



# CLIMATE CHANGE POLICY

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**TURA**  
CAPITAL

## Document control sheet

### Document Summary

Document Title:	Climate Change Policy – Tura Capital
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## Climate Change Policy

### 1 Commitment to the Policy

Tura Capital recognises that companies with good environmental, social and governance (ESG) practices can enhance risk-adjusted shareholder returns. Tura Capital has adopted an ESG integration and engagement strategy which is detailed in its ESG Policy. This Climate Change Policy supplements the ESG Policy and outlines the specific approach to climate change.

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

### 2 Policy owner

The owner of this Policy is the Tura Capital Portfolio Manager (policy owner).

### 3 Purpose of this Policy

This Policy relates to Tura Capital which is a subsidiary company of DNR Capital Pty Ltd and a corporate authorised representative (Rep. No. 1309809) of an Australian Financial Services ('AFS') licensee DNR AFSL Pty Ltd. (AFSL 301658). and should be read in conjunction with the Tura Capital ESG, Corporate Engagement and Proxy Voting Policies.

The purpose of this Policy is to support the company's investment governance framework and set out a high-level overview of Tura Capital's policy and approach to managing climate change risks within investment decision-making.

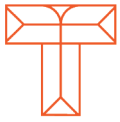
### 4 Who should know and understand the Policy

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

- Directors
- Tura Capital investment team and members of the Global Investment Committee
- All staff employed by DNR Capital who are directly or indirectly involved in providing financial services under the AFS License
- All authorised representatives
- Anyone providing services to Tura Capital that the policy owner determines should comply with the Policy (e.g. service providers, agents, contractors and temporary staff)
- Tura Capital clients and investors
- Anyone else that the policy owner determines should comply with the Policy.

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

To ensure all officers, employees and agents are aware of the contents of this Policy; it will be made available on the intranet of the company.



## 5 Obligations under this Policy

### 5.1 What is climate change?

Tura Capital supports the long-term goal of the Paris Agreement<sup>1</sup> to limit global warming through reduced carbon emissions. Climate change has been identified by the Board as a material risk and is included in its enterprise Risk Register.

Tura Capital's primary climate change risk relates to investment risk. Climate change, along with other ESG factors, have the potential to impact investment risks and returns. Tura Capital has adopted an ESG integration and engagement strategy to enhance risk-adjusted performance.

Tura Capital considers both transitional and physical climate risks in its climate risk assessment and investment decision making.

- Transition risks are those that arise from the regulatory, geopolitical, market and technology changes required to transition to a low carbon economy. Company transition risks include, but are not limited to, net zero commitments, energy procurement practices, potential carbon taxes, changes in consumer preferences and new climate related disclosure requirements.
- Physical risks are those that arise from the physical effects of climate change. Physical climate risks can be characterised as either acute or chronic risks. Acute physical risks are event driven risks such as increased severity of extreme weather events, for example, cyclones. Chronic physical risks refer to longer term changes in climate patterns such as sustained higher temperatures that may cause sea level rises or increase the severity of droughts. The intensification of chronic physical risks may not be felt every day but tend to compound over time.

Tura Capital considers the key climate change risks and opportunities over its investment horizon to include:

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

Beyond its investment horizon, there is a large spectrum of climate related outcomes, ranging from, in the best-case scenario, an orderly transition to a low carbon economy, to, in the worst-case scenario, social, political and economic disorder from the failure to mitigate climate change risks and incurring the full impost of physical climate change.

### 5.2 Approach to climate change

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

Tura Capital recognises that climate change risks and opportunities have the potential to impact investment risks and returns. Tura Capital has a multi-faceted approach to assessing climate change, as outlined below:

- Climate change is a factor in a company's ISS ESG performance score, which forms part of Tura Capital's proprietary 'quality lens', used to assess the quality of companies.
- Once a company is assessed against Tura Capital's quality criteria, detailed company analysis and valuation work is conducted to determine whether sufficient return upside exists. Consistent with Tura Capital's ESG integration and engagement investment strategy, climate change risks and opportunities are also factored into this assessment. Our framework for this assessment is discussed in more detail below.
- Where material climate change risks are identified, Tura Capital may conduct a dedicated ESG engagement with the company.
- Tura Capital conduct a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level.
- Tura Capital monitor company and portfolio level climate related indicators over time, using ISS data.

The outcomes of these climate change assessments inform investment decision-making and portfolio construction. Each of these investment processes is discussed in more detail below.

Tura Capital conduct detailed company analysis and valuation work to determine whether sufficient return upside exists. Where material climate change risk is identified, Tura Capital use the following framework to conduct a deep dive risk assessment:

- climate governance;
- climate strategy and its implementation;
- climate risk management;
- net zero strategy, integrity and reliance on offsets;
- climate scenario analysis,
- physical climate risk assessment; and
- climate disclosure.

Consistent with Tura Capital's ESG investment philosophy, where there is investment in a company with climate risks, the forecast return is expected to be sufficient to compensate for the risk.

Where material climate change risks or opportunities are identified Tura Capital may conduct a dedicated climate change engagement with the company. Tura Capital use the climate change framework discussed above as the basis for preparing detailed questions for these company engagement meetings. These meetings are a forum to better understand the company's approach to climate change risk, and to understand the steps a company is making to improve climate performance, including but not limited to:

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

Tura Capital's climate change engagement initiatives are conducted in line with its Corporate Engagement Policy. Tura Capital's climate change engagement initiatives are conducted by investment analysts, in conjunction with portfolio managers. As such, the insight gained from each initiative is incorporated into the research and investment decision making process.

Tura Capital conduct a biannual ISS Climate Impact Assessment Report to assess aggregate climate risk at the portfolio level. These reports include:

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

The ISS Carbon Impact Report conducts climate change scenario analysis at the portfolio level using the IEA Sustainable Development Scenario (SDS). The SDS is a Paris Accord-aligned scenario and is well aligned with the group of 1.5°C scenarios used in the IPCC SR 1.5 report.

## 6 Reporting

Tura Capital report to clients on climate related investment and engagement initiatives through client reporting, marketing presentations and bespoke client requests.

## 7 Roles and Responsibilities

### The Board and executive management

The Board and executive level management of DNR Capital have formal oversight over and accountability for responsible investment, including climate change.

### Global Investment Committee

Tura Capital's Global Investment Committee oversees the implementation of its ESG policies and integration of ESG into investment decision-making.

### Investments team

Tura Capital's climate change engagement initiatives are undertaken by the Tura Capital investments team. The insights gained are incorporated into the research and investment decision-making process.

## 8 Risks of non-compliance

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

- Financial services laws and regulations
- The AFS License conditions
- Organisational standards

- Internal policies and procedures

**Business risk** – the risks that failing to consider climate related matters may result in poor business outcomes, with a key risk being loss of its status as an authorised representative of an AFS Licensee and a direction to cease operations. Compliance with this Policy will enable the Board and delegated staff to appropriately manage this risk by implementing appropriate investment governance procedures.

**Reputational risk** – the associated damage to Tura Capital's reputation as a result of public reporting of non-compliance with its obligations or by being perceived as non-compliant within the market or not caring for its clients and investors. This may also have a detrimental effect on the profitability of the company due to loss of confidence by clients and investors. By approving and implementing a robust approach to ESG and climate concerns, and by documenting its approach to corporate engagement, Tura Capital intends to mitigate its reputational risk.

## 9 Monitoring compliance with the Policy

The Head of Risk and Compliance for DNR Capital is responsible for monitoring compliance with this Policy.

Tura Capital's ESG capability will be reviewed annually by a third party as required by the Australian Institute of Superannuation Trustees (AIST).

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

Where instances of non-compliance with the Policy have been identified the Head of Risk and Compliance in conjunction with the Policy Owner and CEO of DNR Capital is responsible for determining and/or recommending appropriate remedial action.

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

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

In determining what remedial action will be appropriate, the Head of Risk and Compliance in conjunction with the Policy Owner and CEO of DNR Capital may have regard to the following matters:

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

## 10 Review of the Policy

The policy owner shall review the contents of this Policy at least each two years to ensure it remains current and relevant to the operations of Tura Capital.

As part of the review, the Management Team in conjunction with the Head of Risk and Compliance shall also ensure that any related policies or procedures are reviewed by relevant officers, employees and/or agents. The Head of Risk and Compliance will maintain a schedule of reviews to be undertaken as part of the review of this Policy.

## 11 Training on the Policy

As Tura Capital is committed to ensuring the continued compliance with this Policy, a program of regular training sessions will be provided to staff both when they commence and on an ongoing basis.

### Induction Training

The Head of Risk and Compliance will provide training on this Policy as part of the induction training for all new officers and investment team employees. Completion will be recorded in the Training Register, and it is the responsibility of the Head of Risk and Compliance to review whether relevant staff have completed the training.

### Ongoing Training

The Head of Risk and Compliance will also provide refresher training on the Policy and procedure at least annually (or as required, where a material change is made to the Policy).

## 12 Applying discretion to the Policy

Notwithstanding any requirement contained in this Policy, the Tura Capital Portfolio Manager can apply reasonable discretion in considering how to apply the requirements of the Policy.

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

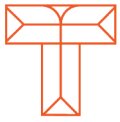
Whenever discretion has been exercised in relation to the Policy, it should be recorded and reported to the Management Team of DNR Capital.

## 13 Related policies

The following policies contain provisions which are directly or indirectly related to the contents of this Policy:

- ESG Policy
- Corporate Engagement Policy
- Proxy Voting Policy
- Share Trading Policy
- DNR Capital Conflict of Interest Policy and Procedure
- Tura Capital investment team policies and procedures
- DNR Capital Risk Management Framework Policy and Guidelines.





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#### 14 Further information

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