

DNR Capital Australian Emerging Companies Strategy

ESG and Stewardship Policy and Procedure

21 April 2026

PART A – POLICY

1. Commitment to policy

DNR Capital believe that Environmental, Social and Governance (“ESG”) factors may affect a company’s risk or return outlook. The portfolio managers of the Australian Emerging Companies Strategy (“EC Strategy”) therefore identify and monitor ESG risks and opportunities where they may influence the financial performance or valuation of an investment.

ESG considerations are not applied for ethical, sustainability, or impact objectives, but rather for their potential to contribute to a company valuation. Where the EC Strategy may invest in a company with identified ESG risk, the forecast return is expected to compensate for the risk.

Insights gained through ESG risk identification and monitoring also inform the EC Strategy’s broader stewardship approach. Where appropriate and in the best interests of shareholders, the EC Strategy may engage with company management to address material ESG issues or encourage improved practices.

2. Policy owners

The owners of this Policy are the Portfolio Managers of the EC Strategy.

3. Purpose of this policy

This Policy sets out DNR Capital’s approach for its EC Strategy, for identifying and monitoring ESG risks and opportunities and considering potential impact on risk and return and inform the EC strategy’s broader stewardship approach. This Policy applies to:

- The EC Strategy
- Members of the Socially Responsible Investment Committee (SRIC)

4. Roles and responsibilities

The Board of DNR Capital retain ultimate accountability for ensuring compliance with this Policy, and that appropriate systems, controls and resources are in place to support its implementation.

4.1. Policy owners

The policy owners are responsible for the development, maintenance and periodic review of this Policy. They ensure that the Policy remains aligned with its investment approach and that ESG related processes are documented and records are retained.

4.2. ESG Investment Analysts

The ESG investment analysts are responsible for supporting the Portfolio Managers to identify and monitor ESG risks and opportunities that may impact a company’s risk or return outlook. Their role includes conducting screening and risk assessments, maintaining relevant datasets and analytical tools, ESG research and contributing insights to engagement activities.

4.3. Socially Responsible Investment Committee.

The Socially Responsible Investment Committee is a subcommittee of a board appointed Investment Committee, which assists the Board of DNR Capital with overseeing the implementation of this Policy.

4.4. Risk and Compliance

The Head of Risk & Compliance monitors compliance with this policy, supporting the regulatory obligation of ensuring that ESG related disclosures are accurate.

PART B – PROCEDURE

5. ESG risk and opportunity identification

The EC Strategy recognises that ESG factors may impact a company's risk or return outlook. While ESG considerations are not applied through a binding pre investment framework, the portfolio managers may take relevant E, S or G factors into account where they view that these may impact a company's future financial performance. This flexible and subjective approach allows the Portfolio Managers to incorporate ESG insights where appropriate, without constraining the broader investment process.

The EC Strategy identify ESG risks and opportunities within their investment portfolio using the following risk identification tools:

- Climate risk filter;
- Modern slavery risk filter;
- Controversy filter; and
- Media monitoring.

The three risk filters are run on a quarterly basis by the ESG Analysts, the outputs of the quarterly risk screen are documented and reviewed with the Portfolio Managers. The identified ESG risks and opportunities will be assessed for their potential to impact the future financial performance of the company. Insights derived from the risk screens may inform the EC Strategy's corporate engagement priorities and objectives. Screening of risks within the EC Strategy portfolio is systematic, but decisions arising from the screening remain discretionary and financially driven.

5.1. ESG assessment

The EC Strategy does not apply a prescribed methodology, weighting system, or fixed schedule for assessing ESG considerations pre investment. The extent to which ESG factors are considered will vary depending on the investment under consideration, the availability of information, and a subjective judgement by the Portfolio Managers as to the effect on a company's future financial performance.

Examples of ESG risks that may be considered include corporate governance, climate, modern slavery, work health and safety and data security. These examples are illustrative only and do not represent an exhaustive or consistently applied list.

5.2. Monitoring of ESG risks and opportunities

Once an investment has been made, the EC Strategy will conduct quarterly ESG risk screening, and ESG monitoring as outlined below:

- Maintain a database of company level ESG indicators that is monitored and tracked over time;

- Track and monitor portfolio level ESG indicators, including performance relative to benchmark; benchmark comparisons are informational only, no ESG performance targets are set for the EC Strategy.
- Media monitoring;
- In-house ESG research and company engagement as required.

The use of ESG screening tools, databases or indicators does not imply that ESG factors are determinative, systematically integrated or decisive in all investment decisions.

6. Stewardship

The EC Strategy undertakes stewardship activities that support the long-term financial interests of clients. Stewardship is focused on promoting good governance, encouraging transparent disclosure, and addressing ESG risks where these may influence a company's financial performance or valuation. Stewardship activities are applied on a discretionary basis and may include engagement with company management, monitoring of ESG controversies, and exercising proxy voting rights.

6.1. Corporate engagement

6.1.1. Engagement execution

Insights gained through ESG risk identification and monitoring, may prompt company engagement when it is considered to be in the best interests of shareholders.

Corporate engagement is carried out primarily through meetings with boards and senior management teams. These discussions may address a wide range of topics, including governance practices, remuneration structures, ESG strategy, climate risks, modern slavery and social issues and the quality of company disclosures.

6.1.2. Documentation and follow-up

All engagement activities are documented to ensure a clear record of issues raised and commitments made by the company. The EC Strategy will monitor progress against these commitments over time. The insights and outcomes from each engagement are then used to inform investment decisions and ongoing portfolio management.

6.1.3. Engagement escalation framework

When engagement does not result in satisfactory progress, the EC Strategy may escalate its stewardship activities to seek an outcome where risks and concerns are appropriately addressed. Escalation steps are discretionary and may not be applied in all cases.

Escalation typically begins with further engagement. If concerns remain unresolved, the EC Strategy may take formal action through proxy voting to signal its position on governance, remuneration and other key concerns. Where risks continue to be inadequately mitigated, the EC Strategy may adjust portfolio weightings or consider divestment. In circumstances where divestment is pursued, exit planning is undertaken to ensure an orderly and responsible withdrawal.

6.2. Proxy voting

6.2.1. Principles

Proxy voting is an integral part of the EC Strategy's stewardship responsibilities. Voting decisions seek to protect long-term shareholder value and can support sound ESG outcomes, where ESG outcomes may impact a company's future financial performance.

The guiding principle when the EC Strategy votes on a resolution is that our voting decision must be in the best interests of our clients. Decisions are made on a case-by-case basis after an assessment of the relevant information available and after considering our governance guidelines, which include:

- A majority of independent directors
- Appropriate director skills matrix
- An independent Chair who is not the CEO
- Board and management diversity
- An audit committee with a majority of independent directors and a Chair who is not the Company Chair
- A commitment to act ethically and responsibly
- Good disclosure of information about the company, its governance and its material risks
- Remuneration structures that incentivise management and align minority shareholder interests, DNR Capital consider the following factors when assessing the merits of remuneration structures:
- Quantum of total remuneration package, in absolute terms and relative to the relevant peer group, and with consideration to company total shareholder returns and key person risk;
- Selection of peer group for comparative purposes;
- Structure of package, including weighting of cash and 'at risk' instruments and weighting of short- and long-term incentives;
- Selection of STI scorecard metrics and LTI hurdles;
- Performance hurdles are adequately disclosed and sufficiently challenging;
- Accounting treatment and discretionary adjustments made to performance hurdles;
- Management's personal shareholding;
- Retention instruments are reasonable and structured to align with minority shareholders;
- Termination entitlements are reasonable.
- When considering shareholder resolutions, DNR Capital will assess the merit of the proposal and vote in line with our clients' best interests. Consideration will be given to the proposed mechanism for change (i.e. change to the Company's Constitution or similar) and the substance of the proposal relative to the company's publicly committed actions. EC Strategy may vote in favour of a shareholder resolution as an escalation measure where previous environmental, social or governance engagement has been unsuccessful.

6.2.2. Process

All resolutions are reviewed by the EC Strategy team, considering company-specific circumstances, and in the context of prior engagement history. Research from proxy advisers may be considered as an input, but it does not determine the final voting position. Where resolutions are contentious, the matter may be escalated to the Investment Committee for further consideration.

6.2.3. Alignment with engagement

Voting actions should align with EC Strategy's engagement position. Where engagement has not resulted in adequate progress, votes against directors, remuneration proposal or other key resolutions may be used as a formal escalation mechanism to reinforce stewardship objectives.

6.2.4. Record keeping

DNR capital will maintain records of the ESG related processes detailed in this Policy. This includes its voting record in respect of investments for each financial year on a per client and per resolution basis. The voting record will contain the following details:

- The name of the entity
- The ASX or equivalent code of the relevant securities
- The meeting date
- The resolution number and name or summary of the matter or matters to be voted on at the meeting
- If known, whether the resolution was endorsed by the issuer, its management or another person or another company
- The recommendation by the company management on how to vote
- Whether the EC Strategy voted and how it voted
- In the case of an "against" or the decision not to vote, a record reflecting that and the reason.

7. Reporting

ESG, climate, engagement and proxy voting activities are reported through:

- Annual Stewardship Report
- Client reporting, where requested
- Approved marketing materials
- Bespoke client requests
- DNR Capital web site

All disclosures must be accurate, supported and consistent with underlying processes.

8. Risks of non-compliance to the company

Regulatory risk – the risk that the company, its officers, employees or agents will be subject to criminal, civil or administrative penalties or sanctions. This may include licensing actions, enforceable undertakings, investigative action, or total loss of licence for non-compliance with:

- Financial services laws and regulations
- The AFSL
- Organisational standards
- Internal policies and procedures

Business risk – the risk that DNR Capital's activities may result in poor business outcomes for the company, with a key risk being loss of the AFSL and a direction to cease operations. Compliance with this Policy will enable the Board and delegated staff to appropriately manage this risk.

Reputational risk – the associated damage to the company's reputation as a result of public reporting of non-compliance with our obligations or by being perceived as non-compliant within the market or not meeting undertakings made to our clients and investors. This may also have a detrimental effect on the profitability of the company due to loss of confidence by clients and investors.

9. Monitoring Compliance with the Policy

The Head of Risk & Compliance is responsible for monitoring compliance with this Policy. DNR Capital's ESG capability is reviewed annually by a third party as part of an operational due diligence review.

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

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

Intentional or reckless non-compliance with this Policy is not tolerated by the Board. Depending on the nature and extent of non-compliance, remedial action could include:

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

In determining what remedial action will be appropriate, the Head of Risk & Compliance in conjunction with the relevant business unit manager may have regard to the following matters:

- the number or frequency of similar previous instances of non-compliance by the officer, employee and/or agent (including or service providers)
- whether the non-compliance was intentional or reckless
- the impact the non-compliance has on the ability of DNR Capital to continue to provide the financial services covered by its AFSL
- the actual or potential loss arising to DNR Capital or a client of DNR Capital as a result of the non-compliance actions outlined in the Code of Conduct & Ethics for DNR Capital
- any other relevant facts associated with the non-compliance, and
- any other relevant issues raised.

10. Training

ESG, climate, engagement and proxy voting training is provided at induction and at least annually.

Induction training

The Senior ESG Investment Analyst will provide training on this Policy as part of the induction training for all new investment team employees. Completion by staff will be recorded in the Training Register and it is the responsibility of Human Resources to review whether relevant staff have completed the training.

Ongoing training

The Senior ESG Investment Analyst will also provide refresher training on the Policy at least annually (or as required, where a material change is made to the Policy).

11. Review of the Policy

This Policy and Procedure is reviewed at least every two years (or earlier if required) by the Policy Owners with oversight from Risk & Compliance.

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