Responsible Investment Report

2026

GCQ FUNDS MANAGEMENT

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Foreword

At GCQ, our concentrated portfolio of approximately 15-25 companies represents a selection of the world's best businesses.

The foundation of our investment process is industry analysis, targeting industries with substantial and enduring barriers to entry. These industries are typically monopolies, duopolies or oligopolies. We concentrate our efforts on about 20 industries, encompassing around 220 companies that we thoroughly research and monitor for performance and valuation.

We prefer investing in companies with growth potential that extends beyond a single geographic market. The vast majority of companies we analyse are global operators experiencing worldwide growth.

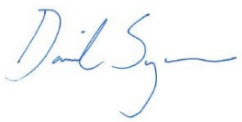
Our focus is on businesses that deliver long-term prosperity. This requires a long-term perspective on the relationship between investment, the economy, environment and our society.

Therefore, when selecting industries to focus on, we exclude those with material environmental, social and governance (ESG) risks.

We explicitly incorporate consideration of ESG risks into investment decision-making and, as active owners in the companies in which we invest, we constructively advocate for positive ESG changes, guiding our investments towards a sustainable future.

This marks GCQ's third Responsible Investment Report. Over the past year we have continued to build on our Responsible Investment framework through several meaningful developments, including the publication of our first voluntary Modern Slavery Statement and the appointment of an expanded Board with responsibility for overseeing our ESG framework. We view these initiatives as an important step forward and remain committed to enhancing and strengthening our framework.

I look forward to reporting on our continued progress in years to come.



David Symons
Chief Executive Officer
November 2026

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Our Responsible Investment Approach

We believe that responsible investment factors can affect the performance of investments and the existence of significant Environmental, Social or Governance issues is likely to lead to reduced earnings sustainability. Earnings sustainability is one of the hallmarks of a "quality" company that qualifies it to be considered for inclusion in the GCQ investment strategy.

Our approach to ESG in the investment process involves:

Screening out companies that are assessed to have an unacceptable level of ESG risk;

We exclude from our investment universe companies operating in a number of industries that are judged to be either socially undesirable or carry unacceptable environmental risk. The list of exclusions currently includes companies with products connected to:

- Tobacco;
- Gambling;
- Cluster munitions;
- Child Labour;
- Thermal Coal; and
- Precious metals mining.

Identifying all significant ESG issues relating to each portfolio company and any company being considered for inclusion in the portfolio.

This work is undertaken by the investment team and, once identified, an assessment is made of the significance of each issue for a) the long-term sustainability of the business and b) for valuation. The outcome of this review is then used to answer two ESG-related questions on the GCQ Business Quality Checklist™.

These checklist questions require the investment team to make an assessment of whether 1) corporate governance is friendly to minority shareholders, and 2) the company is free from major environmental and social issues that threaten long-term business sustainability. Any company that is identified as having major ESG issues is automatically excluded from further consideration.

Review by the GCQ CEO of the investment team's assessment of the expected impact of ESG issues on earnings sustainability of businesses that are being considered for inclusion in the portfolio but that third party analysts have identified as having heightened ESG risks.

One indicator that a business model may not be sustainable is a high ESG risk rating assigned by an ESG research agency. Therefore, if any portfolio company – or company that is being considered for inclusion in the portfolio – has a High (>30) risk rating assigned by Sustainalytics, the investment team's analysis of ESG issues will be the subject of review by the GCQ CEO to independently assess whether 1) ESG-related risks are likely to impact the long-term sustainability of the business, and 2) whether ESG risks have been appropriately incorporated into the GCQ valuation.

Active Ownership

By actively engaging with portfolio companies, we seek to influence the management of material issues that can impact long-term returns.

Areas that may be the focus of engagement will vary from year to year and include:

a) *Alignment with long-term objectives* – we expect companies to create and enhance value for the long term while appropriately balancing their best interests with those of shareholders and stakeholders.

b) *Identification and management of material issues* – we expect companies to act in a responsible way. This includes identifying and managing material risks. Assessment of risks and opportunities should consider financial, regulatory, operational, reputational and legal impacts.

c) *Strong governance and accountability* – we expect companies to have effective systems and processes in place to ensure clear accountability for strategy implementation, risk management and company performance.

d) *Preserving a social license to operate* – we understand that an entity's social license to operate is a valuable intangible asset. It is founded by the trust a company has earned with its stakeholders. We expect companies to effectively engage with stakeholders to maintain this social license to operate.

e) *Transparency and adequate disclosures* – as shareholders, we require transparent and meaningful disclosure from companies for informed decision-making. Companies should publicly disclose all information that is or is expected to be material in the long term, in a timely and complete manner, including any environmental, social and governance issues.

f) *Meaningful plan to achieve net-zero carbon emissions* – as shareholders, we expect all companies to do their part to achieve net-zero carbon emissions across their operations within a reasonable timeframe. This may require investing in carbon-free energy and collaborating with partners to achieve a broader impact.

During the past year, a key Active Ownership initiative has related to board composition at Hemnet as we actively engaged with other major shareholders regarding the optimal composition of the company's Board. This engagement contributed to a process that culminated in an Extraordinary General Meeting on 2 September 2026, at which the Board was substantially renewed. Three new directors were elected, including Henrik Lönnevi as Chair, while four existing directors stepped down.

We also nominated Douglas Isles to Hemnet's Nomination Committee ahead of the 2027 Annual General Meeting. The Committee proposes Board appointments, director remuneration and the appointment of the auditor, providing a further avenue for our ongoing governance engagement.

Our second Active Ownership initiative has involved making a climate risk assessment for all portfolio companies. The purpose of the assessment is to understand whether 1) there is material adverse risk to the business' future cash flows; and 2) the company is a good corporate citizen.

The core question we have sought to answer in our climate risk assessment is whether a portfolio company's business model is consistent with the world's transition to net-zero emissions by 2050. The transition to net-zero emissions is critical to achieving the goal stipulated in the Paris Agreement of limiting global warming to 1.5°C.

We answer this question through identifying whether 1) our portfolio company has a target to reach net-zero carbon emissions by 2050; 2) the transition pathway to the target is credible and aligned with climate science; and 3) the company provides regular carbon emissions data which enables our team to track progress towards achievement of these targets.

Our assessment is focused on a company's scope 1 and 2 emissions because these relate to activities which are directly under management's control.

Net-Zero Target

Net-zero refers to companies substantially reducing their greenhouse gas (GHG) emissions and neutralising the remaining emissions through carbon removals.

We currently hold investments in 25 companies in the GCQ Flagship Fund. We are pleased that 19 companies within our portfolio have a commitment to reach net-zero emissions by 2050, consistent with the broader goal of the Paris Agreement. Out of these 19 companies, 14 have set an earlier timeframe for achieving this objective (see table below).

Over the last three years, we have communicated with companies that have not announced a net-zero target to understand their rationale for their position. This year we note that 2 companies who have not set net-zero targets have an interim emissions reduction target. Interim targets – under which companies aim to eliminate a portion of their emissions by a particular date – show that even in the absence of formal net-zero targets, businesses are taking meaningful steps towards long term sustainability.

2030	2040	2050
airbnb	amazon	HERMÈS
Microsoft	INTUIT	S&P Global
SAP	Mastercard	Uber
smg swiss marketplace group	MSCI	LVMH
Meta	VISA	Verisk
	Scout24	WD-40 COMPANY

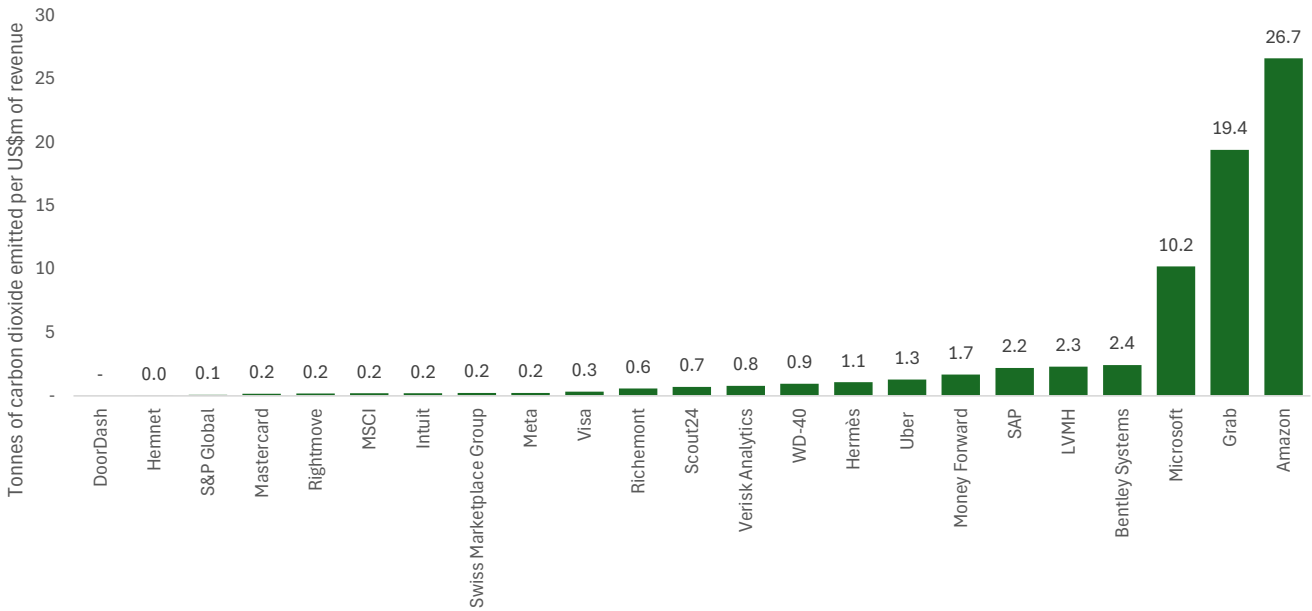
Notes: 1) Companies are sorted into categories based on the year in which they target reaching net-zero. 2) DoorDash is not shown in the table above. DoorDash is currently net zero for scope 1 and 2 emissions. 3) Scout24 has set a net-zero target of 2045.

Credible Emissions Reductions Targets

We assess whether a company's net-zero emissions target is credible through understanding the size of a company's scope 1 and 2 emissions, the source of these emissions and judging whether a company's initiatives to abate those emissions are likely to be effective.

GCQ Portfolio Emissions Intensity by Company

(tonnes of carbon dioxide equivalent per US$m of revenue)



Source: Company disclosures, GCQ Funds analysis. Notes: 1) Reflects scope 1 and 2 emissions; and 2) FICO and Mobility Global do not disclose scope 1 and 2 carbon emissions. We estimate that these companies scope 1, 2 and 3 carbon emissions are de minimis given they are data/software businesses.

Most businesses in the portfolio have very limited carbon emissions intensity (measured as tonnes of carbon emissions per US$m of revenue). This is a function of GCQ's investment focus on businesses which are asset light and highly scalable.

Our portfolio companies' stock of scope 1 and 2 emissions are largely attributable to 1) internal-combustion engine powered company vehicles used by employees; and 2) electricity purchases from the grid which are used for a company's internal operations e.g., manufacturing or data centres.

The key initiatives being employed by a number of portfolio companies to abate these emissions over time are:

1. shift the fleet of petrol-powered company owned vehicles to electric vehicles (addresses most scope 1 emissions); and
2. procure renewable electricity (addresses most of the scope 2 emissions).

Examples of initiatives undertaken by portfolio companies include:

- Uber matches the energy consumption of all its offices in the US & Canada with renewable energy. They met their 100% renewable energy goal for US offices two years ahead of schedule.
- Bentley Systems has been able to reduce its office footprint (i.e., real estate) and associated energy emissions through implementing a work-from-home policy for most of its employees. ~85% of colleagues work either remotely or in a hybrid situation.

Amazon and Microsoft are two companies which have a large carbon footprint relative to other companies in the GCQ portfolio.

Amazon's large transportation network (moving goods over sea, air and road), which is used to facilitate its e-commerce business, is the key driver of its relatively large emissions footprint. The strategies to mitigate these emissions are similar to those being used by other portfolio companies – albeit at larger scale. Amazon has a target of deploying at least 100,000 electric delivery vans on the road by 2030, from Rivian and other manufacturers. It has deployed ~53,000 vehicles to date. Amazon has made significant progress over time on reducing the emissions profile of its e-commerce business with emissions per shipped unit having declined close to -40% versus 2019.

Azure – Microsoft's cloud computing business – is the key driver of its large emissions footprint. Strategies which Microsoft uses to minimise the carbon footprint of this business – particularly in light of its AI driven growth – include 1) matching 100% of its annual global electricity consumption with renewable energy; 2) reducing single use plastics – made of crude oil – in primary packaging (currently 0.07% of the portfolio); and 3) purchase carbon dioxide removal (CDR) credits. Microsoft has worked since 2020 to grow the CDR market where the group pays money to buy credits and fund high-quality carbon dioxide removal projects e.g., direct air capture technology that uses limestone to pull carbon from the air and store it underground. These credits are used to offset carbon emitted by the company's operations. Innovation in data centre design and cooling technologies is also critical to managing the resource-intensive impact of AI-driven growth. For example, Microsoft is developing microfluidic cooling technology that channels liquid coolant directly within silicon chips to improve heat removal. Separately, its closed-loop liquid-cooling system is expected to avoid the need for more than 125 million litres of water per year per data centre by eliminating evaporative cooling during operation.

Engagement

Six of our portfolio companies – Money Forward, Mobility Global, FICO, Grab, Bentley Systems and Richemont – do not have a net-zero emissions footprint reduction target. We have had incremental conversations with Bentley Systems and Grab this year to understand their rationale for not setting a net-zero target (we have previously discussed this issue with Richemont, Money Forward and FICO). Mobility Global only completed their spin-off from S&P Global in July 2026 and therefore have not had time to prepare their own ESG report.

The key takeaways from our engagement with Bentley Systems and Grab were:

- **Bentley Systems:** Management did not provide any colour on their rationale for not having a net zero emissions reduction target. We are pleased that the company has set an interim target – approved by SBTi – to reduce scope 1 & 2 carbon emissions by 50% by 2030 from a 2019 baseline level. In addition, management are committed to reducing scope 3 carbon emissions intensity by 55% within the same timeframe.
- **Grab:** The company has a target to achieve carbon neutrality by 2040 and is taking active steps to reduce its emissions profile. For example, it is increasing the adoption of electric and hybrid-electric vehicles among its third-party driver network through partnerships with vehicle manufacturers such as BYD and GAC. Grab's higher carbon intensity relative to Uber largely reflects differences in revenue recognition policy i.e., accounting. Grab nets all consumer incentive spend against revenue, while Uber nets only part of its consumer incentive spend against revenue and books the bulk in sales and marketing (within costs). All else equal, this makes Grab's revenue base smaller which mechanically drives a higher carbon intensity figure.

Voting

Exercising our right to vote is one way in which we seek to further our clients' best long-term economic interests. We understand the importance of voting in influencing corporate governance and ensuring the alignment of management decisions in supporting long-term shareholder value. As such we are active participants, which means we vote only FOR or AGAINST rather than abstaining on any resolution.

Our Proxy voting policy is available on our website. It is reviewed each year to ensure it remains current for any changes in regulations or standards and is approved by the Board every three years.

We make independent decisions when voting, and do not use the services of a proxy adviser.

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Modern Slavery

Modern slavery is considered an egregious violation of human rights and affects millions of people worldwide. *The Modern Slavery Act 2018 (Cth) (the Act)* defines modern slavery as including eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.

GCQ believes that organisations have a responsibility to consider their role in ensuring the respect of human rights and the avoidance of human rights abuses.

GCQ recognises that every business has the potential to inadvertently cause, contribute to, or be directly linked to modern slavery through its operations and supply chains. GCQ acknowledges that modern slavery risks may be present in:

- the supply chain of service providers used by GCQ to manage its operations and funds, and
- the underlying companies that GCQ invests in and their extended supply chains.

GCQ is not required to report under the Act however, we opted to move to annual voluntary reporting of a Modern Slavery Statement beginning with the 2025 calendar year. We believe in ongoing engagement regarding the identification and mitigation of modern slavery risks within our supply chain and our portfolio companies. We continue to strive to make a positive contribution towards the reduction of human rights abuses and are pleased to have published our first Modern Slavery Statement, which is available on our website.

Building on our first Modern Slavery statement, we will expand the reach of our Modern Slavery Questionnaire for the 2026 calendar year engaging suppliers beyond Tier 1 of our supply chain. This will provide greater visibility of modern slavery risks further along our supply chain. Through broader supplier engagement, we seek to promote greater awareness of modern slavery, encourage responsible business practices and support the ongoing identification and mitigation of modern slavery risks.

Our Approach to the PRI Principles

GCQ has been a signatory to the Principles for Responsible Investment (PRI) since 2023 and has reported annually since. The PRI Principles provide a framework for incorporating ESG considerations into investment and ownership practices. GCQ seeks to implement the Principles in a manner appropriate to our investment approach and activities.

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

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