

Corporate Environmental, Social and Governance (ESG) Policy

Risk and Compliance

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Document Control Sheet

Document Summary

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Corporate ESG Policy

1 Commitment to the Policy

The Directors and management team of DNR Capital (collectively referred to as DNR Capital) are committed to effectively managing Environment, Social and Governance (ESG) issues such that risks and opportunities are identified and properly managed.

At DNR Capital, we have a long history of incorporating ESG factors into investment decision-making. We believe that a company's ESG capability is one of the indicators of its underlying quality. Consistent with our investment philosophy, ESG values are also reflected in our approach to corporate governance and business operations.

This Corporate ESG Policy (the Policy) outlines DNR Capital's corporate approach and commitment to ESG. It has been adopted by DNR Capital's Board and executive management team and presents the framework upon which the company will meet both its regulatory obligations under its Australian Financial Services Licence (AFSL) and broader stakeholder considerations.

In implementing this Corporate ESG Policy, consideration is given to any actual or potential conflicts of interest that may arise, so that they can be disclosed, managed, controlled, or mitigated in accordance with DNR Capital's Conflict of Interest Policy and Procedure.

Where there is any doubt as to the requirements contained in this Policy, regard is had to the principle that DNR Capital will always ensure the company conducts its financial services business in an efficient, honest and fair manner in line with the regulatory objectives of ensuring market integrity and consumer protection.

2 Policy owner

The owner of this Policy is the Chief Executive Officer (policy owner).

3 Purpose of this Policy

The purpose of this Policy is to outline DNR Capital's policy and approach to managing ESG factors in its business operations. This policy should be read in conjunction with the following corporate documentation, including:

- Investment ESG Policy;
- Corporate Engagement Policy;
- Proxy Voting Policy;
- Climate Change Policy;
- DNR Capital Code of Conduct
- Work Health and Safety Policy
- Diversity and Inclusion Policy
- Whistleblower Protection Policy
- Conflict of Interest Policy and Procedure
- Risk Management Policy and Procedure
- Recruitment and Selection Procedure

These policy documents are available to all staff on the company's intranet and are subject to regular review and awareness training.

4 Who should know and understand the Policy

The following people should be aware of the contents of this Policy:

- Directors

- All staff employed by DNR Capital who are directly or indirectly involved in providing financial services under the AFSL.
- All authorised representatives
- Anyone providing services to DNR Capital that the policy owner determines should comply with the Policy (e.g. service providers, agents, contractors, and temporary staff)
- Our clients and investors
- Anyone else that the policy owner determines should comply with the Policy.

Where functions of DNR Capital are outsourced (e.g. to service providers, agents, contractors, and temporary staff), DNR Capital remains responsible and accountable for those outsourced functions. DNR Capital may include specific requirements in the outsourcing or other agreements to ensure compliance with this Policy and other regulatory obligations.

To ensure all officers, employees and agents are aware of the contents of this Policy; it will be made available on the intranet of the company. A copy of this Policy is also made available on the company's website.

5 Environmental, Social and Governance Factors

DNR Capital considers ESG factors at both the corporate and investment portfolio level. This policy considers corporate ESG factors.

Environmental Factors

DNR Capital's primary corporate related environmental risk is climate change which is discussed in detail below.

Climate Change

DNR Capital supports the long-term goal of the Paris Agreement ¹ to limit global warming through reduced carbon emissions. Climate change risk has been identified by the Board as a material risk and is included in DNR Capital's enterprise Risk Register. DNR Capital has conducted a bow tie risk analysis to identify, analyse and assess potential corporate climate transition and physical impacts. This analysis has been used to prioritise actions to ensure controls are operating effectively.

- **Regulation risk:** ensure that DNR Capital is compliant with climate regulation and stakeholder reporting requirements.
- **Reputation risk:** ensure that DNR Capital's climate impact management processes are appropriate and are commensurate with our reputation as an investment manager, meeting client and other stakeholder expectations, including candidate work preferences and talent attraction / retention.
- **Weather events:** physical damage to office premises, IT server and employee homes, preventing working from home alternatives, increased insurance and operating costs including energy (air conditioning) and water.

DNR Capital has developed a framework to manage climate impacts, which includes but is not limited to the following:

- Regular review of regulatory requirements to ensure compliance, including horizon scanning for evolving regulatory changes.
- Commitment to prepare and disclose climate reports, including ISSB, as required by the relevant reporting regulations and client expectations.
- Continued and evolving communication of climate commitments to clients and stakeholders.
- Firm-wide adoption of remote meeting technology, internal electronic signatures and online forms where possible.

¹ UN Climate Change Conference (COP21) in Paris, agreement reached 12 December 2015.

- Physical climate change risk management initiatives include Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) which outline the plan for business continuity in the event of physical interruption. These plans are tested annually with results reported to the Board.

Social Factors

DNR Capital has identified Staff Well Being Risk, Workplace Safety, Diversity and Inclusion and Modern Slavery as key social risks and has included each of these factors in the firm wide Enterprise Risk Register. Further, whistleblower protection and community are key values for DNR Capital.

Employee engagement

DNR Capital values and invests in its employees. This is stated in DNR Capital's Corporate Values, and is further defined in the Employee Handbook, Work Health and Safety Policy and Code of Conduct. DNR Capital supports an open, transparent, professional and supportive culture that is creative and collaborative, professional, resilient and accountable.

DNR Capital invests in its employees, by providing the following initiatives:

- Facilitating professional development and training opportunities and providing financial support for additional study.
- Providing access to third party support services (EAP) if required. Regular staff updates facilitate open and transparent communication between management and staff on strategic and operational issues.

Formal annual review of performance and job satisfaction.

Variety of employee social and team building events to foster strong professional relationships.

DNR Capital monitor the outcomes of its employee engagement initiatives by conducting a biennial employee engagement survey. Feedback from this survey is used to improve and enhance systems and practices. DNR Capital also monitor employee turnover as an indicator of employee engagement.

Workplace safety, diversity and inclusion

DNR Capital fosters a safe and inclusive work environment. We recognise that diversity in our workforce contributes to business success and benefits our employees, clients and stakeholders. Leveraging diversity in our workplace can deliver a strong competitive advantage. The Head of Finance reports diversity data to the Board of DNR Capital on an annual basis

These values are reinforced in DNR Capital's Corporate Values, Diversity and Inclusion Policy, Whistleblowers Protection Policy, and are further defined in the Employee Handbook, Work Health and Safety Policy and Code of Conduct. DNR Capital foster a safe, diverse and inclusive work environment, through the following measures:

- DNR Capital employees are required to respect the rights and dignity of others, discrimination, harassment and victimisation are unacceptable and appropriate action will be taken against any employee who acts in an inappropriate or unlawful manner.
- DNR Capital foster open and transparent communication, including incident reporting and whistleblower protection.

DNR Capital is committed to equal opportunity, hiring based on skills and capability. The Recruitment and Selection Procedure requires all staff involved in the recruitment and selection process to practice the principles of equal opportunity and anti-discrimination by following ethical, fair and impartial selection procedures.

Modern slavery

Modern slavery has been identified by the Board as a material risk. As a financial services organisation with a professional workforce, DNR Capital considers the risk of modern slavery within its direct business operations to be low, however it recognises that through its supply chain, investments and clients, it could be indirectly exposed to the impacts of modern slavery.

DNR Capital's Code of Conduct and Ethics sets out its values and standards, including those regarding the treatment of employees, clients, business colleagues, and the wider community and promotes an environment of mutual respect, fairness and openness of communication and the prohibition of discrimination, harassment, and retaliation in any form.

Whilst DNR Capital does not currently meet the criteria for reporting under the Modern Slavery Act 2018, it is committed to meeting industry standards and client expectations through delivery of the following: Undertaking a formal risk assessment of the key risks associated with modern slavery practices in its operations and supply chains this may include:

- maintaining a list of its material external service providers which also identifies the countries in which the service or product is procured;
- engaging with those service providers to ascertain how they identify and handle modern slavery risks; and
- In the event DNR Capital were to identify, or be found to be associated with, modern slavery, it will work with parties to remedy the situation by restoring the victim to the position they would have been in had the adverse impact not occurred. Similarly, where DNR Capital is associated with modern slavery through a business relationship, DNR Capital will, wherever practicable, play a part in trying to prevent or mitigate any such harm and its recurrence. For these purposes, remediation may include additional corporate engagement, formal apology, terminating a contract or ceasing the activity concerned.

Whistleblower protection

To assist in identifying and remedying any unacceptable workplace practices and misconduct, all staff are expected to report and escalate violations or potential violations of the law or regulations, and any breaches, or potential breaches of policy, standard, procedure or the Code of Conduct and Ethics. DNR Capital's Whistleblower Protection Policy details the mechanism to be followed in the event that anyone wishes to safely raise concerns. The Policy specifically prohibits any form of retaliatory action and is designed to facilitate prompt, fair and objective investigation. This policy is available to all staff on the company's intranet and is subject to regular review and awareness training.

Community

One of DNR Capital's core values is to positively contribute to the community. DNR Capital periodically surveys its employees to identify the issues that they care about and wish to support and this influences the organisations that are chosen. DNR Capital currently supports charities in the areas of mental health, youth and disability. Support may be in the form of financial support, staff volunteer days and in-kind product and service offerings. We have a workplace giving program where staff donations from their pre-tax salaries are matched by the company. In this program we support Beyond Blue and St Vincent de Paul Society Queensland. We also partner with Happy Paws Happy Hearts in a work skills program and the Moreton Bay Foundation in environmental research and remediation.

Governance Factors

DNR Capital recognise the importance of strong governance, for its own firm and for its investee companies. Governance, privacy, information technology (IT) systems & security and business continuity have been identified as material risks and are included on the firm wide Enterprise Risk Register.

Organisational governance and risk management

DNR Capital's Board is a reflection of the organisation's commitment to best practice and the desire to provide a solid governance foundation upon which the Company can continue to grow. The corporate governance and risk management structure is supported by the following:

- Formally constituted Board and Charter with an external Chair;
- Audit Risk and Compliance Committee with Charter and independent Chair
- Plan on a Page setting out values, SWOT, key initiatives and strategic priorities
- Formal delegations from Board to Committees, CEO and Management
- Organisational-wide Risk Management Framework, which is maintained by the Head of Risk and Compliance and overseen by the Audit, Risk & Compliance Committee and the Board.
- Full suite of policies and procedures, regularly reviewed and available on the Intranet
- Annual review of financial statements by external auditors
- Annual GS007 audit and Operational Due Diligence review by an external auditor

Privacy

DNR Capital is committed to protecting the privacy and personal information of its clients and staff, instilling a strong culture of trust, responsibility, and best practice, in line with the requirements of the Privacy Act, 1988 and DNR Capital's Privacy Policy

IT systems and cybersecurity

DNR Capital has a dedicated IT team responsible for managing and administering DNR Capital's IT systems. DNR Capital has a suite of IT related policies, including IT and Cyber Security Policy, Acceptable Use of IT Policy, Cyber Security Incident Response Plan and IT security standards. DNR Capital continues to invest in its IT and security capabilities.

6 Record keeping and Reporting

DNR Capital will comply with ESG related regulatory reporting requirements and assist clients in the preparation of their ESG related regulatory reporting requirements. DNR Capital monitor and record ESG incidents, which are also reported to the Board. The following functions will be responsible for maintaining records and reporting:

- Environmental: Client Services
- Social: Human Resources
- Governance: Risk and Compliance

7 Roles and Responsibilities

The Board

The Board and executive level management have formal oversight over and accountability for ESG management at DNR Capital. The Board has the obligation to ensure that the company operates at the highest possible standards. It is the role of DNR Capital's Board to:

- promote the key principles and actions of this Policy, demonstrating genuine commitment to advancing DNR Capital's ESG firm agenda; and
- ensure that DNR Capital's values, policies and its Code of Conduct and Ethics are promoted and upheld throughout the organisation.

DNR Capital's corporate ESG initiatives are reflected in executive remuneration.

Executive staff will have an ESG focussed KPI that can materially impact remuneration.

Managers

All DNR Capital managers are expected to practice and promote behaviour consistent with the key principles and actions of this and related policies.

All staff

All DNR Capital staff are expected to comply with the principles and provisions of this Policy, contributing to, and supporting the company's ESG initiatives and objectives.

8 Risks of non-compliance to the company

- **Regulatory risk** – the risk that the company, its officers, employees or agents will be subject to criminal, civil or administrative penalties or sanctions. This may include licensing actions, enforceable undertakings, investigative action, or total loss of licence for non-compliance.
- **Business risk** – the risk that failing to consider ESG related matters may result in poor business outcomes for the company, with a key risk being loss of the AFSL and a direction to cease operations. Compliance with this Policy will enable the Board and delegated staff to appropriately manage this risk by implementing appropriate governance procedures.
- **Reputational risk** – the associated damage to the company's reputation as a result of public reporting of non-compliance with our obligations or by being perceived as non-compliant within the market or not meeting the undertaking made to its clients and investors. This may also have a detrimental effect on the profitability of the company due to loss of confidence by clients and investors. By approving and implementing a robust approach to ESG concerns, DNR Capital intends to mitigate our reputational risk.

9 Monitoring compliance with the Policy

The Head of Risk and Compliance is responsible for monitoring compliance with this Policy on an annual basis or as required. DNR Capital's ESG capability is reviewed annually by a third party under a review performed in accordance with the Investment Manager Operational Due Diligence (ODD) Guidance Note first published by Australian Institute of Superannuation Trustees (AIST).

Any instances of non-compliance by officers, employees and/or agents of DNR Capital will be reported to the Management Team. Instances on non-compliance will also be treated as a potential or actual breach and dealt with according to the Breach Management Policy.

Where instances of non-compliance with the Policy have been identified the Head of Risk and Compliance in conjunction with the relevant business unit manager is responsible for determining and/or recommending appropriate remedial action.

Depending on the nature and extent of non-compliance, remedial action could include:

- Additional training
- Additional monitoring or supervision
- Formal reprimand
- Notification to relevant regulatory body or industry association
- Termination of employment (in particularly serious cases).

10 Review of the Policy

The Chief Executive Officer shall review the contents of this Policy annually to ensure it remains current and relevant to the operations of DNR Capital.

As part of the review, the Management Team in conjunction with the Head of Risk and Compliance shall also ensure that any related policies or procedures are reviewed by relevant officers, employees and/or

agents. The Head of Risk and Compliance will maintain a schedule of reviews to be undertaken as part of the review of this Policy.

11 Training on the Policy

As DNR Capital is committed to ensuring the continued compliance with this Policy, this policy is included in a program of regular training sessions on corporate policies that is provided to staff both when they commence and on an ongoing basis.

12 Applying discretion to the Policy

Notwithstanding any requirement contained in this Policy, the Head of Risk and Compliance can apply reasonable discretion in considering how to apply the requirements of the Policy.

When applying discretion in relation to a particular matter, the Head of Risk and Compliance shall have regard to the level of risk posed by that matter and the regulatory objectives of ensuring market integrity and consumer protection.

Whenever discretion has been exercised in relation to the Policy, it should be recorded and reported to the Management Team.

13 Further information

If you need further information regarding this Policy and how it is implemented, please contact the policy owner.