (GICS) codes. The focus of these engagements, in line with our Stewardship Principles, is to progress to the adoption of targets aligned with Net Zero 2050 supported by appropriate transition plans and capital expenditure to shift to more sustainable long-term business models.

- **Santos**
  Oil & gas exploration, production & marketing
- **Whitehaven Coal**
  Coal mining
- **Viva Energy Australia**
  Oil refining, importing and sales
- **Channel Infrastructure NZ**
  Fuel import terminal

Amplitude Energy Ltd was removed from our Energy sector engagement target for the reporting period as we did not maintain consistent equity exposure to this company.

Top 5 highest emitters excluding Energy

High emitters outside of the Energy Sector, such as Utilities or heavy industry, can have a significant impact upon global emissions by reducing the energy intensity of their operations

We prioritise progressing the sustainable transition for all high emissions companies given their environmental impact and sustainability-related risk.

We are targeting our top 5 highest emitters outside of the Energy sector, as measured by the portion of the company's absolute total scope 1, 2 and 3 GHG emissions attributable to our holding, described as 'financed emissions'.

- **Rio Tinto**
  Metals & mining
- **Contact Energy**
  Electricity generator & electricity & gas retailer
- **Origin Energy**
  Electricity generator & electricity & gas retailer
- **BHP**
  Metals & mining
- **BlueScope Steel**
  Steel production

Engagement Targets

Top 5 Social Harm and Modern Slavery exposed companies

The sustainable transition is more than just GHG emissions. Social harm and human rights are hugely important to us at Milford and we are committed to engaging to minimise social harm and modern slavery risk across our investments.

We have used a combination of sector-based screening, our ESG Checklist and geographic risk to identify our target list of companies.

Sectors identified with higher risk of social harm are the alcohol, gaming and fast-food sectors. Sectors identified with higher risk of modern slavery are the retail and manufacturing industries, as their supply chains are often based in high-risk geographies where labour is lower cost. Our assessment of companies whose operations are within high-risk geographies is informed by the Global Slavery Index. The ESG Checklist enables us to analyse companies bottom up and identify company-specific potential harm, allowing us to better classify the Milford Funds' highest risk holdings and prioritise engagement in order of greatest harm and influence.

- **Aristocrat Leisure**
  Gaming
- **Resmed**
  Health care equipment
- **Light & Wonder**
  Gaming
- **Universal Store**
  Clothing retailer
- **Jumbo Interactive**
  Gaming

Engagement Outcomes

We have seen a number of improvements in sustainability actions and reporting aligned with our engagement activities aligned with our engagement activities over the years.

It is important to acknowledge the number of factors influencing company action including internal stakeholders, cost and returns from investment, regulation and political pressure. However, we believe our engagement activities have helped deliver the below outcomes aligned with our engagement priorities with the target companies.

Santos (CA100+)

Set GHG emission reduction target aligned with carbon capture and storage volumes

2024

Delegat

Age gates on social media accounts

2024

Ryman Healthcare

Development of formal sustainability strategy and science-based GHG emission reduction target

2024

New Hope Corporation

Greater reporting of GHG emissions for investors to analyse climate risk, and progression of methane reduction investment projects

2024

Aristocrat Leisure

Roll out of self-exclusion tools and setting quantitative social harm reduction targets

2024

Spark

Reset of strategic focus and capital allocation policy

2024

Origin Energy (CA100+)

Ensured Climate Transition Action Plan is published and put to vote at 2025 company AGM

2025

Fisher & Paykel Healthcare

Supported increasing robustness of Modern Slavery Risk minimisaton framework

2022

AGL

Renewable and firming capacity target uplifted and interim scope 3 target set

2025

Strategic Engagement Schedule

This schedule outlines the key engagement opportunities we are progressing to achieve outcomes aligned with our Stewardship Principles. Through these engagements, we hope to further progress the transition to a more sustainable future via targets, actions and disclosures from the companies we invest in.

Energy Sector Engagements

Company	Engagement Priorities	FY26 Status and outcomes	Next steps
Santos Ltd	Increase disclosure of the credibility of any carbon offsetting. Recommend becoming a signatory to OGMP 2.0 and increasing methane reduction ambition. Demonstrating alignment of emissions reduction targets with the Paris Agreement including the impact of new Oil and Gas development.	Milford is co-lead of Climate Action 100+ engagement. Some disclosure recommendations adopted, including the establishment of a Scope 3-related target. Flagship CCS plant now operating. We have held a dedicated engagement meeting on concerns regarding Santos' measurement and management of methane emissions.	Engage with CA100+ investor group in December to determine engagement priorities for 2026.
Whitehaven Coal Ltd	Establish emissions reduction targets and reflect climate-related targets in executive remuneration. Improve disclosure of scope 3 emissions and internal carbon price.	Recommendations made with limited take up. Applied Escalation Framework and met with Chair of the Board to reiterate recommendations. Voted against remuneration report, CEO awards and directors on the committee responsible for sustainability-related oversight.	Meeting with Whitehaven in December to reiterate recommendations and question the resilience of future coal demand.
Viva Energy Group Ltd	Improved disclosures and inclusion of emissions related awards metrics in remuneration. Improved disclosures on carbon price projections, carbon credits and retrospective remuneration targets and thresholds. Clarify EV charger strategy.	Viva has met most initial engagement priorities set, relating to biofuel leadership and incorporating sustainability ambitions into remuneration. We are pleased with Viva's progress and continue to seek further advancements.	Re-engage following 2026 annual reporting suite to discuss progress against engagement priorities.

*We will continue to monitor company progress against our engagement objectives and reassess our engagement if our holding or company assessment changes.

Energy Sector Engagements cont.

Company	Engagement Priorities	FY26 Status and outcomes	Next steps
Amplitude Energy (FKA Cooper Energy Ltd)	Establish emissions reduction targets. Quantify impact of decarbonisation initiatives.	Formal engagement recommendations made to increase granularity of emissions reporting and further disclosure around decarbonisation project assessments.	Amplitude has been removed from our Energy Sector engagement target for the reporting period as we did not maintain consistent equity exposure to this company.*
Channel Infrastructure NZ Ltd	Disclosing climate impacts of prospective projects. Development of offset criteria.	Channel continues to demonstrate commitment to decarbonisation strategy and progress against engagement priorities.	Monitor for material developments regarding new Energy Precinct, otherwise pause engagement.*

*We will continue to monitor company progress against our engagement objectives and reassess our engagement if our holding or company assessment changes.

Top 5 Highest Emitters excluding Energy

Company	Engagement Priorities	FY26 Status and outcomes	Next Steps
Origin Energy Ltd	Alignment with stated targeted emissions reductions and renewable energy generation strategy. Increased ambition to address methane-linked emissions at APLNG.	Milford is co-lead of the Climate Action 100+ engagement. Continued engagement following the release of the three-yearly Climate Transition Action Plan (CTAP), broadly aligned with expectations but we believe it is lacking in ambition and not adequately supportive of broader systemwide decarbonisation. Milford voted against the CTAP at Origin's AGM.	Engage with CA100+ investor group in December to determine engagement priorities for 2026.
BHP Group Ltd	Robust methane measurement and management approach. Clear scope 3 target/strategy. Increased disclosure on fleet decarbonisation plan.	Initial engagement meeting complete and formal engagement priorities shared.	Re-engage ahead of 2026 annual reporting suite to discuss progress against engagement priorities.
Bluescope Steel Ltd	Adoption of low-emission steel manufacturing technologies in EAF or hydrogen technology. Policy advocacy and industry collaboration to support systemwide decarbonisation.	Milford is participating in Climate Action 100+ engagement. Met with BlueScope in October to check in following annual Sustainability Report. BlueScope has made continual progress towards all engagement objectives.	Engage with CA100+ investor group in December to determine engagement priorities for 2026.
Rio Tinto Ltd	Clarifying plans to meet emissions reductions targets with future minerals portfolio changes. Value chain decarbonisation strategy. Improving disclosures on just transition, physical risk and policy engagement.	Industry review complete and initial engagement priorities defined.	Meeting with Rio scheduled for mid-December 2025.
Contact Energy Ltd	Refreshing emissions-related targets, including limits to the contribution of offsets to target achievement.	Initial engagement meeting complete and formal engagement priorities shared.	Re-engage ahead of 2026 annual reporting suite to discuss progress against engagement priorities.

*We will continue to monitor company progress against our engagement objectives and reassess our engagement if our holding or company assessment changes.

Top 5 Social Harm and Modern Slavery

Company	Engagement Priorities	FY26 Status and outcomes	Next Steps
Aristocrat Leisure Ltd	Wider roll-out of harm prevention tools. Investment in harm behaviour identification.	Recommended adopting quantitative and measurable metrics vs. current qualitative targets, increasing ambition in measuring harmful play.	Re-engage in early 2026 to discuss progress against engagement priorities.
Jumbo Interactive Ltd	Investment in harm behaviour identification, data security and voluntary responsible gaming tools.	Initial engagement complete and additional disclosure requested in the FY25 reporting suite.	Re-engage in early 2026 to discuss progress against engagement priorities.
Light and Wonder Inc	Expansion of harm prevention tools. Investment in harm behaviour identification and intervention.	Initial engagement meeting complete and additional disclosure and the setting of targets requested in next reporting cycle.	Re-engage in early 2026 to discuss progress against engagement priorities.
ResMed Inc	Supply chain auditing and reparation framework to reduce Modern Slavery risk within the equipment supply chain.	Industry review complete and initial engagement priorities defined.	Meeting with ResMed scheduled for mid-December 2025.
Universal Store Ltd	Development of risk-approach to inform due diligence activities. Engagement to support rollout of grievance mechanisms at suppliers.	Initial engagement meeting complete and formal engagement priorities shared.	Re-engage ahead of 2026 annual reporting suite to discuss progress against engagement priorities.

*We will continue to monitor company progress against our engagement objectives and reassess our engagement if our holding or company assessment changes.

Other Engagements

Company	Engagement Priorities	FY26 Status and outcomes	Next Steps
Auckland International Airport Ltd	Progress towards ACA L5 accreditation. Formalise approach to stakeholder engagement to support aviation sector decarbonisation. Publish and progress against Climate Adaptation Plan.	Milford is leading NZ collaborative engagement. Initial meetings held, best-in-class disclosure examples and formal objectives letter shared.	Re-engage in early 2026 annual reporting suite to discuss progress against engagement priorities.

*We will continue to monitor company progress against our engagement objectives and reassess our engagement if our holding or company assessment changes.

Contents

Engagement Examples

Santos

STEWARDSHIP E1 PRINCIPLE
STEWARDSHIP E2 PRINCIPLE

Engagement Type: **Collaborative**
Engagement Focus: **Methane**

Milford has been engaging with Santos for a number of years, including as co-lead of the Climate Action 100+ (CA100+) engagement for the past 24 months. Santos has a significant carbon footprint as one of Australia's largest oil and gas producers and as a result presents material climate risk across the Milford portfolios. The scale of Santos' emissions also means the company has a sizable opportunity to contribute to Australia's climate goals through its strategic actions.

In September 2025, the media revealed a leak at Santos' Darwin LNG tank. The tank, which Santos took over from ConocoPhillips in 2019, has been leaking methane since 2006 due to a design fault. While Santos and key regulatory bodies have been aware of the leak since they took ownership of the plant, there has been limited action to accurately measure and manage the associated methane emissions going forward.

Methane is gaining investors' attention due to both its potency as a greenhouse gas – it has a global warming potential greater than 80 times that of carbon dioxide over a 20 year period – and the recent emergence of satellites which can pinpoint live sources of methane emissions. Methane mitigation is increasingly seen as a strong lever to reduce near-term warming; however, success relies on the ability to accurately measure methane emissions in order to manage and reduce them.

The CA100+ investor group met with both Santos and the Environmental Defense Fund (EDF) to discuss the leak and associated concerns with the company's methane measurement and management. EDF is a science-based environmental advocacy group which highlighted Santos' methane measurement approach still relies on estimates rather than actual emissions and Santos has not joined the global Oil and Gas Methane Partnership 2.0 (OGMP 2.0). OGMP 2.0 is a global standard for companies to monitor, report, and verify their methane emissions to help achieve reduction goals, and the CA100+ group has been encouraging Santos to join OGMP 2.0 for several years in line with major oil and gas peers.

While we acknowledge Santos' position that the leak is not safe to fix and the tank is expensive to replace, this issue has heightened our concerns regarding the rigour of the company's methane management plans. We would like to see Santos becoming a member of OGMP 2.0 and make a time-bound, public commitment to reach 'gold standard' over time.

Contact Energy

Engagement Type: **Proactive - Strategic**
Engagement Focus: **Targets**

Milford has initiated engagement with Contact Energy as one of our largest holdings with material associated financed emissions. Contact is one of New Zealand's leading energy generators and retailers, playing a driving role in the national energy transition. While Contact has invested heavily in renewable generation, it still produces 12% of total generation output from diesel and gas sources. This is emblematic of the 'energy trilemma' issue, where the concerns of energy affordability, security and decarbonisation need to be well-balanced to ensure a just transition.

We held our first engagement meeting with Contact as they approach the end of the ambitious Contact26 strategy, which envisions Contact as a leader in New Zealand's decarbonisation. As many of Contact's decarbonisation targets will be retired in 2026 with the strategy, we are encouraging Contact to maintain best-in-class targets, ideally verified by the Science-Based Targets Initiative (SBTi) as in the past.

We were particularly impressed with Contact's 'emissions from sold electricity' target, which requires reductions in both absolute scope 1 and scope 3 emissions from all sold electricity. The structure of this target means that Contact cannot simply divest or shut down its higher emitting generation assets to meet the target – any electricity it purchases from another generator, which may come from a high emitting facility, also counts towards target achievement. This demonstrates Contact's commitment to decarbonisation of the grid as a whole, cementing the leadership ambition of the Contact26 strategy. We have highlighted this target to other utilities we engage with as an example of best practice.

We are supportive of Contact's approach to date and will continue engaging with the company to encourage ongoing leadership and alignment with the decarbonisation ambitions of New Zealand.

Universal Store

Engagement Type: **Proactive - Strategic**
Engagement Focus: **Modern Slavery**

Universal Store is an Australian fashion retail company, operating over 100 stores and a combination of private and third-party brands. Universal has significantly matured in its sustainability approach over the past few years, with an initial focus on transparency and compliance in supply chains and fibre sourcing.

We identified Universal as an engagement target due to the significant modern slavery risks in the clothing and textiles supply chain. The largest textile exporters are based in countries with weak labour rights, leading to a raft of issues including modern slavery, poor health and safety, child labour and wage inequality. The introduction of modern slavery reporting and due diligence requirements in many regions, including Australia, has heightened the risk of penalty or lost access to markets for companies which fail to implement effective due diligence, monitoring and remediation systems to address modern slavery risk as it arises.

We met with Universal to better understand how modern slavery risk is assessed and monitored across the company's suppliers. Universal has started this journey by focusing in on its private brand suppliers, identifying material issues to focus on (e.g. excessive working hours), and establishing an audit process which allows them to track and request remediation of any identified issues. Looking forward, we have encouraged Universal Store to adopt a risk-based approach to focus its due diligence efforts where they are most material and to set minimum expectations for suppliers to establish independent grievance mechanisms.

This engagement highlighted to Milford the value in modern slavery legislation which requires businesses to identify, address and report on modern slavery or broader human rights risks. By providing a consistent standard and requiring ongoing reporting, companies are obliged to meet minimum expectations and establish systems and processes for compliance purposes. As investors, we receive more comparable and prescribed disclosures which allow us to better assess and manage risk with a clear benchmark.

STEWARDSHIP S3 PRINCIPLE

Macquarie Group

STEWARDSHIP G2 PRINCIPLE
STEWARDSHIP G3 PRINCIPLE

Engagement Type: **Reactive - Governance**
Engagement Focus: **Risk Management, Accountability**

Milford engaged with Macquarie Group, an Australian multinational investment banking and financial services group, following a series of compliance breaches which raised governance concerns. Macquarie was fined twice in 2024 and had two related enforcement actions imposed in 2025 by the Australian Securities and Investments Commission (ASIC) for a range of reporting and compliance breaches, which included the misreporting of more than 375,000 over-the-counter derivative transactions. This incident was assessed as a 'Moderate' controversy using our in-house assessment matrix; however, the ongoing nature of the company's failures compelled us to initiate direct engagement.

The purpose of our engagement with Macquarie was to determine the level of ongoing risk this incident may present, assess the quality of remediation in place and yet to come, and communicate our expectations around board-level accountability and oversight for regulatory compliance. In combination, these factors allowed us to form a view on whether the longer-term series of incidents was indicative of poor governance, oversight or controls.

We appreciate that Macquarie clearly acknowledged its failings, which were in many instances self-reported to ASIC, and is working to reduce manual processes as a key driver of compliance-related risk. We were comfortable that remediation was well underway and the company's ongoing engagement with ASIC appears to be robust. In terms of ensuring adequate executive accountability for the breaches, we expressed that we would like to see risk and regulatory matters reflected in the short-term incentive awards paid out to key executives.

We were disappointed to see only high-level references to the regulatory issues in the company's 2025 Remuneration Report, although acknowledged the most recent issues occurred after the end of the financial year. We informed Macquarie we would like to see more explicit quantitative reporting on the impact of these issues on the assessment of executive's performance in 2026, which they have indicated will be available. We will review the 2026 remuneration arrangements and further our engagement if necessary.

Origin Energy

Engagement Type: **Proactive - Strategic**
Engagement Focus: **Scope 3 Emissions, Climate Adaptation**

STEWARDSHIP **E2** PRINCIPLE

During 2025, Milford has moved from being a collaborating investor to the co-lead of the Origin Energy Climate Action 100+ Engagement group. This change in role has come at a critical time for Australian electricity utilities, as the Australian Government is currently undertaking a full-scale review of the wholesale electricity market settings, known as the Nelson Review. The outcome of this review will heavily impact the capital expenditure decisions that electricity generators, like Origin, will make to meet the electricity needs of Australians in the decades to come.

Origin Energy released a new Climate Transition Action Plan (CTAP) in 2025 outlining its climate strategy. We understand the current uncertainty presented by the pending results of the Nelson Review, and the ongoing approval and connection delays in the Australian electricity grid. However, we found that the CTAP lacked the necessary ambition and intent we would expect from the country's largest electricity retailer to reduce the emissions intensity of electrical generation in Australia.

During the meetings we led with the Climate Action 100+ group, we advocated for clearer, longer-term commitments to supporting renewable generation in the electricity grid, particularly to replace Origin's outgoing coal-powered facility, Eraring. We are supportive of Origin's flexible off-balance sheet approach to adding renewable capacity, though stressed that off-balance sheet projects reduced certainty for investors that ambitions would be met.

The group also advocated for continuing action on methane emissions at the APLNG facility, which Origin operates on behalf of a joint venture partnership, and increasing the focus on the fast-moving Virtual Power Plant market in Australia.

Looking forward, our engagement with Origin will focus on their ability to continue to reduce the emissions intensity of all of the electricity they sell to their customers, not just the intensity of the electricity they generate themselves. We believe Origin has an excellent opportunity to solidify firm market leadership in the provision of Virtual Power Plant applications, and as an enabler for their large customers to underwrite the renewable energy transition.

Ethical Investing Disclosure Guidance

STEWARDSHIP G3 PRINCIPLE

Engagement Type: **Policy**
Engagement Focus: **Greenwashing, Fair Representation**

In September 2025, the Financial Markets Authority (FMA) sought feedback on proposed *Ethical Investing Disclosure Guidance*. The guidance intends to help issuers prevent greenwashing in their disclosure and improve the confidence of investors, businesses and consumers participating in 'ethical' financial markets. It is intended to demonstrate good practice in disclosure, rather than investment practice, and provides illustrative examples to give issuers a better understanding of some types of conduct that can be misleading or deceptive.

As a Responsible Investment Association Australasia (RIAA) member, we participate in working groups to collaborate and share leading practice across several themes and regions, including the Aotearoa Collaborative Working Group (ACWG). Alongside other New Zealand investors, Milford co-led a workshop with interested RIAA members to discuss this consultation and share views amongst members on the key points of interest, concerns and any other feedback to help inform participants for providing individual submissions.

Engaging with our peers via industry forums provides valuable insights as the sustainable investment landscape comprises many different approaches to achieve a range of desired outcomes. This was particularly relevant for this consultation as it focused on how our industry can communicate these approaches in a clear and consistent manner.

We appreciate the FMA's ongoing work to set clear guidelines for good practice, allowing us to minimise greenwashing risk in our public disclosures.
This guidance has informed our analysis of the current status of our external reporting and identified areas where we can better communicate to our clients our sustainable investment strategy.

Alignment with NZ Stewardship Code

All referenced sources are available on our webpage: https://milfordasset.com/about-us/sustainable-investing

Principle	Description	Evidence
Be committed	Signatories will establish and publicly articulate how their investment philosophy, governance structures and resourcing support the goals of effective stewardship.	Pg. 4 Climate Statements (March 2025), pg. 8-12 Sustainability Statement, pg. 6
Establish and maintain policies	Signatories will develop and implement measurable and effective stewardship policies.	Pg. 5, 10-13
Incorporate material ESG matters	Signatories will incorporate material ESG matters into their investment decisions and stewardship practices.	Pg. 5, 7-8
Be engaged	Signatories will engage regularly and effectively with underlying asset managers, issuers, and other key stakeholders.	Pg. 6, 10-13
Vote responsibly	Signatories will exercise voting rights in accordance with their investment mandate, and regularly and transparently disclose voting actions and outcomes.	Sustainability Statement, pg. 20 VDS Proxy Voting Dashboard
Manage conflicts of interest	Signatories will endeavour to avoid any conflict of interest that does not put the best interests of their clients and beneficiaries first and explain their approach to managing any conflicts of interest that arise.	Sustainability Statement, pg. 27
Collaborate and advocate for change	Signatories will work collaboratively to amplify investor influence on ESG matters with issuers, policymakers, index providers, standard setters, and other key stakeholders.	Pg. 10, 23, 27
Measure and report	Signatories will regularly measure and publicly report on their actions to support stewardship and demonstrate how these have contributed to the goals of effective stewardship.	Pg. 16-28
Educate and improve	Signatories will work to improve their clients' and beneficiaries' awareness of stewardship, improve their internal capabilities, and provide resources to deliver impactful stewardship.	Sustainable Investing webpage Milford Blog

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January 2026