FY2026

Stewardship Report

> "During FY2026 DNR Capital received the 'Responsible Investor' designation from the RIAA based upon an assessment of our responsible investment policies and processes."

Responsible Investor 2026

A proud RIAA member

Our commitment to ESG

This Stewardship Report presents key highlights of our FY2026 stewardship program. This report builds on our strong foundation of ESG integration and engagement and highlights the continued investment in our ESG capability. DNR Capital defines ESG integration as the identification, assessment and monitoring of ESG risks and opportunities.

DNR Capital corporate governance initiatives:

- Embedded Corporate Sustainability team, establishing team purpose, roles and responsibilities. The Sustainability team facilitated Senior Leader Team (SLT) education on Australian Sustainability Reporting Standards Australian Accounting Standards Board S2 (ASRS).
- Enhanced Socially Responsible Investment Committee (SRIC) governance and oversight by conducting quarterly meetings independent of Investment Committee (IC) meetings.
- Established a standalone ESG and Stewardship Policy and Procedure for DNR Capital's Australian Emerging Companies Strategy which reflects its ESG investment strategy and processes.

DNR Capital ESG investment initiatives:

- Updated ESG policy suite.
- Continued investment in our stewardship program resulted in FY2026 being our most active period of Chairperson engagement, and the year with our most assertive proxy voting outcomes.
- Enhanced ESG risk identification processes with improved third party climate, modern slavery and controversy screening.
- Continued improvement in the depth and breadth of ESG risk assessment and monitoring.

These initiatives reflect incremental enhancements to our ESG processes in line with industry, regulatory and client expectations.

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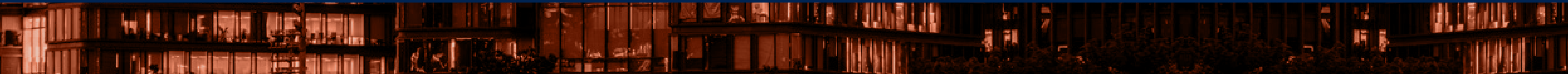
*Table of contents is interactive. Inside page headers are interactive.

This report presents key highlights of our FY2026 stewardship program. The case studies presented are testament to the quality of our company engagement and proxy voting program.



About DNR Capital

DNR Capital is a boutique Australian investment manager that delivers client-focused, long-term investment solutions. DNR Capital is employee owned and has a strong history of innovation. We were one of the first Australian investment managers to adopt a quality investment philosophy, to offer concentrated investment portfolios and to offer a socially responsible investment strategy. We were an early leader in developing Individually Managed Accounts (IMAs) and Separately Managed Accounts (SMAs). This history and innovation, and our quality investment philosophy sets us apart in the Australian investment management industry.

In this time of market volatility, we remain steadfast in our commitment to our high quality, high conviction, concentrated investment philosophy. Quality companies are well placed to deliver investment returns through economic cycles. Concentrated portfolios of quality companies maximise the opportunity for outperformance.

Quality companies
Five factor quality web assessment

Attractive valuations
Exploit mispriced market opportunities

Concentrated portfolios
High conviction holdings

Early participant in Australian ESG
ESG is one of 5 factors used to assess quality companies

Style neutral
Quality bias

DNR Capital's investment strategies

DNR Capital offers a differentiated suite of investment strategies. Each of our strategies builds upon our core investment philosophy of long-term, high conviction, concentrated portfolios of quality companies. These portfolios can be customised, through the management of client specific stock exclusions.

	High Conviction Portfolio	Socially Responsible Portfolio	Income Portfolio	Emerging Companies Portfolio
	Large cap	**Large-Mid cap bias**	**Large cap**	**Small cap**
Experience	Est. Oct 2002	Est. June 2006	Est. Dec 2007	Est. Dec 2017
Focus	Capital growth	Socially responsible	Growing, tax effective income	Capital growth from smaller companies
Structures	Fund, SMA, IMA	SMA, IMA	Fund, SMA, IMA	Fund
Benchmark	S&P/ASX 200 Total Return Index	S&P/ASX 200 Total Return Index	S&P/ASX 200 Industrials Total Return Index	S&P/ASX Small Ordinaries Total Return Index
Results	**2.20% p.a.**[1] *Excess return since inception*	**2.10% p.a.**[1] *Excess return since inception*	**1.05% p.a.**[1] *Excess return since inception* **7.43% p.a.** *Gross yield since inception*	**13.29% p.a. (net of fees)**[2] *Excess return since inception*

Quality stocks at attractive prices (style neutral)

Delivering excess return since inception[3]

As of 30 June 2026. Past performance is not an indication of future performance.

1 No allowance has been made for taxation and fees are not taken into account.
2 Total return shown for the DNR Capital Australian Emerging Companies Portfolio has been calculated net of all fees.
3 Since inception (October 2002) per annum return for the DNR Capital Australian Equities High Conviction Portfolio.

> "This report highlights DNR Capital's stewardship initiatives across all our Australian equities investment strategies."

Our approach to ESG

DNR Capital has a multi-faceted approach to identifying, assessing and monitoring ESG risks and opportunities. Our ESG score[1] 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 risk-adjusted return upside exists. ESG risks and opportunities are identified and where they are deemed to impact our view on a company's risk and return outlook, we will conduct a detailed assessment. The outcomes of these assessments inform investment decision-making and portfolio construction.

Our long-term investment horizon enables us to take a long-term view on ESG factors. We have a well-resourced, in-house investment team who conduct ESG analysis.

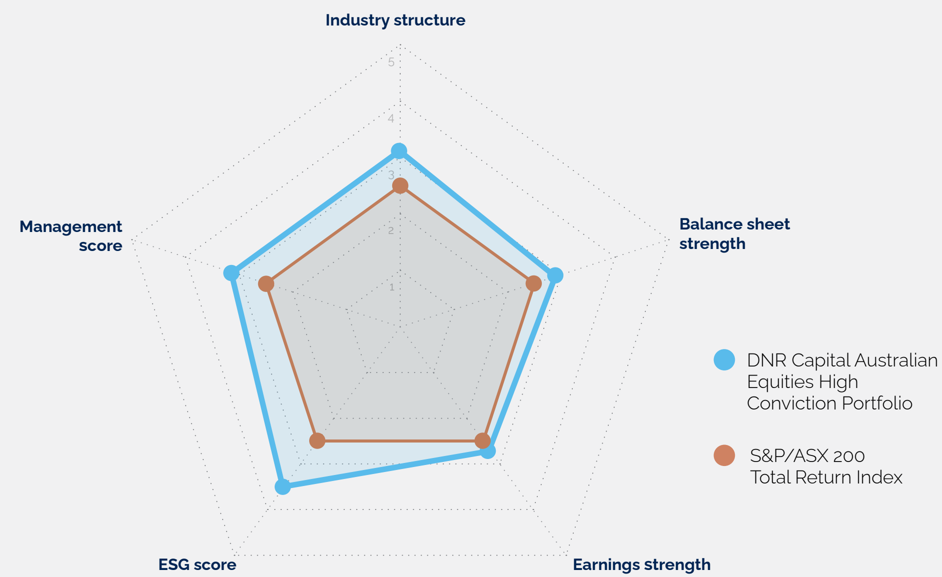
The integration of ESG into investment decision-making is supplemented by our stewardship initiatives, which include company engagement and proxy voting.

As a well-established Australian equities investment manager, we have regular engagement with the companies we hold in our portfolios. Where identified ESG risks or opportunities are deemed to impact our view on a company's risk and return outlook, we may conduct a dedicated ESG engagement with the Chair and/or management teams. These meetings provide an opportunity to understand the company's ESG related governance, risk identification and management strategies and to advocate for best practice.

Proxy voting is a key component of our stewardship program. It is an important shareholder right enabling investors to communicate their views to a company and provide input into key decisions and may also be used as an escalation tool, where other corporate engagement initiatives have been unsuccessful. At DNR Capital, it is our policy to vote where we can on proxy resolutions. The guiding principle is that voting outcomes must be in the best interests of our clients.

DNR Capital's ESG capabilities are overseen by the SRIC. The SRIC was established in 2010 and is a subcommittee of the Board-delegated Investment Committee. The SRIC oversees the implementation of our ESG policies and integration of ESG into investment decision-making.

DNR Capital has been a signatory to Principles for Responsible Investment (PRI) since 2009.



As at 30 June 2026

The version of the quality web presented above is utilised by the DNR Capital Australian Equities High Conviction strategy, DNR Capital Australian Equities Income strategy and the DNR Capital Australian Equities Socially Responsible strategy.

> "We have a long history of incorporating ESG factors into investment decision-making across our investment strategies."

1 The ESG score is utilised by the DNR Capital Australian Equities High Conviction strategy, DNR Capital Australian Equities Income strategy and the DNR Capital Australian Equities Socially Responsible strategy.

Investment solutions

Australian Equities Socially Responsible Portfolio (SRI)

The portfolio actively manages and adopts a negative screening strategy, combined with an ESG ratings assessment, ESG integration and stewardship, to deliver responsible investment in the selection, retention and realisation of investments.

The DNR Capital Australian Equities Socially Responsible Portfolio offers investors exposure to a concentrated portfolio of high quality stocks that offer attractive valuation. The portfolio was recertified by the Responsible Investment Association Australasia (RIAA) in 2024.

The portfolio's negative screening aims to preclude the portfolio from owning companies that derive any revenue from:

- **Tobacco or nicotine alternative products** – production or manufacture of tobacco, tobacco-based products or nicotine alternative products.
- **Controversial weapons** – production or manufacture of controversial weapons including biological or chemical weapons, depleted uranium ammunition/armour, anti-personnel mines, cluster munitions/sub-munitions or nuclear weapons and their key components.

The portfolio's negative screen also precludes the portfolio from owning stocks where the company's core business is:

- **Pornography** – production, distribution or sale of pornography.
- **Gambling** – ownership or operation of a gambling related business or manufacture and supply of gambling equipment and systems.
- **Armaments** - production or service of military equipment or civilian firearms.

In determining if the business operation of a company in question is 'core' or 'non-core', DNR Capital considers the relevant business operation's contribution to group gross revenue, inclusion in company strategy and intended allocation of capital. Where the gross revenue contribution of the relevant business operation is 10% or greater it is deemed "core", and where it is less than 10% DNR Capital further considers inclusion in company strategy and intended allocation of capital to determine whether the business is "core". Where the company intends to allocate 10% or more of its capital towards the relevant business operation, the business is deemed "core". The portfolio may hold companies with limited exposure to screened activities where those activities are not considered core under the methodology described.

For a stock to be eligible for inclusion, it must meet our negative screening and quality criteria, must have an ESG score greater than the index average and offer attractive valuation. We define quality companies as those with earnings strength, superior industry position, sound balance sheet, strong management and manageable ESG risk. The index average ESG score is the average ESG score for the portfolio's benchmark, being the S&P/ASX200 Total Return Index.

CERTIFIED RESPONSIBLE INVESTMENT

CERTIFIED BY RIAA

The designation reflects RIAA's assessment of DNR Capital's responsible investment policies and processes and should not be interpreted as an endorsement of investment performance or sustainability outcomes

Resourcing our ESG capabilities

“The investment in our ESG resourcing has been a key enabler for the continued improvement in our ESG capabilities.”

ESG is a firm-wide undertaking. Our CIO is responsible for the firm’s ESG strategy, and we have a well-resourced, in-house investment team who conduct ESG analysis.

DNR Capital’s ESG investment research and stewardship capability is led by Senior ESG Investment Analyst, Natasha McKean, and is supported by Associate Analyst, Sophie Power. Both analysts work with stock analysts and portfolio managers to identify, assess and monitor material ESG risks and to conduct stewardship initiatives across all of our investment strategies. With over 20 years investment experience, Natasha is well placed to deliver DNR Capital’s ESG investment strategy.

Natasha McKean
ESG Senior Investment Analyst

Leverage DNR Capital’s Australian equity investment team capability

Research

Jamie Nicol
Chief Investment Officer

Scott Bender
Portfolio Manager

Tim Bingham
Portfolio Manager

Sam Twidale
Portfolio Manager – Emerging Companies

Mark Sedawie
Portfolio Manager – Emerging Companies

Brendan Mowry
Associate Portfolio Manager

Natasha McKean
ESG Senior Investment Analyst

Sophie Power
Associate Analyst

Quantitative analysis and execution

Lachlan Mayne
Analyst

Michael Lever
Analyst

Sam Israel
Analyst

Ben Clayton
Dealer

Investment Committee review & oversight

Jamie Nicol
Chief Investment Officer

Mark Hancock
Consultant

Senior DNR Capital Australian equity research team

Socially Responsible Investment Committee review & oversight

Justine Hickey
Non-Executive Director

Jamie Nicol
Chief Investment Officer

Natasha McKean
ESG Senior Investment Analyst

Sophie Power
Associate Analyst

Senior DNR Capital Australian equity research team

Principles of Responsible Investment (PRI) 2025 results

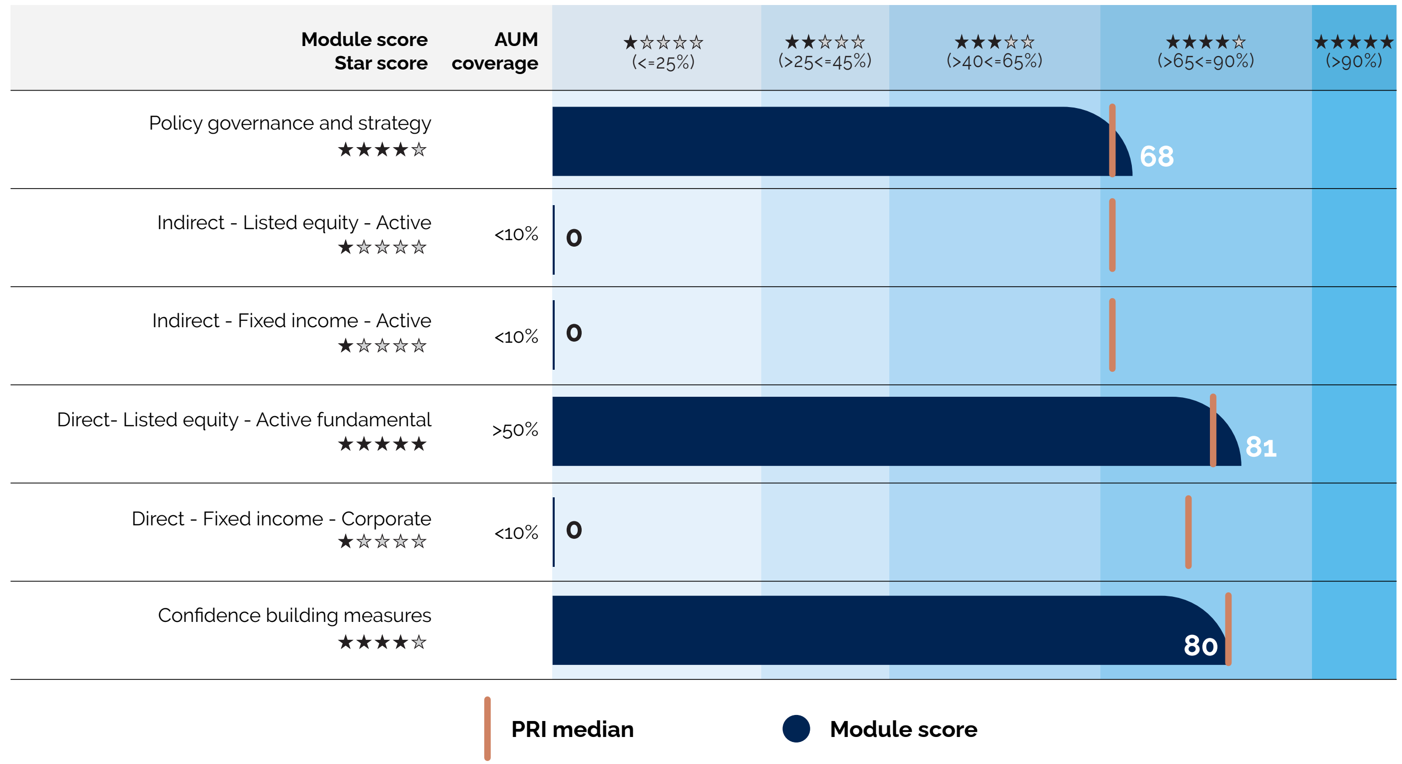
The PRI is considered the industry standard for assessing investment managers' ESG capabilities.

During the year, DNR Capital completed the 2025 Assessment Framework. DNR Capital's PRI ratings for each category is presented below.

In summary, DNR Capital's score for the categories of our core competencies including Policy, Governance and Strategy, Direct Listed equity – Active fundamental and Confidence building measures was ahead of, or in line with, the industry median. DNR Capital's 2025 Assessment Framework scores are also consistent with the scores received for the 2023 Assessment Framework demonstrating consistency of execution over time.

DNR Capital prioritises its ESG resources toward our core competency of direct listed active equity exposure, which accounts for 98% total FUM, where we have the greatest ability to affect ESG-related outcomes.

A link to DNR Capital's full Assessment Report and Transparency Report can be found here.



FY2026 ESG initiatives

During FY2026 we delivered on numerous strategic ESG priorities. These initiatives are outlined below and are discussed in more detail throughout this report.

DNR Capital corporate governance initiatives:

- Embedded Corporate Sustainability team, establishing team purpose, roles and responsibilities. The Sustainability team facilitated Senior Leader Team (SLT) education on Australian Sustainability Reporting Standards Australian Accounting Standards Board S2 (ASRS).
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These initiatives demonstrate our continued investment in our ESG capability in line with industry, regulatory and client expectations.

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Responsible Investor 2026

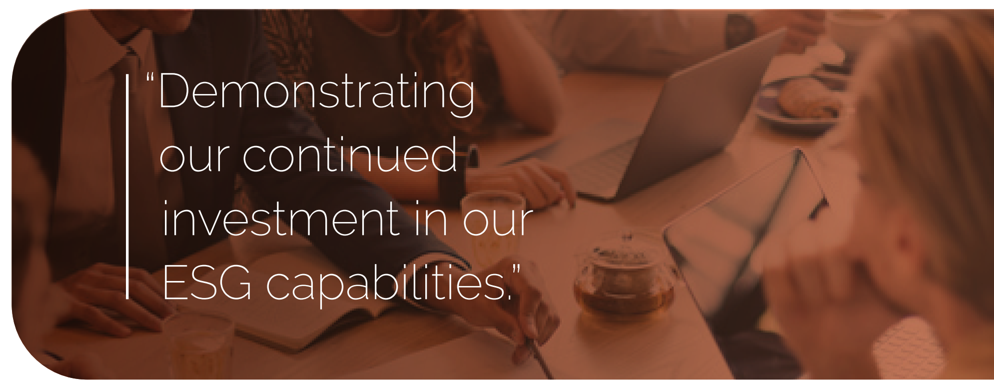
A proud RIAA member

Responsible investment policies

During the period the DNR Capital Board and Investment Committee approved revisions to our suite of ESG related policies including the ESG policy (Investments), Stewardship policy, Climate Change policy and Corporate ESG policy. The key changes to the policies include:

- Consolidation of Corporate Engagement and Proxy Voting policies into a single Stewardship policy;
- Improved articulation of DNR Capital's ESG strategy and processes;
- Formalised support for United Nations Guiding Principles on Business and Human Rights; and
- Formalised definition of ESG controversy identification screen.

More generally the suite of policies was updated to improve governance and alignment with DNR Capital's ESG risk processes. A copy of these policies can be found here on our website.



Emerging Companies

During the year DNR Capital established a standalone ESG and Stewardship Policy and Procedure for the Australian Emerging Companies Strategy. The Australian Emerging Companies Strategy now meets the reporting threshold as a registered scheme for ESG related regulation such as the Australian Modern Slavery Act (2018) and ASRS. As such DNR Capital considered it best practice to establish a standalone ESG and Stewardship Policy and Procedure. The policy affirms the strategy's commitment to identify and monitor ESG risks 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 Australian Emerging Companies Strategy may invest in a company with identified ESG risk, the forecast return is expected to compensate for the risk. The policy reflects ESG considerations specific to the small cap stock universe.

A copy of this policy can be found here on our website.

ESG score methodology

DNR Capital has a proprietary ESG score[1], which is one of five components in our "quality web", used to assess the quality of a company. DNR Capital's ESG ratings assessment considers the relevant company's ESG performance against 9 ESG factors or indicators, grouped under the 'Environmental', 'Social' and 'Governance' categories as set out below.

Environmental	Social	Governance
climate change	modern slavery	corporate governance
water	staff	management quality
eco-efficiency	society	business ethics

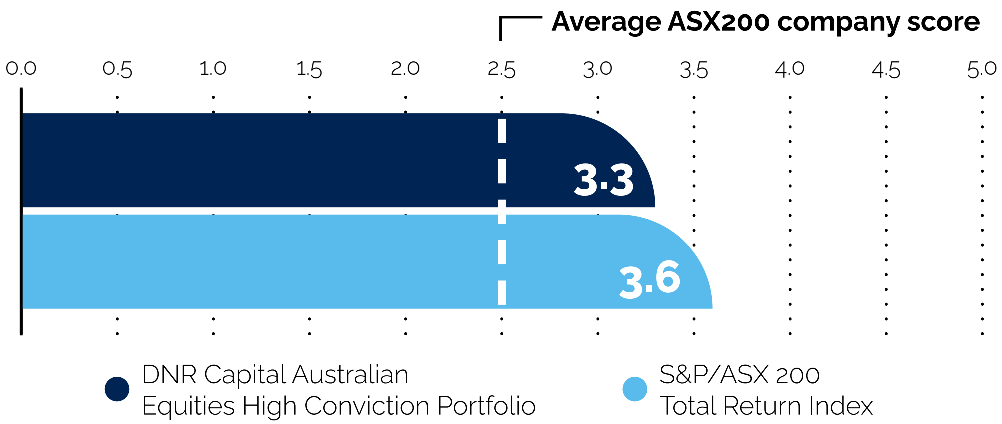
This ESG ratings assessment results in a DNR Capital ESG score which uses the following inputs and methodology:

- Each ESG indicator above is equally weighted.
- Independent provider, Institutional Shareholder Services (ISS) provides data that is used to assess the company's ESG performance for 8 of the 9 ESG indicators (excluding management quality). DNR Capital may change this provider at any time it sees fit.
- DNR Capital's management score for the management quality indicator.
- This process yields an aggregate company score of 0 to 5, with 5 being the highest score.
- The DNR Capital investment team reviews and sense check all the outputs, in absolute and relative terms, compared to the company's sector data. They may propose an amended company score, supported by appropriate due diligence material, for approval by DNR Capital's SRIC.

1 The ESG score is utilised by the DNR Capital Australian Equities High Conviction strategy, DNR Capital Australian Equities Income strategy and the DNR Capital Australian Equities Socially Responsible strategy.

ESG score

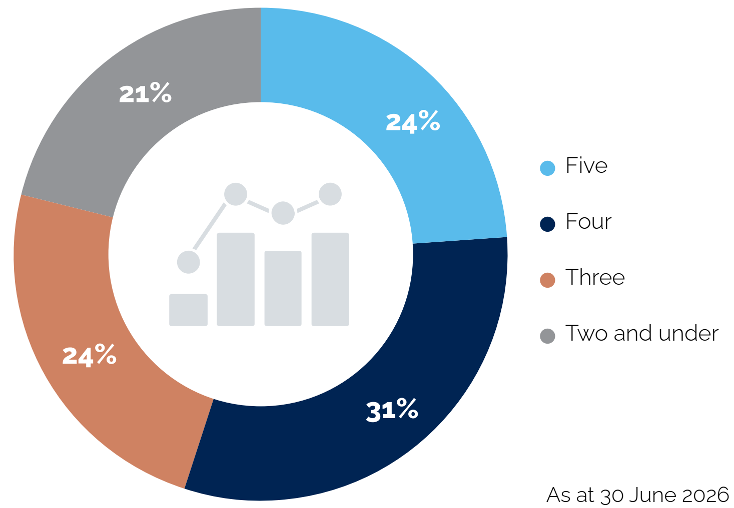
DNR Capital Australian Equities High Conviction Portfolio ESG score outcomes



As at 30 June 2026

Source: ISS data, DNR Capital

DNR Capital Australian Equities High Conviction Portfolio ESG score distribution



55% of companies in the DNR Capital Australian Equities High Conviction Portfolio have an ESG score of **4** or higher

As at 30 June 2026

Source: ISS data, DNR Capital

Stewardship

What is stewardship?

Stewardship, including corporate engagement and proxy voting, is an important component of DNR Capital's approach to responsible investment. Stewardship complements our ESG integration processes, facilitating a structured exchange with investee companies where we aim to influence corporate strategy, policy and behaviour and to lever our voice as minority shareholders on executive remuneration, governance, climate and modern slavery, amongst other issues. As corporate stewards, we seek to promote the long-term viability of the companies we invest in.

"Corporate stewardship is the role of promoting the long-term viability of a company."

Why is it important?

"ESG engagement and proxy voting can create shareholder value."

As supported by research conducted by the PRI, ESG stewardship creates shareholder value in these important ways:

- Engagement between companies and investors not only enhances the understanding of ESG issues but the company more broadly, and is a further tool to assess the quality of a company, promoting improved investment decision making;
- ESG engagement raises awareness at senior management and board level, influencing changes in company behaviour;
- Engagement on ESG factors can result in deeper relationships between investors and portfolio companies, emphasising the importance of better ESG disclosure for shareholders; and
- Proxy voting is a tool for holding boards and management accountable for their performance, ensuring that companies are run for the benefit of shareholders.

"Company engagement is an important component of portfolio management, conducted by ESG and investment analysts for real time feedback into investment decision-making."

Engagement strategy

DNR Capital uses its ESG risk identification framework to prioritise company engagements. Our FY2026 engagement program focused on the following key issues:

- climate change, energy transition and net zero;
- modern slavery and employee engagement; and
- corporate governance and remuneration.

We engage with the Chair or executive management of companies with material exposure to these issues. Through these meetings we seek to understand and critically assess the company's:

- governance and engagement;
- disclosure;
- risk identification and risk management strategies, and implementation thereof; and
- advocate for best practice.

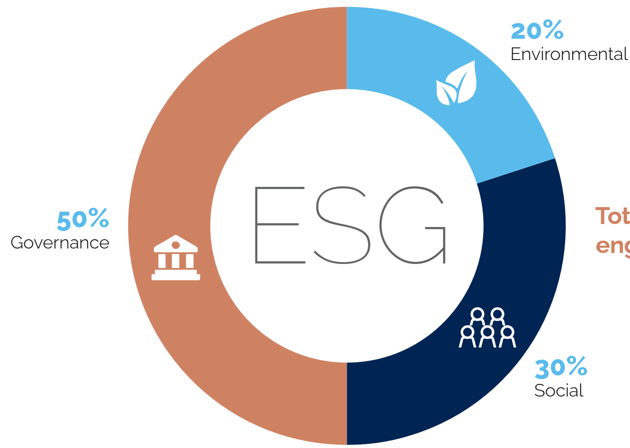
We monitor companies against delivery of stated undertakings and have an escalation strategy if we are dissatisfied with progress. DNR Capital's stewardship initiatives are conducted by our investment analysts, in conjunction with portfolio managers and our ESG investment analysts. As such, the insight gained from each initiative is incorporated into the research and investment decision making process.

DNR Capital has invested in its stewardship program. This is reflected in the FY2026 AGM season outcomes which was both our most active Chairperson engagement and assertive proxy voting program to date. For further details, please refer to the proxy voting section of the report.

DNR Capital's FY2026 engagement program across all investment strategies

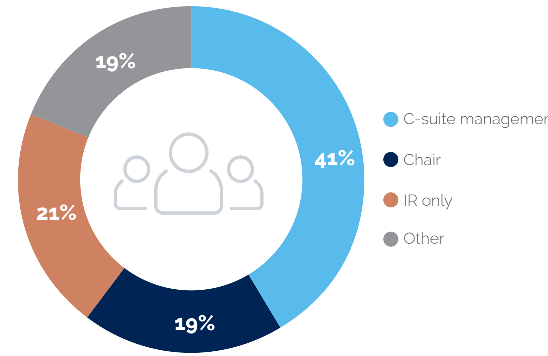
Data as at 30 June 2026

A well balanced program, diversified across key ESG issues.

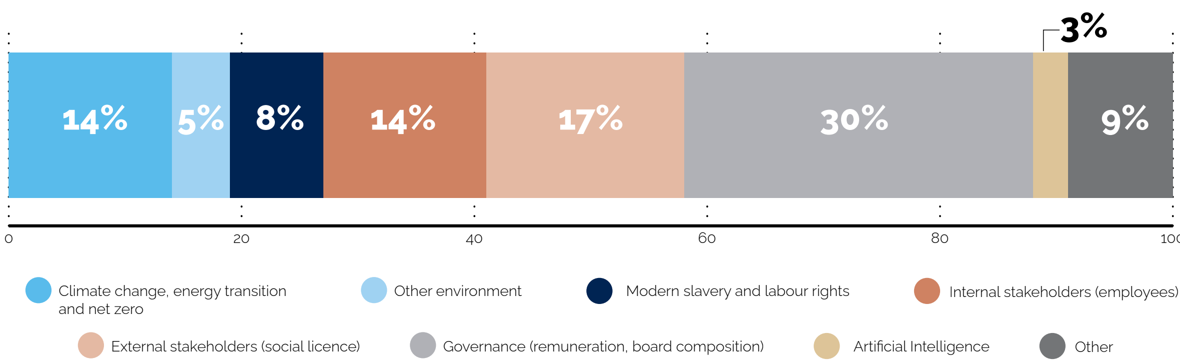


Total number of engagements: 48

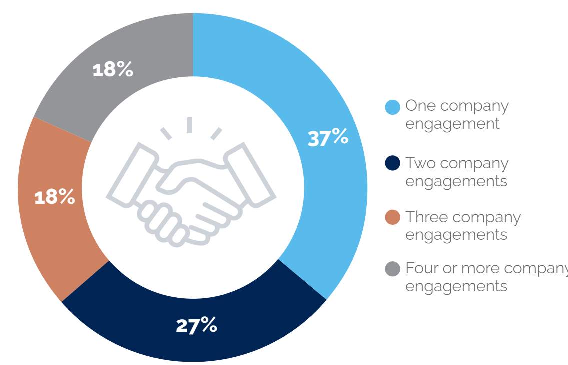
60% of engagements are conducted with company Chair or C-suite management



With a focus on DNR Capital's pillar engagement issues



DNR Capital conducted multiple engagements for over 60% of the companies we met with



Engagement case studies

HC Australian Equities High Conviction Strategy

SRI Australian Equities Socially Responsible Strategy

INC Australian Equities Income Strategy

EC Australian Emerging Companies Strategy

Governance and regulatory compliance

ASX (ASX) HC SRI INC

Objectives

ASX is subject to an Australian Securities and Investments Commission (ASIC) enquiry into its governance, capability and risk management practices. This follows a number of significant operational and governance issues since 2022. ASX announced the resignation of the CEO in February 2026. DNR Capital conducted a series of engagement meetings with ASX including with CEO, CFO and IR to discuss its response to ASIC's report and succession planning.

Comments

ASX has incurred a number of operational and governance issues since 2022 including:

- failure of the CHESS replacement project;
- trading systems outages and performance issues; and
- poor governance relating to ASX's management of clearing and settlement services.

These matters came to a head in June 2025 with the launch of the ASIC enquiry. ASIC released its interim report in December 2025, with the final report released in March 2026. The issues identified in ASIC's report include:

- systematically underinvested in operating expenses and capital expenses in the business over the last 20 years;
- poor governance relating to ASX's management of clearing and settlement (CS) services;
- poor leadership, with management's response to challenges being one of closing the gap, rather than seeking out best practice or striving for excellence;
- cultural challenges hindering the ability to deliver transformational change; and
- inadequate engagement with the regulator.

Most of the issues identified in ASIC's report had already been identified by ASX, however, ASIC was critical of ASX's ambition surrounding these issues. ASX has agreed to the recommendations made in the report, with the following initiatives:

- a reset of the Accelerate Program. This includes extending ASX's strategy beyond horizon one of the foundational and technological improvements to global best practice and improving the consistency of leadership and employee engagement;
- governance overhaul CS facility licensees, resulting in a governance uplift across the whole business;
- consolidation of regulatory oversight by ASIC and Reserve Bank of Australia (RBA). Historically the regulators have been confrontational and required patchwork fixes. Since the report, ASX's experience with the regulators has been more constructive, facilitating engagement and discussion and taking a more strategic long term perspective. This approach will enable ASX to deliver its Accelerate reset strategy;
- the imposition of $150m capital charge to be held by ASX until milestones identified in the reset Accelerate Program are completed.

Outcomes and monitoring

While ASX acknowledge the work required to meet these undertakings, it has adequately provisioned for the associated operating and capital costs. DNR Capital will continue to monitor and engage with ASX for delivery of its commitments.

Governance and regulatory compliance

Macquarie Group (MQG)

HC SRI INC

Objectives

DNR Capital has conducted extensive engagement with MQG's Chair and Chair of Board Remuneration Committee, CEO and Investor Relations regarding the following regulatory non-compliances:

- 7 May 2025: Australian Securities and Investments Commission (ASIC) imposed conditions on Macquarie Bank's (MBL) Australian financial services license relating to repeated compliance failures of Macquarie's futures dealing business and over-the-counter (OTC) derivatives trade reporting; and
- 14 May 2025: ASIC took legal action against Macquarie Securities regarding inaccurate short sale transaction reporting. The reporting issues, some of which dated back a decade, were initially self-reported by MQG in late 2022

The Board and management have responded by acknowledging the failures, implementing formal remediation plans, and applying internal accountability measures.

Comments

MQG management acknowledged, and expressed disappointment, regarding the regulatory compliance failures. The Board understood the gravity of the issues, given ASIC's 14 May legal action is a material step up in ASIC's escalation hierarchy, and acknowledged its responsibility to ensure the highest standards of professional conduct. However, of significance, all DNR Capital's engagements with MQG highlighted that its regulatory failures relate to non-compliance with systems, processes and reporting, rather than to a reckless or negligent operational compliance risk culture.

Management has pivoted to focusing more heavily on non-financial risks, including regulatory, compliance, and operational risks, moving beyond traditional credit and market risk management. Specifically, management has taken the following initiatives regarding each of these matters.

Licensing and derivative reporting:

- MQG has implemented each of the ASIC license conditions including:
  - preparation of a remediation plan to address the failures;
  - appointment of an independent expert to review and report on the adequacy of the remediation activities to address the failures and their root causes; and
  - have the independent expert assess the operational effectiveness of Macquarie's remediation activities.
- Short sale reporting:
  - In December 2025, MQG reached an agreement with ASIC to resolve the 14 May civil proceedings, agreeing to a $35m civil penalty;
  - MQG has implemented additional controls and remediated the specific reporting deficiencies identified in the civil proceedings; and
  - MQG is investing in technology to remove manual processes in transaction reporting.

Supporting these initiatives, MQG has guided to a further increase in its FY26 regulatory and compliance spend. This follows a greater than 15% year-on-year (yoy) increase in regulatory compliance spend for each of the last 5 years.

Outcomes and monitoring

Whilst it is disappointing that these regulatory non-compliance issues materialised in the first instance, DNR Capital is confident that MQG has taken appropriate actions to remedy the issues. DNR Capital will monitor MQG for delivery of its undertakings and engage as required.

Corporate governance

CSL (CSL) HC SRI INC

Objectives

DNR Capital engaged with CSL's outgoing and incoming Chair of the Human Resources and Remuneration Committee and with Head of Executive Compensation, Performance Management and Equity regarding the strategic announcements made at FY25 results, poor management of shareholder communication and CSL's FY25 remuneration outcomes. DNR Capital also advocated for improved shareholder engagement to assist in the process of rebuilding shareholder trust.

Comments

DNR Capital expressed frustration and disappointment with the CSL management team, for the poor management of the FY25 results announcement and strategic review. The miscommunication resulted in significant value destruction for shareholders and required the company to issue clarifying statements. These events have resulted in the loss of trust and confidence in management. Whilst the directors acknowledged the loss of trust, they appeared complacent with respect to the materiality of the value destruction. The directors outlined CSL's plan to regain market trust, which centres around delivery on its promises, including high quality revenue growth, strong margins and strategic initiatives. DNR Capital advocated that CSL would also have to improve shareholder engagement in the process of regaining market trust.

DNR Capital also expressed the view that FY25 remuneration outcomes for the management team did not adequately reflect the issues of value destruction and loss of trust. FY25 Short-term Incentives (STI) for the CEO and CFO were paid entirely in cash and were paid at 124% and 131% target respectively. Further STI has been paid above target for the last three years leading up to the "strategic review", highlighting the inadequacies of the remuneration structure in rewarding the right outcomes.

At the time of engagement, CSL was facing a "second strike" on its remuneration report. CSL had conducted market remuneration benchmarking as a first step to revising its remuneration strategy. DNR Capital challenged CSL on how it intended to balance the competing objectives of US and Australian style remuneration expectations. DNR Capital advocated that it was important that quality management were remunerated to ensure global talent acquisition and retention. DNR Capital acknowledged the higher quantum of total remuneration paid in the US market but maintained that remuneration outcomes need to be structured to align with shareholder outcomes. This includes:

- the use of equity instruments for the payment of STI and LTI; and
- the use of suitable STI and LTI hurdles that incentivise long-term shareholder value creation.

Outcomes and monitoring

DNR Capital was disappointed in the Board's complacent response to the materiality of value destruction and loss of trust in management. Reflecting these concerns, DNR Capital reduced its position size. DNR Capital will maintain ongoing engagement with CSL regarding the restructure of its remuneration report.

Corporate governance

James Hardie Industries (JHX)

HC SRI INC

Objectives

DNR Capital has conducted extensive engagement with JHX regarding the poor governance decisions relating to the AZEK acquisition, Board composition, poor market transparency and communication, and revised remuneration package. DNR Capital met with JHX's Chair, AZEK director-elect, CEO, CFO and investor relations to discuss these important issues.

Comments

A series of poor governance decisions, poor market transparency and company complacency during 2025 resulted in the loss of trust and confidence in the Board and management and ultimately led to a major overhaul of the JHX Board at the 2025 Annual General Meeting (AGM).

In March 2025, JHX announced the acquisition of the U.S. outdoor building materials company AZEK, through a combination of cash and scrip. Despite the acquisition requiring the issuance of 35% more JHX stock, the ASX waived the requirement for JHX to seek shareholder approval for the raising. This, along with the significant price paid for the acquisition, resulted in significant share price weakness. In May 2025, JHX CEO issued optimistic guidance for FY26, despite trading weakness. In August 2025, JHX shattered market confidence by reporting 1QFY26 results that were significantly below market expectations. In October 2025, JHX announced a revised remuneration package that did not adequately reflect the value destruction from the AZEK acquisition. Compounding shareholder frustration, JHX was complacent in its engagement with the market. These events led to the resounding defeat of the following AGM resolutions:

- Chairperson was voted off the Board, along with two other non-executive directors;
- remuneration report was defeated, resulting in a "second strike"; and
- resolution to grant the CEO restricted stock units was also defeated.

Additional governance considerations were given to the election of three former AZEK directors to the JHX board, including Gary Hendrickson, Jesse Singh, and Howard Heckes at the 2025 AGM. DNR Capital assessed any potential conflict of interests arising between JHX CEO and previous working relationships with the three director-elects as small and outweighed by the significant operational experience brought to the JHX Board, along with the alignment with minority shareholders that their significant personal investment in JHX would bring.

Following these events, and subsequent company engagement with CEO, DNR Capital is confident that JHX understands shareholders' issues of poor governance decisions and poor market transparency. JHX has undertaken to improve market messaging, particularly in weak trading environments and improve the communication of market guidance. The Board and management are committed to regaining shareholder trust, which will be achieved through delivering AZEK revenue growth and cost synergies, improving transparency and communication and shareholder engagement.

Outcomes and monitoring

DNR Capital was disappointed in the Board and management's mismanagement of the AZEK acquisition and governance, poor market transparency and remuneration outcomes. DNR Capital will maintain ongoing engagement with JHX regarding the delivery of its undertakings.

Safety and governance

Cleanaway Waste Management (CWY) HC SRI

Objectives

CWY has recorded five fatalities in the past two financial years. In response, DNR Capital has taken the following actions:

- DNR Capital voted against CWY's 2025 remuneration report, as the Board's decision to reduce the short-term incentive (STI) outcome by only 30% was deemed inadequate;
- DNR Capital has conducted multiple engagements with CWY to understand its safety and fatality management strategy, and how the company has incorporated lessons from these incidents into its safety processes; and
- Advocated for more transparent and timely disclosure of fatalities.

Comments

CWY has been on a three-year journey to invest in its safety strategy and improve its safety processes and performance. Over this time, CWY has tripled the size of its safety team, recruiting ex-Woodside Energy Group (WDS) employees to introduce the rigour and discipline of oil and gas industry safety practices. Concurrently, CWY initiated processes to improve company culture and employee engagement, which has been an enabling factor for uplifting the adoption of safety practices.

Executive remuneration is aligned to incentivise improved safety and cultural performance with the following short-term incentives (STI):

- 20% STI aligned with health, safety and environmental outcomes, including 5% weight to total recordable injury frequency rate (TRIFR) and 5% weight to serious injury frequency rate (SIFR). There is a gateway condition for TRIFR and SIFR that no "work-related fatalities within operational control" may occur; and
- 20% STI aligned with cultural outcomes including 10% weight to group voluntary turnover and 10% weight to group female representation.

Following the fatalities in FY25, CWY's management team initiated an external review of CWY's safety strategy to assess whether it was fit for purpose. The Board extended the scope of the external review to provide additional insight and detail. Whilst the details of this review have not been made public, it concluded that CWY's safety strategy and financial resourcing, are adequate.

Separately, CWY has conducted detailed reviews of the five fatalities and has taken the following actions, amongst other initiatives:

- retrained all truck drivers on the T-turn mechanism;
- replaced the contractor at the Lucas Heights facility; and
- begun developing a "Hard End" system, similar to that installed on mine sites, whereby machinery will automatically shut down when in the presence of a person wearing a detector. The technology requires some adaptation given the complexity of landfill sites.

Pleasingly, both CWY's serious injury frequency rate and total recordable injury frequency rate continued to improve in FY26.

DNR Capital advocated for more transparent and timely disclosure of CWY's fatalities. For the period FY25, CWY adopted periodic disclosure of its fatalities. However, from FY26, it has committed to issuing a press release at the time of a fatal incident.

Outcomes and monitoring

DNR Capital's company engagement concluded that CWY management are engaged to improve safety performance. This is also reflected in CWY's STI remuneration structure. Further CWY has invested adequate resources to improve performance. DNR Capital will continue to monitor CWY's safety performance and conduct engagement as required.

Modern slavery

DNR Capital use **ISS' Modern Slavery Scorecard Report** to assist in the identification of modern slavery risk. DNR Capital run the report biannually to assess stock and portfolio level modern slavery risks and to monitor:

- time-series performance trends and;
- performance relative to the benchmark.

The following indicators inform this assessment:

- Modern slavery risk exposure score: assesses a company's geographic location, supply chain and controversy exposure;
- Modern slavery risk management score: assesses a company's preparedness to identify and mitigate modern slavery risks; and
- Modern slavery controversies, as assessed using norms-based research.

Consistent with our ESG integration and engagement strategy, where material modern slavery risk is identified, DNR Capital use the following framework to conduct a deeper dive risk assessment:

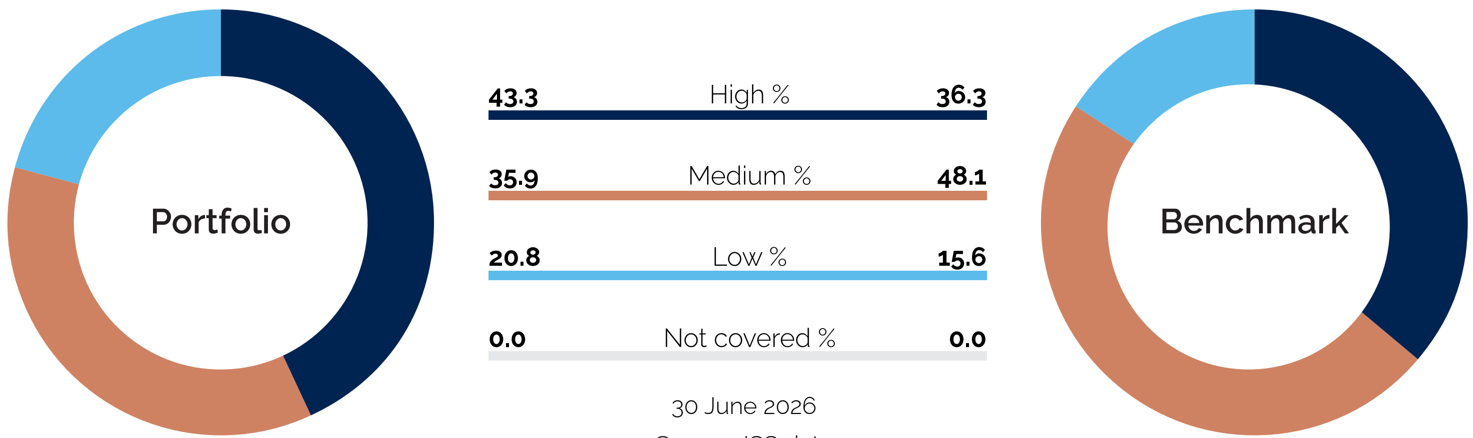
- modern slavery governance and strategy;
- risk identification processes;
- risk management processes;
- remediation processes; and
- company disclosure.

Further, DNR Capital use ISS' Modern Slavery Scorecard Report data to prioritise modern slavery corporate engagement. DNR Capital uses the framework discussed above as the basis for preparing detailed questions for these company engagement meetings.

> "During the period DNR Capital formalised its support for United Nations Guiding Principles on Business and Human Rights."

Modern slavery risk exposure

As outlined in the graphs, the High Conviction strategy held a higher weight of higher risk exposed stocks than the benchmark.



30 June 2026
Source: ISS data

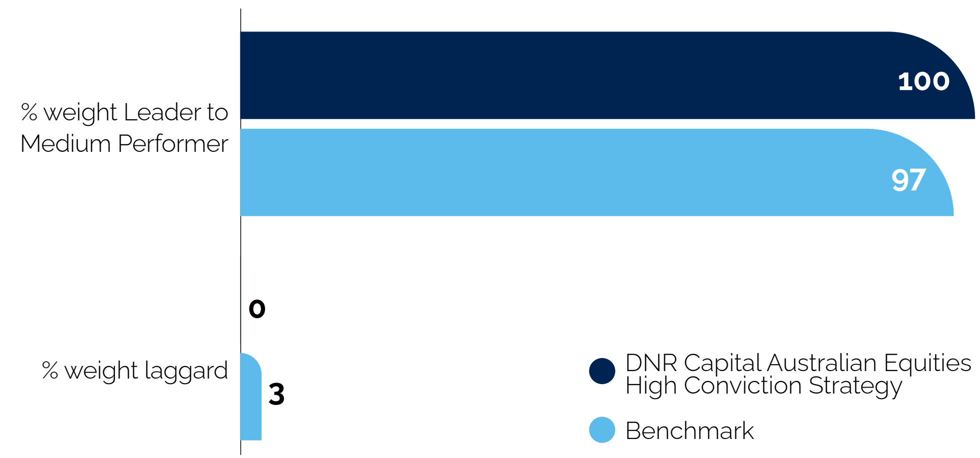
Modern slavery risk is assessed using ISS

As at FY26, there were **no new cases of modern slavery** identified in DNR Capital's Australian Equities High Conviction Strategy.

Modern slavery management score

However, the modern slavery management score for the portfolio, was better than the benchmark, reflecting that whilst the overall risk exposure is higher, the overall risk management is also higher.

DNR Capital conducted dedicated engagements with stocks identified as having high risk exposure (high modern slavery risk exposure score) and lower risk management (lower modern slavery management score).



As at 30 June 2026
Source: ISS data

Modern slavery engagement case studies

Modern slavery

BHP Group (BHP) HC SRI

Objectives

BHP is ascribed an ISS modern slavery risk overall classification of high given its exposure to high-risk geographies and industries. DNR Capital engaged with BHP Managing Counsel Human Rights Commercial and Human Rights and Social Performance to assess the adequacy of its systems and processes to manage this risk.

Comments

BHP has recently formed an ethics, compliance and human rights (ECHR) subfunction, which consolidates BHP's human rights capability. Given the complexity of BHP's supply chain with over 10,000 suppliers in over 60 geographies, BHP takes a risk-based approach to modern slavery risk identification:

- global contract management system (GCMS): modern slavery due diligence conducted during supplier onboarding process, BHP uses the Verisk Maplecroft third-party MS tool and data to assign a risk rating;
- transaction based controls: daily review of purchase orders may trigger supplier risk rating review;
- adverse media monitoring: third-party MS data providers conduct adverse media monitoring;
- risk based audit process: BHP audits a small number (~30 in 2025) of suppliers, audits are conducted by Sedex Members Ethical Trade Audit (SMETA) in conjunction with the contract owners and ECHR team; and
- integrity and BHP, BHP's whistleblower reporting system: integrity at BHP is a protected disclosure and grievance reporting channel.

There were no confirmed cases of modern slavery in 2025, however the process did identify several red flags, where BHP was able to exercise its influence to improve suppliers' alignment with international standards and initiate capacity building aligned to United Nations Global Compact (UNGC). Where BHP's engagement and capacity building is unsuccessful suppliers may be offboarded.

Outcomes and monitoring

BHP's comprehensive modern slavery risk identification and management capability reflects its exposure to high-risk geographies and industries, which are reflected in ISS' modern slavery risk overall classification of high-risk. DNR Capital will continue to monitor BHP for delivery of its modern slavery undertakings and engage as required.

Modern slavery

CSL (CSL) HC SRI INC

Objectives

CSL is ascribed an ISS modern slavery risk overall classification of high given its exposure to high-risk geographies and industries. DNR Capital engaged CSL to assess the adequacy of its systems and processes to manage this risk and to advocate for improved transparency and disclosure of CSL's modern slavery capabilities.

Comments

CSL has recently consolidated its sustainability function into one group that reports to Fiona Mead, Company Secretary and Head of Corporate Governance. Fiona has driven CSL's sustainability agenda at the Board level, ensuring that continued investment in CSL's sustainability capability to achieve its 2030 roadmap will remain resilient to corporate restructuring and cost cutting initiatives.

CSL has built a consolidated third-party risk management (TPRM) system to assess new supplier risk. This includes a modern slavery self-assessment questionnaire and third party EcoVadis verification and culminates in a supplier risk rating. Where the EcoVadis review identifies risks, it will generate a list of corrective actions. CSL works with the suppliers to oversee the implementation of these actions, creating a continuous loop of improvement. Suppliers identified with a high or medium-high risk rating have been prioritised for more detailed risk assessment. CSL has undertaken to conduct 3-5 audits by end FY26.

For existing suppliers, CSL has engaged EcoVadis to retrospectively conduct a high-level risk review. CSL plans to use the risk ratings generated in this process to identify higher risk suppliers that require a more detailed risk assessment including audit and engagement. Other components of CSL's modern slavery risk management process include adverse media monitoring and whistleblower reporting.

CSL is also participating in a Pharmacy Supply Chain Initiative (PSCI) project to conduct a worker voice survey at five common industry suppliers. This is being managed by PSCI with a target completion date of CY26.

Outcomes and monitoring

CSL is investing in its modern slavery capability, in line with its 2030 sustainability roadmap. DNR Capital advocated for improved transparency and disclosure of CSL's modern slavery capabilities and will monitor CSL for delivery of its undertakings.

Modern slavery | Climate

Imdex (IMD) EC

Objectives

IMD supply chain risk is rated as high and disclosure rated as medium by ISS. DNR Capital engaged with IMD to discuss its modern slavery ('MS') risk identification, assessment and remediation process to determine whether the high-risk score was warranted or not.

Comments

IMD is aware of where its modern slavery risk largely sits, being:

- IMD's high-risk regions include China, Indonesia, India and Turkey.
- IMD's annual supply chain spend is \$80-100m, with <\$80m sitting in high-risk regions.

IMD's risk identification process uses a mix of external and internal reviews:

- IMD uses the Dow Jones risk classification screen and its own internal classification system to identify locations and sectors of high-risk.
- IMD uses 700-800 suppliers per week and there is constant churn so it applies the screens to each supplier and when the supplier meets two or more of the high-risk indicators, it will be internally reviewed. These screens have 100% coverage, so no supplier is missed and the monitoring is ongoing so any change in a supplier's status is known.

IMD implements a risk assessment process annually and has an internal training program:

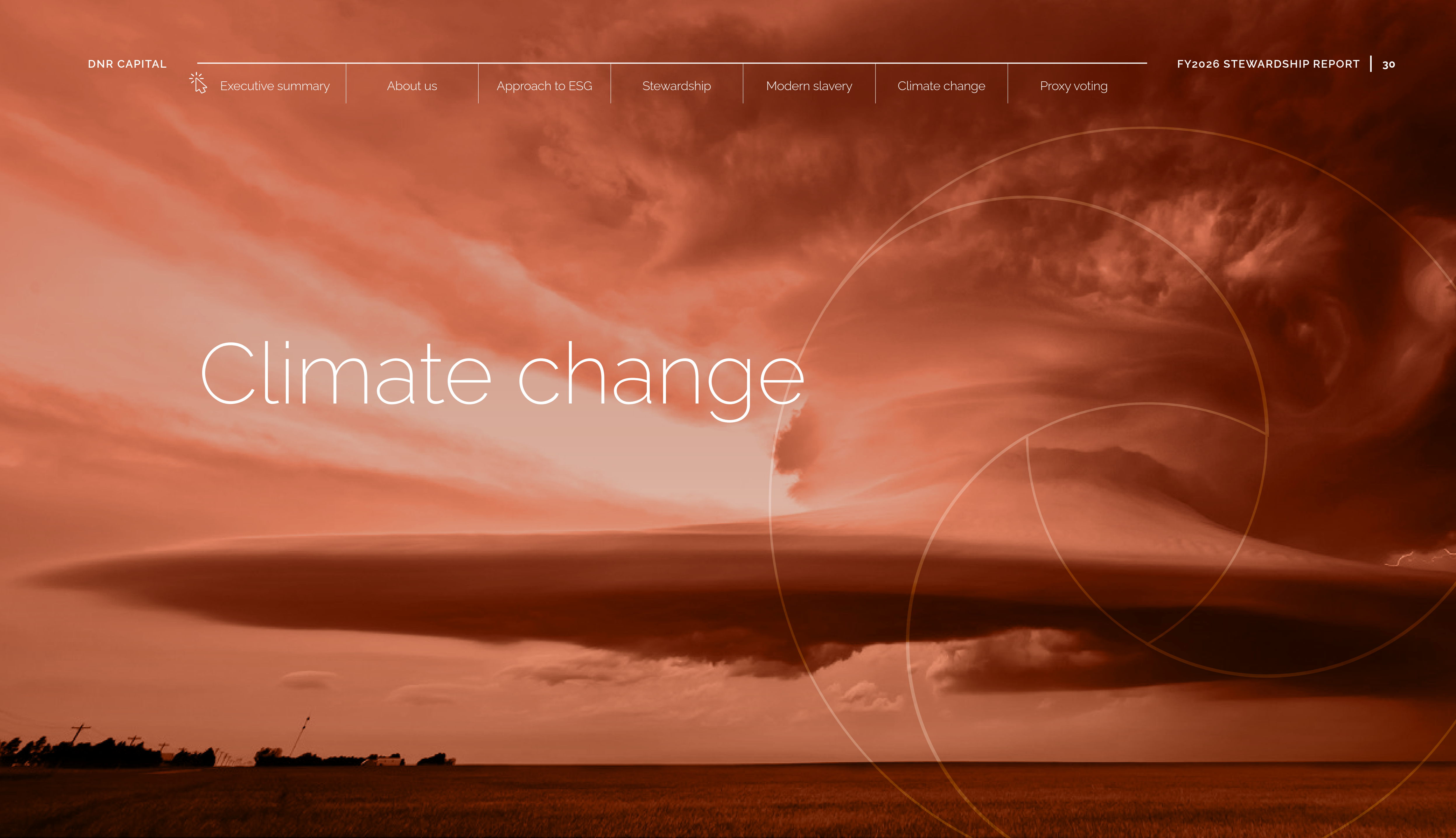
- Each year one supplier from each high-risk location and industry is selected and an audit is performed. An audit target is set each year.
- IMD has an internal online training platform which employees executing purchase orders have been trained on and is a requirement for any new employees in this area.

IMD's remediation process is quite simple given it only makes up a small portion of most of its suppliers' revenue, so its influence is limited.

- If the gap between the MS reporting standard IMD has and what the supplier is willing to do is too large, then IMD removes this supplier.
- To encourage conformance when a supplier falls short, IMD will send a copy of the audit report to the supplier so that they can understand what they need to fix.

Outcomes and monitoring

IMD's risk-based approach to MS is deemed fit-for-purpose and adequate given its resources available. DNR Capital will monitor IMD's next Sustainability Report (within its FY26 Annual Report) being released in August.



Climate change

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. Climate change, where material, has the potential to impact investment risks and returns. To address this, DNR Capital has formalised its approach through a dedicated Climate Change Policy, which can be found here.

DNR Capital has a multi-faceted approach to assessing climate change, as outlined below:

- 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.
- Where an identified climate risk or opportunity is deemed to impact our view on a company's risk and return outlook, we will conduct detailed assessment. This may include an assessment of the company's climate governance, transition and physical risk identification and mitigation, scenario analysis, net zero commitments, and adequacy of climate disclosure.
- Where an identified climate risk or opportunity is deemed to impact our view on a company's risk and return outlook, we may conduct a dedicated ESG engagement with the company.
- DNR Capital conducts a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level.
- DNR Capital maintains a database of company and portfolio-level climate-related indicators that are monitored and tracked over time.

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

Australian Sustainability Reporting Standards Australian Accounting Standards Board S2 (ASRS) (Climate)

ASRS was legislated in 2024 and requires eligible companies to report mandatory climate disclosure from 2026. DNR Capital's Australian Equities High Conviction Fund and Australian Emerging Companies Fund will be required to report under ASRS, as a registered scheme, from FY2028. DNR Capital has taken the following initiatives to progress its preparation:

- On board direction, formed a Corporate Sustainability Team to deliver DNR Capital's ASRS reporting requirements. The committee membership includes the CEO, COO, Head of Finance, Head of Risk & Compliance and Senior ESG Investment Analyst;
- Conducted a review of the reporting guidelines and performed a gap analysis of DNR Capital's capabilities with findings presented to the Board, the Socially Responsible Investment Committee (SRIC) and the Corporate Sustainability Team;
- Reviewed a sample of ASRS reported by Australian corporates; and
- Liaised with the responsible entity (RE) of the DNR Capital funds for guidance on its approach to ASRS reporting.

DNR Capital is currently preparing an organisational plan to report against the requirements.

Climate change performance at the portfolio level

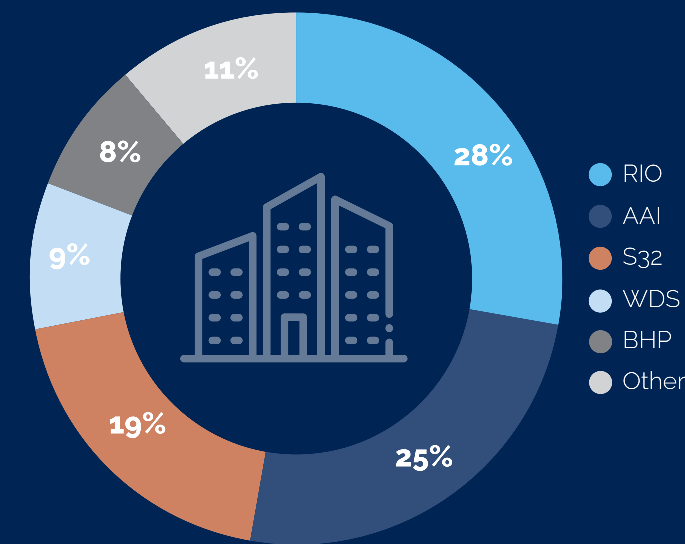
Portfolio Weighted Average Carbon Intensity (WACI) by DNR Capital investment portfolio.

Portfolio	Total emissions (scope 1&2) tCO2e portfolio	Total emissions (scope 1&2) tCO2e Index	Total emissions (including scope 3) tCO2e portfolio	Total emissions (including scope 3) tCO2e Index	Portfolio WACI	Index WACI
DNR Capital Australian Equities High Conviction Portfolio (Index: S&P/ASX 200 Total Return)	465,512	306,219	4,400,000	3,500,000	188.42	109.95
DNR Capital Australian Equities Income Portfolio (Index: S&P/ ASX 200 Industrials Total Return)	13,314	20,512	234,051	158,624	55.96	45.25
DNR Capital Australian Equities Socially Responsible Portfolio (Index: S&P/ ASX 200 Total Return)	6,845	11,072	121,820	125,687	100.92	109.95
DNR Capital Australian Emerging Companies Portfolio (Index: S&P/ASX Small Ordinaries Total Return)	196,649	83,748	845,043	1,600,000	294.89	99.45

Emissions data is sourced from ISS ESG. Scope 1 and 2 emissions reflect ISS ESG's reviewed and approved values, selected from the most accurate available sources. Scope 3 emissions are estimated using ISS' proprietary up- and down-stream estimation model. WACI is calculated as the sum of each holding's portfolio weight multiplied by its Scope 1 and 2 emissions intensity (tCO_2e per AUD million revenue): w × (tCO_2e / revenue AU$m).

As at 30 June 2026
Source: ISS and DNR Capital

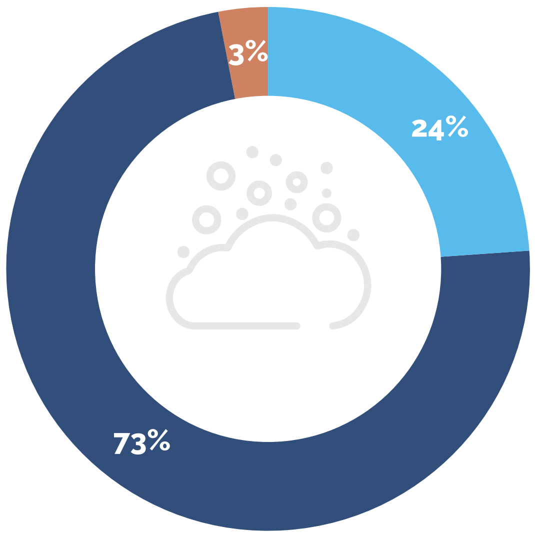
DNR Capital Australian Equities High Conviction Portfolio Top 5 contributors to portfolio emissions



As at 31 March 2026
Source: ISS and DNR Capital

DNR Capital Australian Equities High Conviction Portfolio: Solid net zero performance

Over **95%** of the stocks in the High Conviction Portfolio have a net zero target[3].

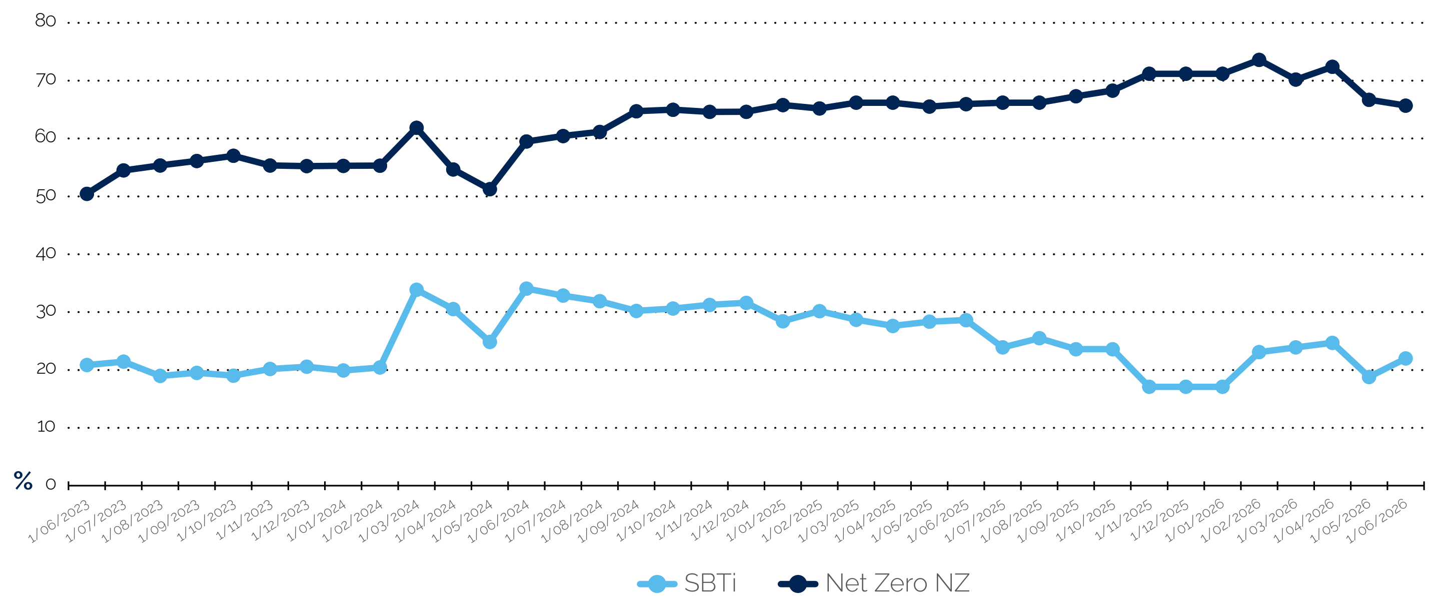


As at 30 June 2026

Source: Macquarie Research

3 Net zero targets are company commitments and do not necessarily indicate achievement of emissions reductions

High Conviction Portfolio exposure to companies with net zero targets has increased over time.



As at 30 June 2026

Source: Macquarie Research

Climate change engagement case studies

Climate case study

Woodside Energy Group (WDS)

HC SRI INC

Objectives

WDS, as a group one entity, is one of the first Australian companies to report under the ASRS. DNR Capital engaged with the Executive Vice President and Vice President of WDS' sustainability team, to discuss key learnings from its inaugural ASRS report. Given WDS relied on scope 3 transitional relief for its inaugural ASRS report, DNR Capital advocated for improved scope 3 transparency in future reporting.

Comments

ASRS is Australia's national framework for sustainability and climate-related financial disclosures, created by the AASB to provide consistent, comparable, and decision-useful information to investors. Specifically, ASRS improves the transparency of climate governance and risk identification with the mandatory disclosure of climate strategy, transition plans and scenario analysis. ASRS is a financial report embedded within a company's annual report, and as such, is subject to increased assurance standards.

Whilst WDS has historically reported under the Task Force for Climate-related Financial Disclosure (TCFD), the disclosure requirements of ASRS required additional analysis and yielded new insights. The granularity of the material risk and opportunity assessment framework and the 1.5°C and >2.5°C scenario analysis challenged WDS' central base case, being no impact on WDS' valuation. For each material risk or opportunity identified, WDS outlined the financial statement area of impact, the timeframe and its mitigation approach. Significantly, it also quantified the potential financial impact. The material risks and opportunities identified by WDS include:

- Physical and transitional risks: extreme weather intensification, reputation, climate litigation, higher than expected costs to reduce emissions at operations and, lower than expected product demand;
- Transitional opportunities: increased demand for LNG, increased demand for new energy products and services and lower than expected decarbonisation costs.

WDS conducted its transitional climate scenario analysis against the following four scenarios:

- International Energy Agency (IEA) Current Policies Scenario (CPS);
- IEA Stated Policies Scenario (STEPS);
- IEA Net Zero 2050 Scenario; and
- S&P Global Net Zero 2050 Scenario.

The result of the analysis is summarised in the table below.

	2026-2030	2031-2035	2036-2040
IEA NZE	Positive	Management action	Management action
S&P 1.5	Positive	Positive	Management action
IEA STEPS	Positive	Positive	Positive
IEA CPS	Positive	Positive	Positive

Source: WDS 2026 Annual Report

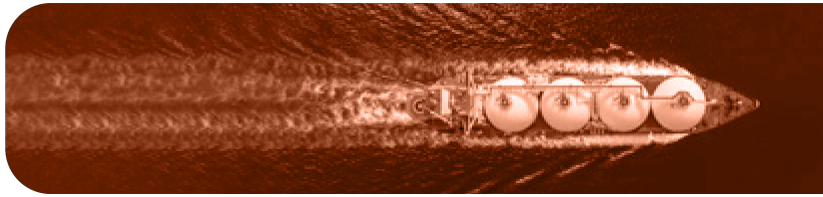
In instances where management action is required, WDS has levers to manage the business for positive cashflow, including production curtailments or cost reductions, acquisitions and divestments.

WDS used the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report to conduct its physical scenario analysis. This report covers a range of temperature outcomes and is appropriate for resilience testing. WDS assessed physical climate risks along WDS' supply chain, including at 99 locations within 16 countries, operated and non-operated assets, downstream loading and discharge ports and five upstream suppliers. This analysis identified heat stress as WDS' largest physical climate risk, given WDS' key operations operate in remote, high temperature regions where prolonged outdoor work is required.

Outcomes and monitoring

WDS acknowledges the outcomes of its inaugural ASRS report, and the need to do further work, especially regarding its physical climate risk exposure. WDS recognises that the increased complexity of its supply chain, for example, the addition of ammonia, will require further physical risk assessment. WDS is also seeking to better understand the systems effect of physical risk and human behaviour.

Whilst WDS did rely on scope 3 transitional relief for its inaugural ASRS report, it did report scope 3 emissions and identify the impact of transitional scenarios on product demand. However, WDS has undertaken to improve transparency of its scope 3 related disclosure in future ASRS reporting.



Climate case study

BHP Group (BHP) HC SRI

Objectives

BHP has been a long-term, large active overweight position in DNR Capital's Australian Equities High Conviction strategy. BHP is a material contributor to portfolio carbon emissions. In 4Q25, DNR Capital engaged with BHP for an update on its climate strategy and progress against its stated goals. In 2Q26, internal BHP files were leaked to the press that revealed that BHP had deferred several key renewable energy projects and the timing of its Western Australian Iron Ore (WAIO) truck fleet electrification program, and had simultaneously purchased a fleet of new diesel trucks. DNR Capital conducted subsequent engagement with BHP to assess the integrity of its truck electrification project, being a central tenet of BHP's decarbonisation strategy.

Comments

BHP has delayed or cancelled a number of decarbonisation projects including:

- 70MW solar panel project paused as of May 2025;
- Electric haul truck fleet rollout delayed until after 2030, purchased an additional 62 diesel trucks in the interim; and
- Jimblebar mine processing plant – which would have reduced the emissions intensity of steel-making customers – cancelled in May 2025.

BHP had disclosed that it was delaying the rollout of the electric truck fleet in its FY25 annual report however neglected to disclose the other decisions it had made – these details became known by the leaked documents. BHP's reasoning for these decisions included:

- Solar panel project paused – There is an efficient gas generator already in the Pilbara being used so the need for incremental power will be from the electric trucks. The solar panel project therefore has been delayed in line with this project.
- Electric truck fleet delayed until the 2030s – While small electric trucks are available from a technology perspective, they are not commercially viable nor are they big enough for BHP's mines. BHP does not anticipate the technology to be ready until the 2030s.

In the exposé, Fortescue (FMG) was featured showing its electric truck trial currently underway with the aim of having another ten by the middle of 2027 and ~300 by 2030 to achieve their goal of no fossil fuels. In response to how they compare with FMG, BHP gave the following information:

- The 30-minute charging truck displayed by FMG has a run time of 3 to 4 hours, while a diesel truck can run for 24 hours with just two 10-minute refuels. Hence, BHP is trialling two trucks but maintains they are not commercially viable yet.
- BHP pointed out that the XCMG Mining Equipment Co. ('XCMG') truck that FMG is looking to roll out in FY28 is still in the design phase.

BHP believes that what they are doing is adequate given where the technology is currently, detailing the below plans:

- The two CAT 793 battery-electric trucks that arrived at the Jimblebar mine in late 2025 are being trialled for two years as a 'proof of concept' and being used to inform the mine design and safety protocols that will be required. This is to prepare BHP for when the electric trucks are viable at scale.
- High level modelling for the Total Cost of Ownership has been done for the different paths that can be taken with the electric truck fleet, e.g. dynamic or static charging.
- BHP partnered with XCMG in June 2025 last year to work together for the delivery of sustainable mining equipment. However, it is worth noting they are still in the MOU phase.
- In the meantime, BHP is looking at the electrification of other smaller equipment, e.g. it has been trialing an electric excavator at the Yandi mine since 2024, with a pilot to be deployed at the Newman mine.
- It is worth noting however that the joint trial of Komatsu electric trucks with RIO has been delayed till 2029 – it was meant to begin in 2026.

Outcomes and monitoring

DNR Capital encouraged BHP to increase its disclosure in its upcoming annual report, detailing all of the above, so that its position is transparent and credibility restored. DNR Capital will be monitoring BHP's trial of the CAT 793 trucks, the progress of the XCMG partnership, the planned Komatsu trial with RIO and FMG's progress on its own electrification plans.

Climate case study

South32 (S32) HC

Objectives

S32 is a material contributor to portfolio emissions. S32's scope 1 and 2 emissions generation are concentrated from its Hillside and Mozal aluminium smelters, and Worsley alumina refinery (Mozal was officially placed on care and maintenance in March 2026). Despite these challenges, S32 has positioned its portfolio for the energy transition, selling its coal assets and investing in future-facing base metals such as copper and zinc. DNR Capital engaged with S32 to assess progress against its emissions reduction targets and to advocate for continued investment in carbon reduction.

Comments

Hillside aluminium smelter's power contract with the South African Government owned power utility, Eskom, is due to expire in 2028. S32 require an affordable, low-carbon electricity solution and have engaged Eskom and the South African Government for a commercial solution. Hillside is a significant economic contributor and employer in KwaZulu-Natal, directly and indirectly employing over 30,000 people. Hillside is also Eskom's largest customer. S32 is currently drafting a critical pathway to guide decision making ahead of the 2028 contract expiry. In the event S32 can't secure a renewable power contract it will sell Hillside. Separately, Hillside is on track for full deployment of AP3XLE technology by 2028, with the technology deployed as pots are relined. There is associated power efficiency and cost savings.

S32's Worsley alumina refinery is also a large contributor to its scope 1 and 2 footprint. S32 has already converted two of the five boilers to natural gas and is currently securing gas supply to enable the conversion of a third boiler. The remaining boilers are multi-fuel cogeneration, S32 are studying the possibility of converting these boilers to gas, but it is technically more difficult. Longer term, S32 has completed a concept study for the refinery's full electrification. Full electrification will require investment in renewable energy and significant upgrades to Western Australia's (WA) South-West-Interconnected System. WA has confirmed the closure of the Collie coal-fired power station in 2030, deferring the timing of Worsley's potential renewable electrification.

Regarding S32's scope 3 emissions, S32 is on track to deliver against its target of engaging with 80% of its suppliers by 2028. This engagement is multi-faceted, including understanding transition and physical climate risk and supply chain continuity risks. S32 is using these engagements as an opportunity for education and collaboration. There has been a mixed response amongst suppliers.

Outcomes and monitoring

S32 is progressing its climate strategy, acknowledging that its ability to deliver on its carbon reduction targets is dependent on third parties and technology commercialisation. DNR Capital will continue to monitor S32's delivery against its emissions targets and conduct engagement as required.

Climate case study

National Australia Bank (NAB)

HC SRI INC

Objectives

DNR Capital has a long history of engagement with NAB on its climate and financed emissions reduction strategy. DNR Capital engaged with NAB to discuss its 2025 climate initiatives including deployment of its Customer Transition Plan (CTP) assessment framework, development of physical climate risk tools and launch of the FourTwoThree partnership.

Comments

NAB's key climate milestone in 2025 was the deployment of its CTP assessment framework. NAB uses this framework to assess its customers' climate capability and classify them in one of four categories being "advanced", "progressing/good", "progressing" and "limited". From 1 October 2025, customers with a "limited" classification are ineligible for new financing unless its classification improves. Application of the framework resulted in no customers meeting the "advanced" classification, 42% achieving "progressing/good" classification, 42% achieving "progressing" classification and 16% achieving "limited" classification. The distribution of classifications is a good fit with NAB's previously assessed risk exposure profile. The CTP assessments were initially conducted by the customer team, with climate office review for quality assurance. There were several instances where the climate office took a more conservative view. Of the customers in the "limited" classification, roughly 50% have ambition to improve its classification, with most having a scope 1 and 2 reduction plan but require a more in-depth capex plan. The remaining 50% are climate agnostic with no investment in resourcing to improve their classification. NAB anticipates an overall improvement in climate capacity following FY26 ASRS disclosure. NAB will seek to improve and simplify the CTP assessment framework before rolling it out to other sectors, including implementation efficiency, adopting AI tools to conduct background checks and materiality.

NAB continues to invest in physical climate risk assessment tools. NAB progressed the development of its Farm-ID, Home-ID and Commercial-ID tools with the following initiatives:

- increasing the granularity of data to include street topography and the visualisation of individual land parcels held as collateral for NAB loans;
- increasing coverage, currently at ~70%, of NAB's Home-ID for climate risk analysis of its home lending portfolio; and
- development of Commercial-ID to help evaluate climate-risk impacts on commercial properties. This will provide physical risk insights relating to commercial and industrial properties held as security by NAB.

During 2025 NAB used these tools to assess the physical risk exposure of its Australian branch and office network.

NAB has invested in FourTwoThree partnership with NatWest Group and Standard Chartered Ventures. This is a smart climate action platform designed to support small and medium sized enterprises (SME) in transitioning to more sustainable operations. The platform ingests accounting data, for example from accounting software Xero, automates emissions from spend profile and builds a climate action plan. From 2026, NAB intends to integrate this platform for its SME/Agri customers who are resource constrained. NAB also intends to integrate the platform into its supply chain.

Outcomes and monitoring

As a long term shareholder and having consistently engaged with NAB since the inception of the portfolio's holding, DNR Capital has witnessed the evolution of NAB's climate and financed emissions strategy. NAB's key milestone for 2025 was the delivery of its CTP Assessment Framework and the enforcement of its no new financing policy for companies classified as "limited" climate transition progress. DNR Capital will continue to monitor NAB for the evolution of its CTP Assessment Framework.

Proxy voting philosophy

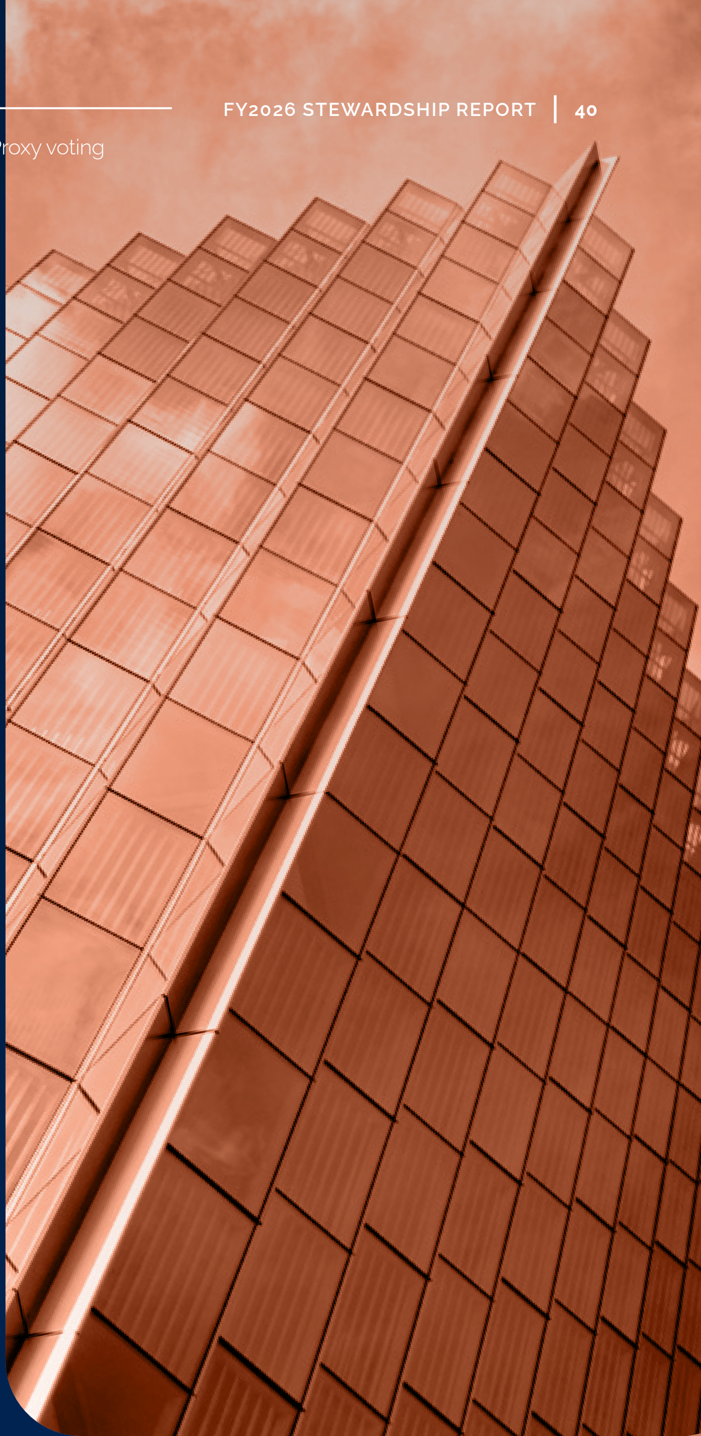
Proxy voting is an important shareholder right enabling investors to communicate their views to a company and provide input into key decisions, such as executive remuneration, Board director appointments and increasingly, shareholder proposals. Proxy voting may also be used as an escalation tool, where other corporate engagement initiatives have been unsuccessful, such as voting against executive remuneration or the re- election of a director.

DNR Capital conduct thorough reviews of all proxy voting resolutions put to us by investee companies. We endeavour to meet with the Chairperson of an investee company before an AGM, particularly where, in our view, remuneration frameworks are poorly structured, are insufficiently challenging or are not aligned with minority shareholder outcomes, amongst other issues, and in instances where a company has received a "first strike" (>25% against vote on their remuneration report). This engagement provides additional information or perspective to inform our voting decision; it also facilitates clear communication to the Board of voting intention and rationale.

DNR Capital has overtime, conducted a consistent and proactive AGM season stewardship program. This culminated in our FY2026 AGM season which was both our most active Chairperson engagement and assertive proxy voting program to date. The number of Chairperson engagement meetings conducted during the FY2026 AGM season increased and was accompanied by a significant increase in our vote against Board resolutions. The FY2026 AGM season also resulted in the greatest number of "escalated votes" where we used our proxy vote as an escalation tool where other corporate engagement initiatives had been unsuccessful.

- Australian Equities High Conviction Strategy increased from 4% in FY2025 to **9%** in FY2026;
- Australian Equities Socially Responsible Strategy increased from 4% in FY2025 to **8%** in FY2026;
- Australian Equities Income Strategy increased from 4% in FY2025 to **8%** in FY2026; and
- Australian Emerging Companies Strategy increased from 3% in FY2025 to **6%** in FY2026.

> "Proxy voting is a powerful tool for investors."

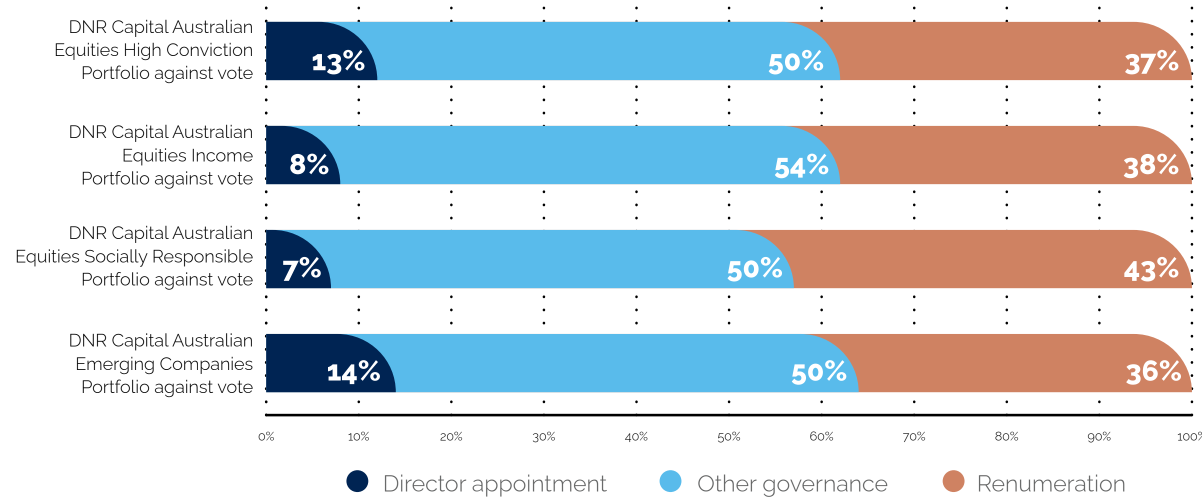


Proxy voting outcomes

	Number of company meetings	Number of resolutions	For	Against	Abstain
DNR Capital Australian Equities High Conviction Portfolio					
Number	25	185	169	16	0
%		100%	91%	9%	0%
DNR Capital Australian Equities Income Portfolio					
Number	23	157	144	13	0
%		100%	92%	8%	0%
DNR Capital Australian Equities Socially Responsible Portfolio					
Number	25	178	164	14	0
%		100%	92%	8%	0%
DNR Capital Australian Emerging Companies Portfolio					
Number	35	240	226	14	0
%		100%	94%	6%	0%

Source: DNR Capital

Proxy against votes by category and strategy



Source: DNR Capital

Proxy voting case studies

Proxy voting case study

James Hardie Industries (JHX)

HC SRI INC

Objectives

Following extensive engagement with JHX regarding AZEK acquisition, poor governance and market transparency and loss of shareholder trust, DNR Capital sought to use JHX's 2025 AGM proxy voting as an escalation tool. DNR Capital reviewed the 2025 AGM JHX proxy resolutions and proxy adviser, Ownership Matters report and made the recommendations outlined in the table below. DNR Capital sought to hold directors accountable for the loss of shareholder trust but firmly believed that a wholesale overhaul of the Board would be too disruptive and not in shareholders' best interests. Please refer to JHX's Corporate Governance case study above for further information.

Comments

DNR Capital voting outcomes:

Item	Description	DNR Capital vote	Outcome
1	Receive and consider financial statements	For	Carried, 99%
2	Approve remuneration report for FY25	Against	Defeated, 34%
3a	Approve the election of Gary Hendrickson as a director	For	Carried, 58%
3b	Approve the election of Jesse Singh as a director	For	Carried, 98%
3c	Approve the election of Howard Heckes as a director	For	Carried, 55%
3d	Approve the re-election of Peter Davis as a director	For	Defeated, 47%
3e	Approve the re-election of Anne Lloyd as a director	Against	Defeated, 33%
3f	Approve the re-election of Rada Rodriguez as a director	For	Defeated, 40%
4	Approve authority to fix the external auditor's remuneration	For	Carried, 99%
5	Approve the grant of ROCE restricted stock units to CEO	For	Defeated, 49%
6	Approve the grant of total shareholder return restricted stock units to CEO	For	Carried, 95%
7	Approve the issue of securities under the James Hardie 2020 Non-Executive Director equity plan	For	Carried, 98%
8	Increase the non-executive director fee pool	Against	Defeated, 41%

Remuneration considerations:

- The FY2025 remuneration payment did not adequately reflect the value destruction from the AZEK acquisition. Whilst the FY2025 relative total shareholder return (RTSR) component did not vest, management achieved above target outcomes for their STI and for the other components of the LTI including management scorecard and ROCE.
- It was inappropriate to approve an increase in director fee pool given directors are already well remunerated relative to other ASX companies and their accountability for AZEK related value destruction.

Director election considerations:

Whilst the Chair, and Board are responsible for:

- approval of the AZEK transaction, whilst AZEK is a quality company, the Board exercised poor judgement relating to the full price and timing of the transaction and in not seeking shareholder approval for the transaction; and
- poor market communication of FY25 result and subsequent shareholder value destruction and poor communication of revised executive remuneration package.

DNR Capital noted that a full replacement of the JHX Board would be very disruptive for the company given its execution agenda, and not in shareholders' best interests. Additional governance considerations were given to the election of three former AZEK directors to the JHX board, including Gary Hendrickson, Jesse Singh, and Howard Heckes. DNR Capital assessed any potential conflict of interests arising between JHX CEO and previous working relationships with the three director-elects as small and outweighed by the significant operational experience brought to the JHX Board, along with the alignment with minority shareholders that their significant personal investment in JHX would bring.

Outcomes and monitoring

Shareholders sent JHX a resounding message at its 2025 AGM, with over half the remuneration-related resolutions defeated and half the director re-elections defeated. DNR Capital has subsequently engaged with the Board's Chair and with the Chair of the Remuneration Committee regarding JHX's revised remuneration plan. DNR Capital will monitor JHX for its governance and shareholder trust and will engage as required.

Proxy voting case study

CSL (CSL) HC SRI INC

Objectives

DNR Capital reviewed CSL's remuneration report to assess whether remuneration outcomes adequately reflected CSL's share price decline and loss of shareholder trust in management. Please refer to CSL corporate governance case study above for further details.

Comments

DNR Capital concluded that CSL's FY25 remuneration outcomes for the management team did not adequately reflect CSL's share price decline. FY25 Short-term Incentives (STI) for the CEO and CFO were paid entirely in cash and were paid at 124% and 131% target respectively. Further STI had been paid above target for the last three years leading up to the "strategic review", highlighting the inadequacies of the remuneration structure in rewarding the right outcomes.

Outcomes and monitoring

DNR Capital voted against resolution 3, approval of remuneration report, which was in line with the recommendation of proxy adviser, Ownership Matters. The resolution incurred >25% against vote, incurring a "second strike". The subsequent Board spill resolution was not supported. DNR Capital will conduct further engagement with the company regarding its revised remuneration structure.

Proxy voting case study

Cleanaway Waste Management (CWY) HC SRI

Objectives

DNR Capital reviewed CWY's remuneration report to assess whether the downward Board discretion applied to the STI adequately reflected the poor fatality performance.

Comments

CWY has recorded five fatalities in the past two financial years. Please refer to CWY safety and governance case study for further information regarding DNR Capital's engagement with the company on its safety and fatality performance.

DNR Capital voted against CWY's 2025 remuneration report, as the Board's decision to reduce the short-term incentive (STI) outcome by only 30% was deemed inadequate. Further, the inclusion of one-off asset sale gains in underlying EBIT inflated incentive outcomes.

This voting decision is consistent with the message of safety and fatality prevention DNR Capital has delivered through multiple engagements with the management team. During this period of elevated fatalities, DNR Capital encourages stronger safety-linked STI gateways and improved metric design to enhance accountability and integrity in incentive outcomes.

Outcomes and monitoring

DNR Capital voted against resolution 2, approval of remuneration report, which was in line with the recommendation of proxy adviser, Ownership Matters. The resolution incurred >25% against vote, incurring a "first strike". DNR Capital will conduct further engagement with the company regarding the treatment of safety and fatality metrics in its remuneration report.

Proxy voting case study

Qube Holdings (QUB)

HC SRI

Objectives

DNR Capital reviewed the proposed grant of long-term incentive (LTI) rights to QUB's managing director, with particular regard to the inclusion of a substantial Special Incentive Plan (SIP) grant alongside the standard FY26 LTI grant within the resolution.

Comments

The resolution bundles two distinct equity awards:

- a standard FY26 LTI grant of $2.43m face value, measured against EPS growth and relative TSR over three years; and
- a SIP grant of $3.38m face value, the majority of the package by value, which cliff vests on average ROACE of 10.5% for the three years to FY28 and 11% for the three years to FY30.

While the standard LTI is well structured and adequately aligned with shareholder outcomes, the SIP grant vests in full at ROACE levels materially below QUB's publicly stated medium-term ROACE target of 12%+, most recently reiterated in the company's FY25 results presentation. DNR Capital regards it as inappropriate for the full-vesting threshold of a long-term incentive to sit below the level of performance the company itself has guided shareholders to expect, notwithstanding management's framing of the hurdles as conservative buffers for cyclical volatility and the binary nature of the cliff structure.

DNR Capital further notes that the SIP is described as a "one-off" arrangement but follows comparable "one-off" awards in FY22 (the Moorebank acceleration incentive) and FY25 (the outperformance multiplier on the staff bonus pool), raising concerns regarding the persistence of off-framework incentive payments and the risk of erosion to the integrity of the standing LTI framework.

Outcomes and monitoring

DNR Capital voted against resolution 4, the grant of LTI plan rights to the managing director, which was in line with the recommendation of proxy adviser, Ownership Matters. The resolution was carried with a 45% against vote, reflecting broad shareholder concern with the structure and calibration of the SIP component.

Proxy voting case study

Steadfast Group (SDF) INC

Objectives

DNR Capital reviewed SDF's remuneration report for alignment with minority shareholder interests.

Comments

SDF's STI is measured against ROC, strategic targets and individual performance. SDF's STI was awarded based on an "underlying NPAT" that excluded significant asset impairments to goodwill, customer relationships, and software developed and acquired by current management. These exclusions resulted in an underlying NPAT of $295.5m which was only marginally above the minimum threshold of $295.4m required for any STI to be awarded. It is DNR Capital's view that management should be accountable for asset impairments.

Outcomes and monitoring

DNR Capital voted against resolution 4, approval of the remuneration report, which was inline the recommendation of proxy adviser, Ownership Matters. The resolution was carried with a 15% against vote.

Proxy voting case study

South32 (S32) HC

Objectives

DNR Capital reviewed S32's remuneration report.

Comments

The Board increased the fixed pay of outgoing CEO by 21% and his overall remuneration package by 10%. This is despite his announced departure sometime in 2026. The rationale provided by the Board for the increase was to ensure that his pay is higher than that of the incoming CEO.

The Board also introduced changes to the STI group scorecard including a shift from ROIC to adjusted EBITDA, further weakening the alignment between remuneration and shareholder outcomes.

Outcomes and monitoring

DNR Capital voted against resolution 3, approval of the remuneration report, which was inline the recommendation of proxy adviser, Ownership Matters. The resolution incurred >25% against vote, incurring a "first strike". DNR Capital will conduct further engagement with the company regarding its revised remuneration structure.

Proxy voting case study

Iluka Resources (ILU) EC

Objectives

DNR Capital reviewed ILU's remuneration report to assess whether remuneration outcomes were a fair reflection of the performance of ILU's management team and were ultimately aligned with minority shareholders. Given the complexity of ILU's 2025 financial performance, DNR Capital engaged with ILU's Chair to understand the Board's perspective. DNR Capital notes proxy adviser, Ownership Matters, recommended voting against the approval of the remuneration report.

Comments

In response to deteriorating market conditions in 2025, ILU management exercised decisive operational and market discipline to arrest further market decline. These actions included idling of production capacity and cost cutting initiatives including significant workforce reductions. These actions incurred $566m pre-tax asset and inventory impairments which resulted in a 2025 statutory net loss.

For 2025 the CEO was awarded 53% maximum short-term incentive (STI) which was measured 50% against financial metrics (20% unit costs, 15% group ROIC, 15% operating cashflow), 25% against sustainability metrics and 25% against individual performance metrics. Two of the three financial metrics, group ROIC and operating cashflow, were below threshold and did not vest. It was the Board's perspective that no further downward discretion was required given that the STI had already considered the large asset impairments. Additionally, the Board did not want to further penalise management for exercising decisive operational and market discipline which was ultimately in the best interests of shareholders.

Having considered these factors, DNR Capital voted in favour of resolution 2, approval of remuneration report.

Outcomes and monitoring

DNR Capital voted in favour of resolution 2, approval of remuneration report, which was against the recommendation of proxy adviser, Ownership Matters. The resolution was carried with an 18% against vote.

Proxy voting case study

Netwealth Group (NWL) EC

Objectives

DNR Capital reviewed NWL's remuneration report for governance relating to the First Guardian Master Trust liquidation.

Comments

The First Guardian fund was added to NWL's private investment menus in February 2021. At the time the fund had a third-party star rating of 3.75, despite NWL requiring a minimum of 4 stars for a fund to be held on its platform. In April 2025 the Federal Court appointed liquidators to wind up the First Guardian Master Trust following ASIC concerns. In October 2025, NWL disclosed that 1,088 members had been impacted with total exposure of $100m.

Despite NWL conducting a full assessment, no executive has been held accountable for the oversight issues. DNR Capital voted against NWL's remuneration report given the Board failed to exercise discretion to adjust remuneration outcomes for the First Guardian Master Trust liquidation.

Outcomes and monitoring

DNR Capital voted against resolution 2, approval of the remuneration report, which was inline the recommendation of proxy adviser, Ownership Matters. The vote was carried with a 21% against vote.

Proxy voting case study

Champion Iron (CIA) EC

Objectives

DNR Capital reviewed CIA's remuneration report for alignment with minority shareholder interests. DNR Capital notes that CIA has a dual listing on the Toronto Stock Exchange. CIA's remuneration package is more aligned with North American remuneration packages where it is common for LTI to be paid as a "fee for service" without associated performance hurdles.

Comments

DNR Capital notes that CIA's LTI is poorly structured and insufficiently challenging and ultimately is not aligned with the interests of minority shareholders. CIA's LTI comprises 40% restricted share units (RSUs) and 60% performance share units (PSUs). The RSUs are time-based and are not subject to performance hurdles. Of the PSUs, 40% are measured against RTSR with an insufficiently challenging vesting schedule such that half of target vests for performance in the 37.5th percentile, and 200% of target vests for performance in the 85th percentile. The balance of the PSUs are measured against ROCE which also has an insufficiently challenging vesting schedule, particularly when compared to CIA's historical ROCE.

Outcomes and monitoring

DNR Capital voted against resolution 1, approval of the remuneration report, which was inline the recommendation of proxy adviser, Ownership Matters. The resolution incurred >25% against vote, incurring a "first strike". CIA has a history of >25% votes against its remuneration report, however, subsequent Board spill resolutions have not been supported.

Proxy voting case study

Capstone Copper Corporation (CSC) EC

Objectives

DNR Capital reviewed CSC's 2026 AGM proxy resolutions for corporate governance and remuneration alignment with minority shareholders.

Comments

DNR Capital was concerned that the act of capping the number of directors to eight would increase the entrenchment of incumbent directors, with the adverse corporate governance impact of reducing the ability of minority shareholders to influence board composition.

DNR Capital was concerned with the quantum and structure of the CEO's LTI package. The CEO is eligible to receive a substantial allocation of Performance Share Units (PSUs) for share price performance below the median of the peer group.

Outcomes and monitoring

DNR Capital voted against resolution 1, approval to cap number of directors at eight, which was in line with the recommendation of proxy adviser, Ownership Matters. The vote was carried with an 11% against vote. DNR Capital voted against resolution 6, approval advisory vote on compensation, which was also in line with the recommendation of proxy adviser, Ownership Matters. The vote was carried with a 15% against vote.

Proxy voting case study

Capricorn Metals (CMM) EC

Objectives

DNR Capital reviewed the grant of performance rights to CMM's Executive Chair for governance and transparency.

Comments

DNR Capital notes that for the purpose of calculating the grant of performance rights to the Executive Chair, CMM changed the VWAP period. This change resulted in a net benefit of an additional ~$604,500 worth of performance rights paid to the Executive Chair.

Outcomes and monitoring

DNR Capital voted against resolution 5, the grant of performance rights to the Executive Chair, which was in line with the recommendation of proxy adviser, Ownership Matters. The vote was carried with 22% against vote.

Proxy voting case study

Iperionx (IPX) EC

Objectives

DNR Capital reviewed IPX's remuneration report for quantum, structure and alignment with minority shareholder interests.

Comments

DNR Capital reviewed IPX's remuneration report for quantum, structure and alignment with minority shareholder interests.

- cash pay outcomes are high considering the pre-revenue status of the business;
- increases in fixed pay have flowed through to bonus increases resulting in high cash pay levels from an Australian context;
- remuneration peer benchmarking is primarily based on US companies with much larger market capitalisations;
- significant performance rights for CEO and Executive Director have vested, despite the share price currently trading below the hurdle prices; and
- equity pay granted to executives is material at 7.3% of shares on issue.

Outcomes and monitoring

DNR Capital voted against resolution 1, approval of the remuneration report, which was inline the recommendation of proxy adviser, Ownership Matters. The vote was carried with a 14% against vote.