



PUBLIC TRANSPARENCY REPORT

2023

DNR Capital

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

DNR Capital recognises that ESG factors are financially material and that companies with good ESG practices can enhance shareholder returns. Quality companies with strong ESG capabilities are more likely to make better business decisions across the company, which drive long-term returns. Furthermore, DNR Capital believes that including ESG issues in its investment process is consistent with its objectives as an active investment manager.

DNR Capital has adopted an ESG integration and engagement investment strategy. This strategy is complementary to our investment philosophy, and paired with our research capability, enhances investment decision-making. Our ESG score is one of five components of our proprietary 'quality web', which is used to assess the quality of companies. ESG risks, where material, are also factored into our view on company valuation. The outcomes of these assessments inform investment decision-making and portfolio construction. The integration of ESG factors into investment decision-making is supplemented by our corporate stewardship program, including company engagement and proxy voting.

DNR Capital have a long-term investment horizon and take a long term view on ESG factors. DNR Capital engage with companies for the long term benefit of our clients. Our often long term relationships with the Board and management of portfolio companies generally facilitates a high quality of corporate engagement.

ESG is a firm wide undertaking.

Our Board and Socially Responsible Investment Committee oversee our ESG capability, our CIO is responsible for the firm's ESG policies and strategy, and we have a well-resourced, in-house investment team who conduct ESG analysis. Our ESG investment capability is led by a senior, dedicated ESG investment analyst, who is responsible for the delivery and implementation of DNR Capital's ESG policies and strategy. Together with a second ESG investment analyst, they work with stock analysts and portfolio managers to identify and assess material ESG risks and deliver our stewardship initiatives. Continued investment in our ESG resourcing has been a key enabler for the continued improvement in our ESG capabilities.

In 2022 DNR Capital undertook a strategic review of our ESG capabilities.

The Board endorsed the report's five key recommendations, for continued investment in our ESG capabilities, including:

- Formalised ESG governance and oversight;
- Enhanced systematic integration of ESG into investment decision-making;
- Formalised firm level ESG policy suite;
- Improved ESG transparency and disclosure; and
- Investment in additional ESG resourcing.

The report recommended a phased implementation of the key recommendations over a three year period. We look forward to sharing our progress against these initiatives in the forthcoming PRI assessment periods.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Climate change has been identified by the Board as a financially material risk and is included in DNR Capital's enterprise Risk Register. Whilst climate change risk has long been assessed and included in DNR Capital's stock analysis and investment decision making process, during the period we made significant progress delivering our broader climate change related initiatives, including:

- Formalised our approach to climate change in a Board approved stand-alone Climate Change Policy;
- Engaged ISS to conduct a biannual Climate Impact Assessment Report for each investment strategy to assess aggregate climate risk at the portfolio level, including scenario analysis;
- Developed a database of company and portfolio level climate change related indicators that is monitored and tracked over time; and
- Enhanced our climate change company engagement program.

DNR Capital's Climate Change Policy has been written from an investment perspective and includes the following:

- Support for the global ambition to limit global warming through reduced carbon emissions;
- outlines DNR Capital climate change governance;
- outlines key climate change risks and opportunities within and beyond our investment horizon;
- summarises DNR Capital's multi-faceted approach to assessing and managing climate change risk and opportunity in the investment process; and
- outlines DNR Capital's climate change reporting undertaking.

DNR Capital's database of company and portfolio level climate change related indicators, coupled with output from ISS' Climate Impact Assessment Report has facilitated the monitoring of climate risk at the stock and portfolio level over time.

This quantitative approach has also enhanced our climate change engagement program, through improved risk identification and more informed, and meaningful, company meetings. The outcomes of these climate change assessments informs investment decision-making and portfolio construction.

The implementation of our climate change and ESG data initiatives discussed above are just two examples of the progress made against DNR Capital's FY2023 ESG strategic goals. We are pleased to report delivery of the additional key ESG initiatives:

- Formalised annual ESG Board report;
- Increased ESG resourcing with the appointment of a second ESG investment analyst;
- Expanded third party ESG data subscription;
- Enhanced DNR Capital's proprietary ESG score methodology;
- Improved communication of ESG initiatives in client reporting; and
- Continued improvement in the depth and breadth of ESG stock integration and engagement.

Whilst the delivery of each of these initiatives has seen a material uplift in our ESG capability, our expanded subscription to third party ESG data has been a key enabler to improved ESG risk identification and ESG research insight and has facilitated the measurement and monitoring of the ESG performance of our investment portfolios.

Early in FY23, DNR Capital expanded its third party ESG data subscription to include climate change portfolio analytics, additional ESG indicators, ESG controversies and an ESG screening tool.

We took time to understand the data and how it was measured and/or calculated and we experimented with how best to apply and communicate the data. The "ESG Quant" is presented to the Socially Responsible Investment Committee and to investment team meetings. We present aggregate portfolio ESG performance compared to the relevant benchmark and over time. Each month we present "deep dive" data analysis on a chosen subject, for example, diversity and inclusion, where we analyse performance attribution at the stock level. The presentation of data has enhanced investment decision making through the identification of issues for further investigation and/or company engagement and enhanced insight.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

In 2022 DNR Capital undertook a strategic review of our ESG capabilities. The Board endorsed the report's five key recommendations, for continued investment in our ESG capabilities, including:

- Formalised ESG governance and oversight;
- Enhanced systematic integration of ESG into investment decision-making;
- Formalised firm level ESG policy suite;
- Improved ESG transparency and disclosure; and
- Investment in additional ESG resourcing.

The report recommended a phased implementation of the key recommendations over a three year period.

As discussed in Section 2, we are pleased with our initial progress. Upon review, the Board has agreed to the following agenda for FY2024:

- Formalise firm level ESG policy suite;
- Formalise ESG KPIs in non-investment executive team remuneration;
- Continued improvement in systematic integration of ESG into investment decision-making;
- Improved client communication of ESG capability;
- Improved ESG data disclosure;
- Board verification of 2024 PRI Assessment Report; and
- Investment in ESG verification and audit.

In addition to outlining DNR Capital's ESG agenda for FY2024, the Board has agreed initiatives it will use to assess and monitor delivery progress against this agenda including, but not limited to:

- DNR Capital's strategic ESG initiatives have been included in DNR Capital's annual company planning and resource prioritisation tool "Plan on Page";
- Assess delivery progress against FY2024 ESG Board report;
- Assess performance against ESG Investment Analyst KPIs;
- Use ESG data analytics and improved record keeping; and
- Assess FY2024 Stewardship Report.

We look forward to sharing our progress against these initiatives in the forthcoming PRI assessment periods.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Jamie Nicol

Position

Chief Investment Officer

Organisation's Name

DNR Capital

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

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ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	30	06	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 3,915,353,993.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 1,817,027,034.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>75%	>0-10%
(B) Fixed income	>0-10%	>0-10%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	>0-10%

(J) Off-balance sheet - (2) Percentage of Externally managed AUM - Specify:

Cash held with custodian

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a further breakdown of your organisation's externally managed listed equity and/or fixed income AUM.

	(1) Listed equity	(2) Fixed income - SSA	(3) Fixed income - corporate	(4) Fixed income - securitised	(5) Fixed income - private debt
(A) Active	>75%	>10-50%	>50-75%	>0-10%	0%
(B) Passive	0%	0%	0%		

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(A) Listed equity - active	0%	>75%
(C) Fixed income - active	0%	>75%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity	0%
(B) Active – quantitative	0%
(C) Active – fundamental	>75%

(D) Other strategies 0%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA 0%

(D) Active – corporate >75%

(E) Securitised 0%

(F) Private debt 0%

MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What percentage of your organisation's externally managed assets are managed by PRI signatories?

>75%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity	(2) >0 to 10%
(B) Fixed income – SSA	(1) 0%
(C) Fixed income – corporate	(2) >0 to 10%
(D) Fixed income – securitised	(1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(3) Fixed income - active
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>

(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input checked="" type="radio"/>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active

(6) >40 to 50%

STEWARDSHIP NOT CONDUCTED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship not conducted	2

Describe why your organisation does not currently conduct stewardship and/or (proxy) voting.

Stewardship, excluding (proxy) voting
(C) Fixed income – active

DNR Capital's asset allocation to externally managed fixed income is less than 1% of its total FUM. DNR Capital prioritise our ESG resources toward our internally managed active equity exposure (97% total FUM), where we have the greatest ability to effect ESG related outcomes.

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental

(F) Fixed income - corporate

EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors when selecting external investment managers?

	(1) Yes, we incorporate ESG factors when selecting external investment managers	(2) No, we do not incorporate ESG factors when selecting external investment managers
(A) Listed equity - active	<input type="radio"/>	<input checked="" type="radio"/>
(C) Fixed income - active	<input type="radio"/>	<input checked="" type="radio"/>

EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors when appointing external investment managers?

	(1) Yes, we incorporate ESG factors when appointing external investment managers	(2) No, we do not incorporate ESG factors when appointing external investment managers
(A) Listed equity - active	<input type="radio"/>	<input checked="" type="radio"/>
(C) Fixed income - active	<input type="radio"/>	<input checked="" type="radio"/>

EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors when monitoring external investment managers?

	(1) Yes, we incorporate ESG factors when monitoring external investment managers	(2) No, we do not incorporate ESG factors when monitoring external investment managers
(A) Listed equity - active	<input type="radio"/>	<input checked="" type="radio"/>
(C) Fixed income - active	<input type="radio"/>	<input checked="" type="radio"/>

ESG NOT INCORPORATED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG not incorporated	1

Describe why your organisation does not currently incorporate ESG factors into your investment decisions.

Internally managed
(F) Fixed income – corporate

The select number of corporates and domestic banks with which DNR Capital invests its fixed income are covered by our equity analysts. As such, the ESG credentials of each of these corporates has been assessed and incorporated into investment decision making as part of the equity due diligence process. Whilst DNR Capital does not differentiate between these corporates on ESG factors when investing in fixed income, we are satisfied that the ESG credentials of each of the corporates with which we invest fixed income exceeds our minimum standards. Further, DNR Capital's asset allocation to externally managed fixed income is less than 1% of its total FUM. DNR Capital prioritise our ESG resources toward our internally managed active equity exposure (97% total FUM), where we have the greatest ability to effect ESG related outcomes.

Externally managed
(P) Listed equity – active

DNR Capital's asset allocation to externally managed listed equity is 1% of its total FUM. DNR Capital prioritise our ESG resources toward our internally managed active equity exposure (98% total FUM), where we have the greatest ability to effect ESG related outcomes.

(R) Fixed income – active

The select number of corporates and domestic banks with which DNR Capital invests its fixed income are covered by our equity analysts. As such, the ESG credentials of each of these corporates has been assessed and incorporated into investment decision making as part of the equity due diligence process. Whilst DNR Capital does not differentiate between these corporates on ESG factors when investing in fixed income, we are satisfied that the ESG credentials of each of the corporates with which we invest fixed income exceeds our minimum standards. Further, DNR Capital's asset allocation to externally managed fixed income is less than 1% of its total FUM. DNR Capital prioritise our ESG resources toward our internally managed active equity exposure (97% total FUM), where we have the greatest ability to effect ESG related outcomes.

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	>75%
(D) Screening and integration	>0-10%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	>75%
(C) A combination of screening approaches	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>0-10%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

The Australian Equities Socially Responsible Investment Portfolio is an actively managed portfolio that adopts a negative screening strategy, combined with an ESG ratings assessment, ESG integration and company engagement, to deliver responsible investment. The portfolio's negative screen excludes direct or core exposure to the following factors:

- Pornography: Direct - Production, distribution and sale of pornography as a core business
 - Gaming: Direct - Core business of owning or operating a gaming related business or manufacture and supply of gaming equipment and systems.
 - Armaments: Direct - involved in the development and production of biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/sub-munitions and their key components.
 - Tobacco: Direct - involved in the production of tobacco, manufacture of nicotine alternatives and tobacco-based products.
- We define 'direct' or 'core' as being business that is involved in the manufacture, supply or distribution of the product or the provision of the service.

DNR Capital's Socially Responsible Portfolio has been certified by the Responsible Investment Association Australasia (RIAA) in accordance with the strict guidelines of its Responsible Investment Certification Program.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

- (A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

>0-10%

- (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

Which ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (N) Greenfin label (France)

- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products
- (AB) National stewardship code
- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)
- (AG) Towards Sustainability label (Belgium)
- (AH) Other

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues
- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (B) Guidelines on environmental factors
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (C) Guidelines on social factors
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (D) Guidelines on governance factors
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (G) Specific guidelines on human rights (may be part of guidelines on social factors)
Add link:
<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-ESG-Policy-v3.4-FINAL.pdf>
- (L) Stewardship: Guidelines on engagement with investees

Add link:

<https://dnrcapital.com.au/wp-content/uploads/2023/09/202303-DNR-Capital-Corporate-Engagement-Policy-v1.3-FINAL.pdf>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://dnrcapital.com.au/wp-content/uploads/2023/09/202302-DNR-Capital-Proxy-Voting-Policy-v1.13-FINAL.pdf>

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

DNR Capital recognises that ESG factors are financially material. Quality companies with strong ESG capabilities are more likely to make better business decisions across the company, which drive long-term returns.

DNR Capital has adopted an ESG integration and engagement investment strategy. This strategy is complementary to our investment philosophy, and paired with our research capability, enhances investment decision-making.

Furthermore, DNR Capital believes that including ESG issues in its investment process is consistent with its fiduciary duty as an active investment manager.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives**
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities**
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts**
- (D) How different stewardship tools and activities are used across the organisation**
- (E) Approach to escalation in stewardship**
- (F) Approach to collaboration in stewardship**
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa**
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

(6) >90% to <100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change
 (1) for all of our AUM

(B) Specific guidelines on human rights
 (1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

- (1) Percentage of AUM covered
- (1) >0% to 10%
 - (2) >10% to 20%
 - (3) >20% to 30%
 - (4) >30% to 40%
 - (5) >40% to 50%
 - (6) >50% to 60%
 - (7) >60% to 70%
 - (8) >70% to 80%

- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

The Board and executive level management have formal oversight over and accountability for responsible investment at DNR Capital.

- (C) Investment committee, or equivalent

Specify:

DNR Capital's Socially Responsible Investment Committee (SRIC) was established in 2010 and oversees the implementation of DNR Capital's ESG strategy and policy suite. The SRIC is further responsible for overseeing the implementation of the SRI Portfolio's ESG related investment guidelines. The SRIC provides a mechanism of accountability by reviewing and monitoring the ESG data, investment processes, performance and outcomes of all investment strategies.

(D) Head of department, or equivalent

Specify department:

DNR Capital's CIO is responsible for the firm's ESG policies and strategy. The CIO sits on the DNR Capital Board and is Chair of the SRIC. DNR Capital's ESG investment capability is led by a senior, dedicated ESG investment analyst, who reports directly to the CIO

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

- (A) Yes
- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

- (A) Internal role(s)**

Specify:

DNR Capital's CIO is responsible for the firm's ESG policies and strategy. DNR Capital's ESG investment capability is led by a senior, dedicated ESG investment analyst, who is responsible for the delivery and implementation of DNR Capital's ESG policies and strategy. Together with a second ESG investment analyst, they work with stock analysts and Portfolio Managers to identify and assess material ESG risks and deliver DNR Capital's stewardship and proxy voting initiatives.

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

DNR Capital's Non-Executive Directors are paid a director's fee. There is no performance component to the fee payment, ESG or otherwise.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Indicate whether these responsible investment KPIs are linked to compensation

- (1) KPIs are linked to compensation**
- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

DNR Capital's primary ESG risk relates to investment risk. As such, ESG outcomes are included in remuneration outcomes for investment team professionals. DNR Capital are in the process of integrating ESG outcomes into non-investment executive management remuneration.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above
 - Explain why: (Voluntary)

Whilst DNR Capital did not publish a TCFD report during the period, we made significant progress delivering our broader climate change related initiatives, including:

- Formalised our approach to climate change in a Board approved stand-alone Climate Change Policy;
- Engaged ISS to conduct a biannual Climate Impact Assessment Report for each investment strategy to assess aggregate climate risk at the portfolio level, including scenario analysis;
- Developed a database of company and portfolio level climate change related indicators that is monitored and tracked over time; and
- Enhanced our climate change company engagement program.

DNR Capital's Climate Change Policy has been written from an investment perspective and includes the following:

- Support for the global ambition to limit global warming through reduced carbon emissions;
- outlines DNR Capital climate change governance;
- outlines key climate change risks and opportunities within and beyond our investment horizon;
- summarises DNR Capital's multi-faceted approach to assessing and managing climate change risk and opportunity; and
- outlines DNR Capital's climate change reporting undertaking.

DNR Capital's database of company and portfolio level climate change related indicators, coupled with output from ISS' Climate Impact Report has facilitated the monitoring of climate risk at the stock and portfolio level over time.

This quantitative approach complements our climate change research capability including:

- Inclusion of climate change as one of nine factors used to calculate DNR Capital's ESG score.
- Conduct climate change related research which includes an assessment of climate governance, transition planning, adequacy of net zero commitments, physical climate risk and disclosure.
- DNR Capital's climate change related company engagement program.

DNR Capital acknowledges the requirement to report under the TCFD/ISSB S(2) and is currently undertaking preparatory material.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://dnrcapital.com.au/about/socially-responsible-investing/>

https://dnrcapital.com.au/wp-content/uploads/2023/09/DNR9369-Stewardship-Report-2023_FINAL.pdf

(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(1) Listed equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

DNR Capital conduct a program of dedicated ESG meetings which focus on the key issues of climate change, modern slavery, plastics and waste, conduct and culture, social licence, cybersecurity and corporate and ESG governance, amongst other issues. We engage with portfolio companies with exposure to these risks, to understand their engagement, risk management strategies and to advocate for best practice. These issues are prioritised with consideration to the following factors:

- materiality of ESG factors on financial and/or operational performance;
- the systematic impact of the issue, i.e. climate change;
- the ESG score of the company;
- the adequacy of public disclosure on ESG factors / performance;
- active weight of holding and other portfolio construction factors;
- diversity of ESG factors across engagement program; and
- representation of companies held in each investment strategy.

Where appropriate, we also consult clients and their ESG corporate engagement priorities.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

DNR Capital's default position on collaborative stewardship is that, where appropriate, we will collaborate with other investors as an escalation strategy. Where we have conducted corporate stewardship and are unsatisfied with a company's delivery against its undertakings, we may undertake the following:

- seek engagement with other company representatives;
- use alternative communication mediums;
- divest or implement an exit plan;
- use proxy voting to vote against the re-election of a Director or remuneration report; and
- where appropriate, collaborate with other shareholders.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**
Select from the list:
 1
- (B) External investment managers, third-party operators and/or external property managers, if applicable**
Select from the list:
 4
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**
Select from the list:
 5
- (D) Informal or unstructured collaborations with investors or other entities**
Select from the list:
 2
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**
Select from the list:
 3
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

DNR Capital's ESG capability, including ESG integration and stewardship, is conducted in-house by our investment team. This enables ESG issues identified in the investment decision-making process to be prioritised for stewardship initiatives, and conversely, enables real time feedback from stewardship initiatives to be incorporated into the investment decision-making process. DNR Capital monitor progress against company undertakings and have an escalation strategy where we are unsatisfied with progress. The use of proxy voting, divestment or collaborative engagement strategies are considered on a case by case basis, with decisions made collaboratively between the underlying stock investment analyst, ESG investment analysts, relevant portfolio managers and the CIO.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Given the systematic impact of climate change risk, climate change is a core tenant of DNR Capital's corporate engagement program. Our approach to climate change engagement is consistent with our approach to corporate engagement more generally, with a focus on the following climate specific factors, where relevant:

- climate governance including: remuneration alignment with achievement of climate related outcomes, adequacy of climate experience at the Board level, climate strategy and integration of climate in capital allocation decisions and capex budget;
- climate disclosure including: TCFD compliance, climate scenario analysis and granularity of climate scenario analysis at asset level, signpost analysis and view on current transition trajectory;
- net zero commitment including: Science Based Targets initiative (SBTi), ambition of medium and long term targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets to achieve targets; and
- physical climate including: risk assessment, asset resilience and capex budget.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

Select from the below list:

- (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure**
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes

Add link(s):

https://dnrcapital.com.au/wp-content/uploads/2023/09/FY23-PV-Resolutions_Website.pdf

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale		
(B) Yes, we privately communicated the rationale to the company	(1) for all votes	(3) for a minority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

DNR Capital use the voting platforms ProxyEdge, Exchange and Glass Lewis. DNR Capital use the functionality within these platforms to ensure vote confirmation. Each platform provides voting status and confirmation within the interface (Not Voted/Voted etc) and within that, a vote count per stock per portfolio. DNR Capital also download proxy voting summary reports to ensure vote confirmation. ProxyEdge has additional functionality that provides notification of volume related proxy voting changes. Where DNR Capital may trade a stock after it has submitted its proxy voting, ProxyEdge will automatically update the proxy vote count and provide email confirmation of the final count.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

(1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one	<input type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input checked="" type="checkbox"/>
(F) Divesting	<input checked="" type="checkbox"/>
(G) Litigation	<input type="checkbox"/>

(H) Other

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups
- (D) We engaged policy makers on our own initiative
- (E) Other methods

Describe:

Whilst DNR Capital do not directly engage with public policy makers, we are members of the industry association Responsible Investment Association Australasia (RIAA) that conduct policy advocacy work on our behalf. DNR Capital review RIAA's Policy Platform to ensure that it is aligned with DNR Capital's commitment to the principles of PRI.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers
- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

Explain why:

DNR Capital recognises and supports the public policy engagement initiatives conducted by RIAA but does not take individual accountability, nor seek fit to report, on its outcomes.

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Advocate for improved corporate governance at Lendlease

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Lendlease (LLC) is a globally integrated real estate group, designing, developing and managing large real estate projects. LLC has not sustainably outperformed the market or peer group for multiple decades. This is despite successfully executing globally recognised urban regeneration projects, securing over ~\$100bn in backlog and building ~\$45bn in FUM. DNR Capital has conducted multiple engagements with the Chair and executive management regarding the sustained period of share price underperformance, with a focus on corporate governance and company strategy. These engagements have been through multiple mediums including letters and face to face meetings.

Whilst the company has been responsive to our engagements, DNR Capital recommended to vote against LLC's resolution 3, to approve the remuneration report.

DNR Capital's engagement has focused on corporate governance and company strategy. Regarding corporate governance, DNR Capital highlighted that the current level of equity ownership of the board and management does not reflect confidence in the strategic direction of the company. Further, DNR Capital raised issues of board structure, including size and complexity, board expenses and board accountability for LLC's share price underperformance. LLC's Chair has been responsive to our engagement and shared company initiatives that are aligned with improving corporate governance.

Whilst the company has been responsive to our engagements, DNR Capital recommended to vote against LLC's resolution 3, to approve the remuneration report.

Whilst the board reduced the CEO's outcome by one third to reflect the LLC shareholder experience, DNR Capital recommended to vote against the remuneration report given material concerns relating to:

- lack of alignment through equity ownership;
- lack of accountability for long term share price underperformance;
- lack of urgency delivering company strategy;
- complexity of the business; and
- capital management.

Further supporting our against vote was the \$5m carry bonus proposed to be paid to departing executive Denis Hickey. DNR Capital felt that it was inconsistent of the company to make the COO role (Denis Hickey) redundant, and then argue that his contribution is so material that he warrants \$5m carry payment.

DNR Capital will continue to monitor and engage with LLC on issues of corporate governance and company strategy, and the delivery of improved shareholder returns.

(B) Example 2:

Title of stewardship activity:

As a then, newly listed company, DNR Capital has engaged with Endeavour Group to influence strong governance and risk management policy formation and to advocate for improved sustainability disclosure.

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Endeavour Group (EDV) was spun out of the Woolworths Group and operates in the hotels, gaming and alcohol retailing space. Since listing, DNR Capital has conducted multiple engagements with the company Chair, NEDs and the management team. As then, a newly listed company, at the infancy of its sustainability journey, DNR sought to influence:

- the development of strong governance, policy and risk management of Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF), Responsible Service of Gaming (RSG) and Responsible Service of Alcohol (RSA);
- the establishment of company culture, with the listing bringing together three heritage businesses; and
- improved sustainability related disclosure, including substantiating the content of its sustainability reporting suite with data and case studies, and the inclusion of sustainability related disclosure in mainstream financial reporting, such as interim and full year results presentations and strategy presentations.

DNR Capital has observed some material improvements in EDV's sustainability disclosure, including:

- Use of global reporting framework Global Reporting Initiative (GRI) Standards;
- Preparation of sustainability reports as a financial document, not as a marketing document;
- Company undertaking to report climate risk using TCFD framework;
- Quantitative, outcomes orientated; and
- defining success and measurement.

DNR Capital will continue to monitor the company for deliver of its undertakings, including TCFD reporting, and engage with the company as required.

(C) Example 3:

Title of stewardship activity:

Advocate for improved corporate governance at SEEK

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Seek (SEK) is a market leader in online employment marketplaces that span ten countries across Asia Pacific and Latin America. SEK's founder was formally CEO, frustrating SEK's corporate governance. DNR Capital has conducted a comprehensive engagement campaign with the Chair advocating for improved corporate governance. These initiatives include:

- improved transparency and disclosure relating to the establishment of the Seek Growth Fund; and
- improved corporate governance.

With the establishment of the Growth Fund, the founder has moved out of the CEO role, and SEK has improved its corporate governance and sustainability capability, with the following key initiatives:

- Board composition and succession: SEK has appointed an executive search firm to recruit an additional NED to the board, with Asian and tech experience.

SEK has also split the re-election rotation of its female NEDs and restructured the Nominations Committee. Further, the Chair is actively managing his succession, with only 2 more years of tenure.

- The board is focused on management succession and employee engagement. There has been strong focus on talent development initiatives for the top 50 employees, and succession plans have been formalised for key roles. SEK recruited 990 employees in FY22 and is proactively managing employee engagement and culture, seeking to retain its entrepreneurial and agile culture which is harder in a larger organisation.
- SEK has appointed a consultant to conduct a review of its executive remuneration strategy, including instruments and hurdles, with a view to presenting a revised strategy before the 2023 AGM.
- Cyber security and data protection is a material risk for the company, and is actively managed by the board.

SEK invests heavily in cybersecurity across people, processes and technology.

- Following a modern slavery risk assessment, SEK has withdrawn from 6 countries where modern slavery risk was deemed too high. SEK is uniquely positioned to lead change against poor hiring practices and has made progress across this area. For example, SEK has built AI search functions into its job advertisement review process which highlights job advertisements that require manual review.

DNR Capital was impressed by SEK's delivery of governance and sustainability related initiatives over the last twelve months including the appointment of Jamaludin Ibrahim as a Non-Executive Director. DNR Capital will continue to engage with SEK on its sustainability agenda, and on the outcomes of its remuneration review.

(D) Example 4:

Title of stewardship activity:

Voted against Worley remuneration related resolution

(1) Led by

- **(1) Internally led**
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors**

(3) Asset class(es)

- (1) Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Worley Limited (Worley) operates as a professional services provider to the resources, energy and industrial sectors. It operates through several segments including Energy and Chemical Services, Mining, Minerals and Metal Services, Major Projects and Integrated solutions and Advisian.

DNR Capital recommended voting against item 4, the grant of deferred Grant of Deferred Equity Rights to CEO. DNR Capital was concerned by the lack of transparency relating to the measurement of two sustainability related remuneration hurdles at the October 2022 AGM.

WOR restructured its remuneration package in FY20, offering deferred equity (DEP) sustainability linked incentives as part of its LTI. FY22 was the first year investors were able to see how these grants were awarded. The CEO achieved 100% of the incentive (valued at \$1.25m) based on satisfying 2 hurdles:

- 70% vesting on "14% growth in gross margin delivered in sustainability projects from FY20"; and
- 30% vesting by completing sustainable strategy development and embedding sustainable solutions processes with customers during the period.

DNR Capital was concerned by the lack of transparency relating to the measurement of these two hurdles, including the lack of retrospective disclosure of gross margins and currency assumptions used to verify the award.

Upon further disclosure, and discussion with the company, DNR capital was still unsatisfied with the level of disclosure and advised the company that DNR Capital would be voting against Item 4, the granting of deferred equity rights to the CEO, at the FY22 AGM. WOR has undertaken to review the disclosure for the 2023 AGM.

(E) Example 5:

Title of stewardship activity:

Advocate for improved employee engagement and sustainability reporting at Cleanaway

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CWY is a total waste management company which is uniquely positioned to monetise growth in the circular economy and waste-to-energy markets. DNR Capital engaged with CWY's CEO and CFO to discuss its climate strategy and its circular economy and waste-to-energy projects and to advocate for improved employee engagement and sustainability disclosure.

CWY is well positioned to monetise growth in the circular economy through its network of waste collection and processing infrastructure assets. CWY is investing in its capability to measure the degrees of recycling circulatory and using this to inform meaningful conversations with customers. For example, it is more carbon efficient for a plastic bottle to be continually recycled than it is for the bottle to be used as road asphalt and a new bottle to be produced.

Increasing landfill levies support the economics of waste-to-energy projects and CWY is well placed to develop this infrastructure given its geographic footprint. CWY has two waste-to-energy projects, one in each Queensland and Victoria. These projects use the world's best technology, and have been designed to meet each of the Queensland and Victorian government's project requirements. However, approval of these projects is politically sensitive, and CWY has invested heavily in its relationships with the local stakeholders at its two proposed Victorian and Queensland sites.

DNR Capital advocated for greater focus on employee engagement, given recent industrial action, and its high turnover and vacancy rates. CWY has a number of initiatives to improve its employee engagement performance, but it remains a challenge given the competitive employment market.

Despite CWY's opportunity pipeline, its sustainability disclosure is poor. DNR Capital advocated for improved sustainability disclosure and will work with CWY ahead of its 2023 Sustainability Report to improve its sustainability related disclosure.

DNR Capital will continue to monitor CWY for progress on its circular economy and waste to energy projects, along with improvement in its employee engagement performance.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

DNR Capital invests over a 3 to 5 year horizon. DNR Capital considers the key climate change risks and opportunities over our investment horizon to include:

- increased climate policies and regulation such as tougher emissions and energy efficiency standards and the impost of carbon pricing;
- increased climate related financial disclosure requirements;
- inefficient capital allocation towards energy transition;
- slower deployment of renewable energy (delays in approvals, shortages in future facing commodities etc) supporting medium term demand for fossil fuels;
- emergence of "green premiums";
- decreasing capital and operating costs of climate transition enabling technology, including renewable energy, electric vehicles, battery storage etc;
- changing patterns of consumer demand, investment, production, demand and growth; and
- near term physical impacts of acute weather events such as physical damage to assets and infrastructure, operating and supply chain interruptions, destruction of inventory and other such financial impacts.

(B) Yes, beyond our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Beyond DNR Capital's investment horizon of 3 to 5 years, there is a large spectrum of climate related outcomes, ranging from, in the best case scenario, an orderly transition to a low carbon economy, to, in the worst case scenario, social, political and economic disorder from the failure to mitigate climate change risks and incurring the full impost of physical climate change. DNR Capital allows for a range of outcomes when assessing impact on long term value.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

DNR Capital supports the global ambition to limit global warming through reduced carbon emissions. Climate change has been identified by the Board as a material risk and is included in DNR Capital's enterprise Risk Register. DNR Capital's primary climate change risk relates to investment risk. As such, DNR Capital's climate change risk management strategy focuses on identifying, assessing and managing climate change related investment risk. This is consistent with our investment philosophy and ESG integration and engagement strategy.

DNR Capital assess climate risk at the stock level and at the aggregate portfolio level.

At the stock level, this includes:

- Climate change is one of nine factors assessed in DNR Capital's ESG score. Our ESG score is one of five components of our proprietary 'quality web', which is used to assess the quality of companies.
- Once a company is assessed to meet DNR Capital's quality criteria, detailed company analysis and valuation work is conducted to determine whether sufficient return upside exists. Consistent with DNR Capital's ESG integration and engagement investment strategy, climate change risks and opportunities are also factored into this assessment, our framework for this assessment is discussed in more detail below.
- Where material climate change risks are identified, DNR Capital will conduct a dedicated ESG engagement with the company.

At the aggregate portfolio level this includes:

- DNR Capital conduct a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level, including scenario analysis.
- DNR Capital maintain a database of company and portfolio level climate related indicators that is monitored and tracked over time.

We assess a stock's transition plan using the following framework:

- climate governance including: remuneration alignment with achievement of climate related outcomes, adequacy of climate experience at the Board level, climate strategy and integration of climate in capital allocation decisions and capex budget;
- climate disclosure including: TCFD compliance, climate scenario analysis and granularity of climate scenario analysis at asset level, signpost analysis and view on current transition trajectory;
- net zero commitment including: Science Based Targets initiative (SBTi), ambition of medium and long term targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets to achieve targets; and
- physical climate including: risk assessment, asset resilience and capex budget.

At the aggregate portfolio level we track and monitor:

- portfolio emission exposure analysis (carbon footprint and carbon intensity contributors and attribution);
- climate scenario analysis (portfolio compliance with emission budgets and by sector);
- net zero analysis (assessment of quality and alignment of commitments);
- fossil fuel involvement and physical climate risk assessment;
- assessment of portfolio climate risk using ISS' proprietary "Carbon Risk Rating" (portfolio distribution of scores, top/bottom 5 rated holdings and sector attribution).

DNR Capital conduct comprehensive climate related engagement initiatives, advocating for:

- climate governance;
- climate disclosure;
- quality net zero commitment; and
- physical climate.

The outcomes of these climate change assessments informs investment decision-making and portfolio construction.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation’s strategy addressing high-emitting sectors?

(A) Coal

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for coal stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. Given the declining demand for thermal coal it is unlikely that thermal coal assets would meet DNR Capital's quality criteria. We also assess the company's transition plan with a particular focus on scope 3 emissions and its investment in new energy technologies.

(B) Gas

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for gas stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. We assess the quality of the gas assets using a carbon adjusted cost curve, or similar. We also assess the company's transition plan with a particular focus on scope 3 emissions and its investment in new energy technologies.

(C) Oil

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for oil stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. We assess the quality of the oil assets using a carbon adjusted cost curve, or similar. We also assess the company's transition plan with a particular focus on scope 3 emissions and its investment in new energy technologies.

(D) Utilities

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for utility stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. We assess the quality of the utilities asset portfolio and exposure to renewable and non-renewable generation infrastructure. We also assess the company's transition plan with a particular focus on scope 3 emissions and its investment in new energy technologies.

(E) Cement

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for cement stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk. We assess the quality of the cement assets using a carbon adjusted cost curve, or similar. We also assess the company's transition plan with a particular focus on scope 1 & 2 emissions and its investment in new technologies.

(F) Steel

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for steel stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. We assess the quality of the steel assets using a carbon adjusted cost curve, or similar. We also assess the company's transition plan with a particular focus on scope 1 & 2 emissions and its investment in new low emissions technologies.

(G) Aviation

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for aviation stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk. We also assess the company's transition plan with a particular focus on scope 1 emissions and its investment in low carbon fuel technologies.

(H) Heavy duty road

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for heavy duty road transportation stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on scope 1 emissions and its investment in low carbon fuel technologies or alternative modes of transportation.

(I) Light duty road

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for light duty road transportation stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on scope 1 emissions and its investment in low carbon fuel technologies or alternative modes of transportation.

(J) Shipping

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for shipping transportation stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on scope 1 emissions and its investment in low carbon fuel technologies.

(K) Aluminium

Describe your strategy

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for aluminium stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of stranded asset risk and the assessed financial impact of climate risk. We also assess the company's transition plan with a particular focus on scope 1 & 2 emissions and its investment in low carbon refining and smelting technologies.

(L) Agriculture, forestry, fishery

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for agriculture stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on physical climate risk management.

(M) Chemicals

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for chemical stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on scope 1 & 2 emissions and its investment in low carbon processing technologies.

(N) Construction and buildings

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for construction and building stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on their embodied carbon footprint and its investment in low carbon construction materials.

(O) Textile and leather

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for textile stocks, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on scope 1 & 2 emissions.

(P) Water

Describe your strategy:

As per DNR Capital's ESG integration and engagement strategy, DNR Capital do not limit the investable universe for water related stocks, or stocks with high water risk, unless directed to do so by a client. Consistent with our quality investment philosophy, a company must meet our quality criteria including ESG, earnings strength, balance sheet strength, industry structure and management quality to be eligible to be held in the portfolio. DNR Capital have a comprehensive approach to assessing climate risk at the stock level as outlined in PGS 41.1. This includes an assessment of the financial impact of the assessed climate risk, where material. We also assess the company's transition plan with a particular focus on physical climate water risk management.

(Q) Other

- (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios**

Specify:

DNR Capital conduct a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level. This report includes aggregate portfolio scenario analysis using the IEA Sustainable Development Scenario (SDS), which limits the global average temperature rise to well below 2 degrees and pursues efforts to limit it to 1.5 degrees. The scenario analysis compares the portfolio's emission pathway to the climate scenario budget. It also conducts attribution analysis at the sub sector level to determine how the climate scenario budget is used and the percentage of portfolio holdings, by subsector, that are aligned.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

DNR Capital assess climate risk at the stock level and at the aggregate portfolio level. At the stock level, this includes:

- Climate change is one of nine factors assessed in DNR Capital's ESG score. Our ESG score is one of five components of our proprietary 'quality web', which is used to assess the quality of companies.
- Once a company is assessed to meet DNR Capital's quality criteria, detailed company analysis and valuation work is conducted to determine whether sufficient return upside exists.

Consistent with DNR Capital's ESG integration and engagement investment strategy, climate change risks and opportunities are also factored into this assessment, our framework for this assessment is discussed in more detail below.

- Where material climate change risks are identified, DNR Capital will conduct a dedicated ESG engagement with the company.

At the aggregate portfolio level this includes:

- DNR Capital conduct a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level, including scenario analysis.
- DNR Capital maintain a database of company and portfolio level climate related indicators that is monitored and tracked over time.

We assess a stock's transition plan using the following framework:

- climate governance including: remuneration alignment with achievement of climate related outcomes, adequacy of climate experience at the Board level, climate strategy and integration of climate in capital allocation decisions and capex budget;
- climate disclosure including: TCFD compliance, climate scenario analysis and granularity of climate scenario analysis at asset level, signpost analysis and view on current transition trajectory;
- net zero commitment including: Science Based Targets initiative (SBTi), ambition of medium and long term targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets to achieve targets; and
- physical climate including: risk assessment, asset resilience and capex budget.

At the aggregate portfolio level we track and monitor:

- portfolio emission exposure analysis (carbon footprint and carbon intensity contributors and attribution);
- climate scenario analysis (portfolio compliance with emission budgets and by sector);
- net zero analysis (assessment of quality and alignment of commitments);
- fossil fuel involvement and physical climate risk assessment;
- assessment of portfolio climate risk using ISS' proprietary "Carbon Risk Rating" (portfolio distribution of scores, top/bottom 5 rated holdings and sector attribution).

The outcomes of these climate change assessments informs investment decision-making and portfolio construction.

(2) Describe how this process is integrated into your overall risk management

DNR Capital assess climate risk at the stock level and at the aggregate portfolio level.

At the stock level, consistent with DNR Capital's ESG investment philosophy, where we invest in a company with climate risks, the forecast return is sufficient to compensate for the risk.

At the portfolio level, aggregate climate risk is tracked and monitored over time. Deterioration in aggregate climate risk metrics may trigger a re-evaluation of underlying portfolio construction. Aggregate climate risk is considered in portfolio construction alongside other risk factors including liquidity risk, forecast risk and equity raising risk.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

DNR Capital manage climate-related risks through company engagement and portfolio construction.

Where material climate risk is identified in the investment decision making process, DNR Capital conduct comprehensive climate related engagement initiatives, advocating for:

- climate governance including: remuneration alignment with achievement of climate related outcomes, adequacy of climate experience at the Board level, climate strategy and integration of climate in capital allocation decisions and capex budget;
- climate disclosure including: TCFD compliance, climate scenario analysis and granularity of climate scenario analysis at asset level, signpost analysis and view on current transition trajectory;
- net zero commitment including: Science Based Targets initiative (SBTi), ambition of medium and long term targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets to achieve targets; and
- physical climate including: risk assessment, asset resilience and capex budget.

Improvement in the climate strategy and risk management of underlying stock holdings reduces aggregate climate risk at the portfolio level.

At the portfolio level, aggregate climate risk is tracked and monitored over time.

Deterioration in aggregate climate risk metrics may trigger a re-evaluation of underlying portfolio construction. Aggregate climate risk is considered in portfolio construction alongside other risk factors including liquidity risk, forecast risk and equity raising risk.

(2) Describe how this process is integrated into your overall risk management

DNR Capital manage climate-related risks through company engagement and portfolio construction.

Where material climate risk is identified in the investment decision making process, DNR Capital conduct comprehensive climate related engagement initiatives, advocating for:

- climate governance including: remuneration alignment with achievement of climate related outcomes, adequacy of climate experience at the Board level, climate strategy and integration of climate in capital allocation decisions and capex budget;
- climate disclosure including: TCFD compliance, climate scenario analysis and granularity of climate scenario analysis at asset level, signpost analysis and view on current transition trajectory;
- net zero commitment including: Science Based Targets initiative (SBTi), ambition of medium and long term targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets to achieve targets; and
- physical climate including: risk assessment, asset resilience and capex budget.

Improvement in the climate strategy and risk management of underlying stock holdings reduces aggregate climate risk at the portfolio level.

At the portfolio level, aggregate climate risk is tracked and monitored over time.

Deterioration in aggregate climate risk metrics may trigger a re-evaluation of underlying portfolio construction. Aggregate climate risk is considered in portfolio construction alongside other risk factors including liquidity risk, forecast risk and equity raising risk.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

(A) Exposure to physical risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

(1) Metric or variable used

- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology

(B) Exposure to transition risk

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed

(3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://dnrcapital.com.au/wp-content/uploads/2023/09/DNR9369-Stewardship-Report-2023_FINAL.pdf

(C) Internal carbon price

(D) Total carbon emissions

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - **(2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://dnrcapital.com.au/wp-content/uploads/2023/09/DNR9369-Stewardship-Report-2023_FINAL.pdf

(E) Weighted average carbon intensity

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - **(2) Metric or variable used and disclosed**
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://dnrcapital.com.au/wp-content/uploads/2023/09/DNR9369-Stewardship-Report-2023_FINAL.pdf

(F) Avoided emissions

(G) Implied Temperature Rise (ITR)

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - **(1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - **(1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

(I) Proportion of assets or other business activities aligned with climate-related opportunities

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - **(1) Metric or variable used**
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

(J) Other metrics or variables

- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

- (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - **(2) Metric and methodology disclosed**
- (2) Provide links to the disclosed metric and methodology, as applicable

(B) Scope 2 emissions

- (1) Indicate whether this metric was disclosed, including the methodology
 - (1) Metric disclosed
 - (2) Metric and methodology disclosed**
- (2) Provide links to the disclosed metric and methodology, as applicable

- (C) Scope 3 emissions (including financed emissions)
- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets**
- (B) The UNFCCC Paris Agreement**
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)

- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
 - (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities
- Explain why not:

DNR Capital manage sustainability outcomes connected to its investment activities through company engagement and portfolio construction. Beyond these measures, DNR Capital has not taken any specific action on sustainability outcomes connected with its investment activities.

The key sustainability outcomes identified include climate change and poor employee performance practices, which may include modern slavery. Where climate change is identified as a sustainability outcome, DNR Capital conduct company engagement, advocating for:

- climate governance: remuneration alignment, Board experience, climate strategy and capital allocation decisions;
- climate disclosure: TCFD compliance, climate scenario analysis;
- net zero commitment: Science Based Targets initiative (SBTi), ambition of targets, inclusion of scope 1, 2 and 3 emissions, strategy, plan and resourcing to achieve targets, reliance on offsets; and

- physical climate: risk assessment, asset resilience and capex budget.

Where inadequate employee practices are identified as a sustainability outcome, including modern slavery, DNR Capital conduct company engagement, advocating for:

- Governance: remuneration alignment, accountability;
- Risk management and strategy implementation: resourcing; and
- Disclosure: engagement performance, diversity and inclusion indicators, modern slavery breaches and remedial actions.

Improvement in the climate change and employee practices of underlying stock holdings reduces aggregate sustainability outcomes at the portfolio level.

At the portfolio level, aggregate climate change and employee performance indicators are tracked and monitored over time.

Deterioration in these indicators may trigger a re-evaluation of underlying portfolio construction. Aggregate climate change and employee performance indicators are considered in portfolio construction alongside other risk factors including liquidity risk, forecast risk and equity raising risk.

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes
- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities
- (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

(A) Corporate disclosures

Provide further detail on how your organisation used these information sources:

Corporate disclosures including the annual report, sustainability report, modern slavery statement, company shareholder briefings, news announcements and other disclosures are used to identify and assess modern slavery risk, including modern slavery governance, risk management policies and practices, grievance and remedy mechanisms and transparency. Where modern slavery is identified as a material risk, DNR Capital will also conduct company engagement.

(B) Media reports

Provide further detail on how your organisation used these information sources:

Media reports are used to identify and assess modern slavery risk, including modern slavery risk management policies and practices, grievance and remedy mechanisms and transparency. Where modern slavery is identified as a material risk, DNR Capital will also conduct company engagement.

- (C) Reports and other information from NGOs and human rights institutions
- (D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank
- (E) **Data provider scores or benchmarks**

Provide further detail on how your organisation used these information sources:

DNR Capital's subscription to ISS' modern slavery indicators is used to identify instances of modern slavery or the potential for modern slavery. Where ISS data indicate modern slavery risk, DNR Capital conduct a more detailed desk top review using corporate disclosures, media reports and sell-side research. Where modern slavery is identified as a material risk, DNR Capital will also conduct company engagement.

- (F) Human rights violation alerts
- (G) **Sell-side research**

Provide further detail on how your organisation used these information sources:

Sell-side research is used to identify and assess modern slavery risk, including modern slavery governance, risk management policies and practices, grievance and remedy mechanisms and transparency. Where modern slavery is identified as a material risk, DNR Capital will also conduct company engagement.

- (H) Investor networks or other investors
- (I) Information provided directly by affected stakeholders or their representatives
- (J) Social media analysis
- (K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

- (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities
- (C) **No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year**

Explain why:

Where DNR Capital identified risk exposure or incidents of modern slavery, through its company engagement program, advocated for:

- Modern slavery governance (remuneration alignment, Board experience, engagement);
- Modern slavery strategy;
- Modern slavery risk management and strategy implementation (resourcing); and
- Modern slavery disclosure.

DNR Capital did not directly enable access or remedy for people affected by negative human rights outcomes connected to our investment activities.

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

(3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors

(1) for all of our AUM

(B) Yes, our investment process incorporates material environmental and social factors

(1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period

(1) for all of our AUM

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion

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(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors ○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

(3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but it does not include scenario analyses (1) for all of our AUM

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion ○

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies ○

(B) Yes, we have a formal process but it does not include scenario analysis - Specify: (Voluntary)

DNR Capital monitor the investment landscape for changes in ESG related regulation and trends. Where material trends emerge, DNR Capital will assess the potential implications for its equity strategies.

DNR Capital monitor legislative changes, media reports, company disclosure, client requests and broker reports and attend industry conferences to assess ESG related regulatory and thematic changes. Where material trends emerge, DNR Capital will present these trends to the Socially Responsible Investment Committee (SRIC) and communicate them to the investment team. DNR Capital will seek to assess the implications through a variety of measures including:

- Quantify thematic using ISS data at the underlying stock and aggregate portfolio level;
- Conduct deep dive ESG related research at the underlying stock level to assess potential impact on investment thesis and valuation outlook; and
- Conduct company engagement initiatives.

Each of these initiatives may be factored into investment decision-making and portfolio construction. Where regulatory changes are proposed, DNR Capital will formulate a plan to evolve ESG related processes to ensure compliance with the new regulation, subject to materiality, this may be presented to the Board or SRIC for discussion and approval.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(3) in a minority of cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

(3) Active - fundamental

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(1) in all cases

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(1) in all cases

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(1) in all cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(3) in a minority of cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

DNR Capital used its multifaceted approach to identify and assess ESG risk for National Australia Bank (NAB). The outcomes of this process were discussed with the investment team, portfolio manager and CIO. NAB's strong ESG capabilities contributed to the house view that NAB was the preeminent Australian bank. This along with its attractive valuation, resulted in a large overweight position, and was one of only two banks held in the portfolio.

NAB ESG score: 5 (scale 0-5, reflecting high quality ESG capability)

Excerpt from NAB ESG Research Report:

NAB, as a major financial services company, relies on its employees as its most valuable asset, as the business is a customer facing brand subject to reputational risk.

Key sustainability opportunities are the provision of financial services with social and environmental benefits in addition to equal access to financial services. Key risks facing the business include the direct and indirect impacts of sector financing and employee and stakeholder engagement.

Strong ESG governance, with engaged Board and executive remuneration aligned to ESG outcomes.

1. Biodiversity sustainability/physical climate risk

As Australia's largest lender to agricultural business, NAB recognises the importance of supporting the sector as it responds to opportunities and risks from natural capital.

In November 2021, NAB launched the pilot phase of its Agri Green Loan, a product designed to help agribusiness customers invest in eligible on-farm practices and projects that reduce GHG emissions, and/or build resilience against climate-related risk.

2. Climate strategy

NAB's key climate risk relates to its loan exposure and NAB has set a long-term goal of net zero for its lending portfolio by 2050. The business has been carbon neutral in its operations since 2010.

NAB reports using the TCFD framework and are not SBTi aligned.

Climate initiatives:

- Target to source 100% renewable energy by 2025.
- Maintaining carbon neutrality for emissions yet to be reduced.
- Member of the Net Zero Banking Alliance.

Sector financing commitments:

- Thermal coal: Cap thermal coal mining exposures at 2019 levels, reducing by 50% by 2026 and effectively zero by 2030. No new thermal coal mining projects or new to bank thermal mining customers, new or material expansions of coal fired power generation facilities.
- Metallurgical coal: Will continue providing finance to customers in this segment, subject to enhanced due diligence which further considers underlying environmental, social and governance risks.
- Oil & gas: Capped oil and gas exposure at default at US\$2.4bn and will reduce exposure from 2026 to 2050, aligned to IEA NZE 2050.
- Power generation: 2030 target: 0.14 tCO₂-e/MWh (32% reduction against 2021 baseline),
- Cement: 2030 Target: 0.46 tCO₂-e / t (24% reduction against 2021 baseline).

3. Modern slavery

Strong modern slavery policies including Human Rights Policy, NAB Code of Conduct, Group Whistle-blower Protection Policy and Group Supplier Sustainability Principles.

In FY22, no instances of modern slavery or human trafficking were identified in direct association with the Group's own operations. High risk sourcing sectors for the group include office consumables (coffee, tea), cleaning services, corporate clothing, printing, construction, and ICT.

- One Whistle-blower program case was associated with modern slavery.
- No modern slavery and/or human trafficking concerns were raised with the Group about customers through its feedback channels/grievance mechanism.
- NAB identified a number of instances of possible human exploitation that were investigated and reported to AUSTRAC and law enforcement where required.

Further action was taken as appropriate. Similarly, in New Zealand, BNZ investigated several instances of possible human exploitation and reported these to the NZ Police FIU where required.

4. Employee engagement

NAB's engagement score has been consistent sitting at 76%. The response rate has seen a jump in improvement but remained flat in the current period.

This outcome is particularly pleasing given NAB were the most affected by the outcomes of the Royal Banking enquiry and was a laggard with poor company culture at the time.

Code of Conduct breaches spiked in 2021 and steadily increased in 2022. An initial analysis can find the data to be concerning, however the encouraging factor is improving company culture as more people feel safe and compelled to reach out and discuss issues. In turn the better disclosure strengthens company culture and contributes to increased brand reputation.

Employee turnover picked up in 2022, driven by voluntary resignations, which is attributable to the tighter labour market.

DNR Capital's ESG research report has been supplemented by several ESG engagement initiatives, with a key focus on NAB's sectoral carbon financing commitments.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

(3) Active - fundamental

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

DNR Capital used its multifaceted approach to identify and assess ESG risk for Rio Tinto (RIO) and BHP (BHP). RIO's superior asset portfolio, including high grade iron ore deposits and largely hydro aluminium assets are well positioned for the climate transition. Further, RIO is well progressed on delivering on its long-term strategy to build back the market leading reputation RIO enjoyed including strong executive leadership, company culture, local stakeholder engagement and diversity and inclusion, and as such, close the ESG discount it has been trading on since the Juukan Gorge incident. These conclusions were discussed with the investment team, portfolio manager and CIO and formed the basis of DNR Capital's preference for RIO over BHP.

This preference is reflected in the portfolio's overweight holding in RIO which was a positive contributor to portfolio performance over the period.

RIO ESG score: 3 (scale 0-5)

Excerpt from RIO ESG Research Report:

RIO's key ESG issues include climate change, which is both an opportunity and risk, as well rebuilding company culture and stakeholder trust following the Juukan Gorge (2020) and damming findings of the Workplace Culture Report (2022). Climate change is both a key opportunity and risk for RIO. RIO has proactively repositioned its portfolio to focus on future facing commodities with the notable cessation of its coal operations in FY19.

RIO's portfolio of largely hydro powered aluminium assets is well positioned to benefit from a "green premium". Whilst the rate at which the steel industry decarbonises is a risk for RIO, RIO has optionality within its portfolio to produce high grade iron ore from its Simandou project and through selectively mining RIO's WA assets.

Following the events of 2020 and 2022 RIO has undertaken a process of significant change to rebuild stakeholder trust, company culture, risk management and cultural heritage processes. The Board has been instrumental in this process.

The Chairman has biannual meetings with TOs and the Sustainability Committee continues to oversee:

- Review of cultural heritage management;
- Inquiry into Juukan Gorge; and
- Workplace Culture Report.

The Board are satisfied with progress made on each initiative, acknowledging it will take time to rebuild trust and relationships. Executive remuneration is aligned to ESG outcomes.

Climate strategy

RIO have strong climate governance and have been an industry leader in climate related disclosure and transparency.

In 2020, RIO set new Scopes 1 and 2 GHG emissions targets set out below:

- Committed to net zero by 2050 across Scopes 1 and 2; and
- 50% reduction in Scope 1 and 2 emissions by 2030. 15% absolute reduction by 2025.

RIO does not have a scope 3 target but highlighted collaborations with customers on blast furnace optimisation and alternative steelmaking technologies. RIO's higher grade Pilbara ore and Simandou ore is suitable for use in DRI steel making technology.

RIO has conducted scenario analysis modelled on three different scenarios:

- In all scenarios, China's steel demand growth is forecast to slow as its economy matures offset by growth in India and Southeast Asia. Wind turbines have a higher steel intensity than conventional generation, but the shift to electric vehicles will reduce steel demand in the automotive sector in favour of aluminium.
- In 2 scenarios, traditional and energy transition demand in the transport and electricity sectors doubles demand for aluminium semi-fabricated products over the next three decades.
- Copper demand increases with the rapid adoption of EVs and growth in solar and wind generation, which all have higher copper intensities than conventional technologies.

Local stakeholder engagement/employee engagement

RIO has been investing heavily to rebuild trust and strengthen relationships that were damaged because of the destruction of rock shelters at Juukan Gorge in May 2020. In September 2021, RIO released its first Communities and Social Performance Commitments Disclosure Interim Report which states 11 commitments. Of note, is its Juukan Remediation Project. Other initiatives include:

- Modernising TO agreements;
- Consulting TOs in mine planning process;
- Increasing indigenous employment; and
- Improve cultural heritage management standards.

In 2021, RIO conducted an external expert review of workplace culture, to identify challenges such as bullying, sexual harassment, racism and other forms of discrimination, and to make recommendations which could strengthen RIO's workplace culture and ensure sustained cultural change. The findings were damning. The Board and management took the decision to make the report public to engage its workforce on the scale of the issue and to build momentum for change. RIO has undertaken to implement all 26 recommendations from the Workplace Culture Report and has committed to undertake the study again in 2024, to benchmark progress against its undertakings.

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
 - Sections of PRI report reviewed
 - (1) the entire report
 - (2) selected sections of the report
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
 - Sections of PRI report reviewed
 - (1) the entire report
 - (2) selected sections of the report

- (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year