



LEA 02	Discipline: Mandatory	Principle: PRI 1, 2, 3
<p><b>Type of engagement</b></p> <p>Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> To engage internal staff</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</li> <li><input type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced ESG disclosure</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service provider engagements</li> </ul>	

# RI TRANSPARENCY REPORT

## 2020

Ellerston Capital Limited

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Private							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		🔒	n/a							✓
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 14 CC		✓	Private							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Private	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 07	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 10	Engagement methods	✓	Private		✓					
LEA 11	Examples of ESG engagements	✓	Private		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Private		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Private		✓					
LEA 21	Examples of (proxy) voting activities	✓	Private		✓					
LEA End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	🔒	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

# Ellerston Capital Limited

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Ellerston Capital is a specialist investment manager providing a range of innovative equity and related alternative strategies. As a firm majority owned by its principals and employees, our clients' objectives are our objectives.

Ellerston Capital has been managing money since 2002 and as at 31 December 2019 managed over \$5 billion in long only Australian, Australian market neutral, Global and Asian equities.

The Manager's investment products are designed to take advantage of the strengths and capabilities of our experienced investment team and also the opportunities which we feel exist in the market place.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Australia

**OO 02.2** Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

**OO 02.3** Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

60

<b>OO 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**OO 03.1** Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes

**OO 03.2** List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

Name of PRI signatory subsidiary (Up to six subsidiaries may be reported)	RI implementation reported here on a consolidated basis
Morphic Asset Management Pty Ltd	<input type="radio"/> Yes <input checked="" type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No
	<input type="radio"/> Yes <input type="radio"/> No

- No

OO 03.3

Additional information. [Optional]

In so far as Morphic Asset Management (Morphic) was acquired in the second half of the reporting period (H2 calendar 2019) we are choosing to exclude Morphic from consolidation in this submission. We will report Morphic separately with a view to full consolidation in the next submission (2020).

OO 04

Mandatory

Public

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2019

OO 04.2

Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		5	210	017	713
Currency	AUD				
Assets in USD		3	529	263	967

Not applicable as we are in the fund-raising process

OO 04.3

Indicate the total AUM of subsidiaries you have excluded from your report (as named in OO 03.2 under "No"). Provide this figure based on the end of your reporting year

	trillions	billions	millions	thousands	hundreds
Total AUM			160	000	000
Currency	AUD				
Assets in USD			108	383	938

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

Not applicable as we do not have any assets under execution and/or advisory approach

OO 06	Mandatory	Public	Descriptive	General
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**OO 06.1** Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	100	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

**OO 06.2** Publish asset class mix as per attached image [Optional].

**OO 06.3** Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

**OO 06.5** Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

**OO 09** **Mandatory** **Public** **Peering** **General**

**OO 09.1** Indicate the breakdown of your organisation's AUM by market.

Developed Markets

95

Emerging Markets

05

Frontier Markets

0

Other Markets

0

	Total 100%
--	------------

100%

<b>OO 09.2</b>	Additional information. [Optional]
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This exposure varies over time.

### Asset class implementation gateway indicators

<b>OO 10</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 10.1</b>	Select the active ownership activities your organisation implemented in the reporting year.
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	Listed equity – engagement
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- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

	Listed equity – voting
--	------------------------

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

<b>OO 11</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 11.1</b>	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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	Listed equity
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- We address ESG incorporation.
- We do not do ESG incorporation.

<b>OO 12</b>	<b>Mandatory</b>	<b>Public</b>	<b>Gateway</b>	<b>General</b>
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<b>OO 12.1</b>	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
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	Core modules
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- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

Listed Equity incorporation

Direct - Listed Equity active ownership

Engagements

(Proxy) voting

Closing module

Closing module

## Peering questions

OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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**OO LE 01.1** Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

### Percentage of internally managed listed equities

Passive

0

Active - quantitative (quant)

0

Active - fundamental and active - other

100

Total

100%

# Ellerston Capital Limited

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

The Ellerston Capital Responsible Investment Policy also details our Modern Slavery Risk Policy.

Other RI considerations, specify (2)

SG 01.4

Describe your organisation’s investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Ellerston Capital is a specialist investment manager providing a range of active, innovative equity and alternatives strategies. Our investment beliefs are as follows:

1. Being majority owned by its principals and employees, our firm's objectives are fully aligned with those of our client's.
2. Being a dedicated investment manager enables us to focus on doing one thing exceptionally well: grow and protect our clients' wealth.
3. We can create value for our clients by identifying outstanding investment opportunities and designing portfolios that use each of our investment teams' strengths and capabilities to perform over the long term.
4. Responsible Investment is key to our value creation proposition:
  - Environmental, social and governance (ESG) factors have the potential to impact both risk and return, and therefore should be factored into investment process, leading to more informed and holistic investment decision-making and better investment outcomes for our clients.
  - A key aspect of our fiduciary duty is that we have a responsibility to be active stewards of our clients capital - exercising positive influence through engaging with companies on relevant business and ESG issues; and, voting our clients proxy appropriately.
  - That a high level of transparency of our Responsible Investment process and related actions is important.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Ellerston Capital's Responsible Investment Policy is available on our website at the following link:

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

This Policy affirms Ellerston's commitment to responsible investing and outlines our approach to practising responsible investing which comprises of four key components:

5. **Integration of ESG considerations in the investment process** - research, analysis & investment decision making
6. **Portfolio screening** - negative and positive as required by the client
7. **Stewardship** - engagement with companies in our investible universe and those included in our portfolios (and all relevant stakeholders), and undertaking proxy voting appropriately
8. **Transparency** - full disclosure

These components are described in full detail in the Investment Policy.

No

SG 02	Mandatory	Public	Core Assessed	PRI 6
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

- Attachment (will be made public)

Attachment

[File 1:ECL RI Policy 2020.pdf](#)

- Screening / exclusions policy

URL/Attachment

- URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

- Attachment (will be made public)

- Engagement policy

URL/Attachment

- URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

- Attachment (will be made public)

- (Proxy) voting policy

URL/Attachment

- URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-Proxy-Voting-Policy-2020.pdf>

Attachment (will be made public)

Attachment

[File 1:ECL Proxy Voting Policy 2020.pdf](#)

We do not publicly disclose our investment policy documents

**SG 02.2**

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Active ownership approaches

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Reporting

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

Other RI considerations, specify (1)

Other description (1)

The Ellerston Capital Responsible Investment Policy also details our Modern Slavery Risk Policy.

URL/Attachment

URL

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

Attachment

We do not publicly disclose any investment policy components

**SG 02.3** Additional information [Optional].

Our Responsible Investment and Proxy Voting Policies are published on our website (per the links referred to in the above responses and the attached files) and covers all of the aforementioned policy components.

**Please note that we have only attached the relevant files once rather than multiple times for each component.**

<b>SG 03</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>General</b>
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**SG 03.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**SG 03.2** Describe your policy on managing potential conflicts of interest in the investment process.

Ellerston Capital, as an Australian financial services licensee, is obligated under the law to have in place adequate arrangements for the management of conflicts of interest. All employees, officers and other representatives (including contractors) are required to be familiar with and comply with the policies. The main components of the policy include:

- Procedure for recognising, raising and disclosing a significant conflict of interest,
- Identifying who is authorised to be a Conflict Manager, and setting out their duties,
- Setting out specific procedures for evaluating, rating and acting on the conflict,
- Definitions of extreme and significant consequences,
- Policy on enforcement, whistleblowers and review/ audit and records.

This policy is referred to in the Ellerston Responsible Investment Policy.

No

## Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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**SG 05.1** Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

**SG 05.2** Additional information. [Optional]

Research and knowledge around responsible investment is growing fast. As our knowledge and experience grows, we make necessary changes, from high level policy to day-to-day research processes (where ESG is integrated into our stock selection), as frequently as required, with the relevant documentation reviewed and amended accordingly.

Per Ellerston Capital's Responsible Investment Policy:

As Chairman of the Responsible Investment Committee ("the Committee", formed at the direction of the Ellerston Capital Ltd Board of Directors), the Chief Investment Officer (CIO) is ultimately responsible for the overall implementation of this Policy.

The Committee comprises of:

- Senior Management Representative & Committee Chairman - CIO
- Head of ESG
- Head of Legal and Compliance
- Head of Operations
- Representatives of respective Investment Teams

The Committee is responsible for:

- Setting the strategy and direction of, and overseeing the implementation of Ellerston's Responsible Investment approach as it pertains to our business and our investment strategies
- Discussing key responsible investment issues, and highlighting potential threats and opportunities impacting client portfolios

The Committee will meet at least quarterly, with an annual cycle of PRI submission, ESG strategy and policy reviews, and previewing the external reporting related to our transparency commitments.

This Responsible Investing Policy will be reviewed on a regular basis and amended to reflect developments in best practice and our commitments to PRI and other industry peak bodies (such as RIAA). The Head of ESG will be responsible for the annual review of this policy in the second quarter of each financial year.

## Governance and human resources

SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

	Roles
--	-------

- Board members or trustees
- Internal Roles (triggers other options)

	Select from the below internal roles
--	--------------------------------------

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - Head of ESG**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

	Other description (1)
--	-----------------------

ESG Committee (per RI Policy)



- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)
- External managers or service providers

<b>SG 07.2</b>	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
----------------	---

The Lead Portfolio Managers and the Head of ESG have day-to-day responsibility for executing the RI responsibilities. The investment teams have consistent frameworks that they apply and document for assessing and monitoring companies. These include ESG considerations which are covered as a matter of course within the 360 degree assessment of each opportunity. Given our heavily institutional client base, Portfolio Managers and their teams are also held accountable by clients through the reporting our our stewardship responsibilities and activities.

<b>SG 07.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

Number	
--------	--

1

<b>SG 07.4</b>	Additional information. [Optional]
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Drawing upon the experience of Morphic Asset Management, which we acquired during the period, will enable us to further strengthen our governance around RI and our commitments therein.

## Promoting responsible investment

<b>SG 09</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
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<b>SG 09.1</b>	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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**Select all that apply**

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AVCA: Sustainability Committee
- France Invest – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Climate Action 100+
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles
- HKVCA: ESG Committee
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action in the 21st Century
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify  
**Responsible Investment Association of Australasia (RIAA)**

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Leveraging the experience of our recent acquisition of Morphic Asset Management, we have commenced the process of seeking product certification for a number of our retail products. Looking forward, the level of our involvement will increase considerably. For instance, we have committed to being a significant sponsor of the RIAA 2020 Annual Conference (under our retail brand Morphic).

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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**SG 10.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes
- No

**Outsourcing to fiduciary managers and investment consultants**

SG 12	Mandatory	Public	Core Assessed	PRI 4
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 12.1** Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

**ESG issues in asset allocation**

SG 13	Mandatory	Public	Descriptive	PRI 1
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**SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

**Communication****SG 19****Mandatory****Public****Core Assessed****PRI 2, 6****SG 19.1**

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

## Listed equity - Incorporation

## Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

## The information disclosed to clients/beneficiaries is the same

- Yes
- No

<b>Disclosure to public and URL</b>	
Disclosure to public and URL	<input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used
Frequency	<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad-hoc/when requested
URL	<a href="https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf">https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf</a>

Listed equity - Engagement

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

<b>Disclosure to clients/beneficiaries</b>	
	<p><b>Disclosure to clients/beneficiaries</b></p> <p><input checked="" type="checkbox"/> Details on the overall engagement strategy</p> <p><input type="checkbox"/> Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals</p> <p><input type="checkbox"/> Number of engagements undertaken</p> <p><input type="checkbox"/> Breakdown of engagements by type/topic</p> <p><input type="checkbox"/> Breakdown of engagements by region</p> <p><input checked="" type="checkbox"/> An assessment of the current status of the progress achieved and outcomes against defined objectives</p> <p><input checked="" type="checkbox"/> Examples of engagement cases</p> <p><input checked="" type="checkbox"/> Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.)</p> <p><input type="checkbox"/> Details on whether the provided information has been externally assured</p> <p><input checked="" type="checkbox"/> Outcomes that have been achieved from the engagement</p> <p><input type="checkbox"/> Other information</p>
	<p><b>Frequency</b></p> <p><input type="checkbox"/> Quarterly or more frequently</p> <p><input type="checkbox"/> Biannually</p> <p><input type="checkbox"/> Annually</p> <p><input type="checkbox"/> Less frequently than annually</p> <p><input checked="" type="checkbox"/> Ad-hoc/when requested</p>

**Listed equity – (Proxy) Voting**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

<b>Disclosure to clients/beneficiaries</b>	
Disclosure to clients/beneficiaries	<input checked="" type="radio"/> Disclose all voting decisions <input type="radio"/> Disclose some voting decisions <input type="radio"/> Only disclose abstentions and votes against management
Frequency	<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input checked="" type="checkbox"/> Ad hoc/when requested

# Ellerston Capital Limited

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities

### Implementation processes


LEI 01	Mandatory	Public	Gateway	PRI 1
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**LEI 01.1**


Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)


- Screening alone (i.e., not combined with any other strategies)
- Thematic alone (i.e., not combined with any other strategies)
- Integration alone (i.e., not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	 30
---	--

- Screening and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	 65
---	--

- Thematic and integration strategies
- Screening and thematic strategies
- All three strategies combined
- We do not apply incorporation strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	 5
---	---

Total actively managed listed equities

100%

ESG is incorporated into our investment process in two ways:

9. Integration of ESG considerations in the investment process - research, analysis & investment decision making
10. Portfolio screening - negative and positive as required by the client

### **Integration of ESG considerations in the investment process**

Each of our investment teams has its own investment process for its particular strategy, which is determined by each Portfolio Manager. However, ESG is consistently integrated into each team's analytical processes, with the purpose being to identify and consider material risks and opportunities related to the ESG factors.

Our teams have adopted a common "ESG Matrix" framework for integrating ESG issues into their company analysis, alongside fundamental considerations. The key features of the ESG Matrix are as follows:

1. Focus on measurable and/ or objective data to ensure assessments are consistent and unbiased, emphasising:
  - Environment: absolute levels and trends in factors including but not limited to carbon emissions, water consumption and waste production.
  - Social: ethical behaviour, staff turnover levels, operational health and safety performance, diversity and community engagement.
  - Governance: Governance structures and processes, Board of Director ("Board") meeting attendance, Board skills and gender diversity, management remuneration structures (incentive alignment and hurdle levels), historic value creation / destruction of management and Board.
2. For each company, qualitatively assess and quantitatively rate each E, S and G aspect of the company in terms of:
  - Performance - rate as good, acceptable or poor, and
  - Materiality - rate as low, medium or high.
3. Add the scores for the individual E, S and G matrices into a single, overall company score. The worst scores are for companies with high materiality and poor performance. Conversely, the best scores are for companies with high materiality and good performance.
4. Include ESG aspects in ongoing company monitoring to detect improvements or deterioration of scores over time, and configure into our investment views accordingly.

At a minimum, the output of the ESG matrix is considered alongside all other investment considerations as one component of the investment process for determining a company's eligibility for a portfolio. Some Portfolio Managers take a further step and choose to incorporate the impact of ESG by increasing the discount rate and therefore reducing valuation estimates based on poor ESG assessments, while others go yet further and use a poor ESG score as a "knock-out", which renders a company un-investable until the ESG profile improves. In some cases, our Portfolio Managers have added consideration of ESG themes from a "top-down" perspective to influence country and/or asset allocation.

### **Portfolio screening**

Portfolio screening is a rigorous process which enables portfolio managers to explicitly exclude or include companies with specific business activities in the portfolios that we manage. Where our client mandates require, we use screening to determine the investment universe for that particular portfolio.

Negative screens determine companies that are to be excluded from a particular portfolio's investment universe. The Global Industry Classification Standard (GICS) (MSCI) allocates every listed company to a particular broad economic Sector and then three Industry Groupings. Particular business activities are excluded by identifying the relevant GICS sector and Industry Groupings, and removing these and their constituent companies from the investment universe. Materiality thresholds (e.g. % of revenues from a particular activity) are used to safeguard that companies who fall outside of a sector but that are exposed to the particular activity are also excluded.

LEI 01.3	If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]
----------	---

The only team that uses a combined strategy (integration and themes) is the Asia ex Japan and India Equities team which also considers ESG themes from a "top-down" perspective to influence country and/or asset allocation.

**(A) Implementation: Screening**

LEI 04	Mandatory	Public	Descriptive	PRI 1
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LEI 04.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
----------	--

**Type of screening**

Negative/exclusionary screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
--	-------------

Where our client mandates require, we use screening to determine the investment universe for that particular portfolio. The majority of our portfolios are screened to exclude coal and coal mining exposure.

- Positive/best-in-class screening
- Norms-based screening

LEI 04.2	Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.
----------	--

Screening criteria are agreed with clients at the beginning of the mandate. Any changes thereafter would result from discussions with the client. For institutional clients (the majority of of assets under management) the client is responsible for communication with their beneficiaries. For retail clients, details regarding screening and any changes would be communicated via the regular periodic fund reports (monthly).

LEI 05	Mandatory	Public	Core Assessed	PRI 1
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**LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list.
- A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- A periodic review of internal research is carried out.
- Review and evaluation of external research providers.
- Other; specify
- None of the above

**LEI 05.2**

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- <10%
- 10-50%
- 51-90%
- >90%

**LEI 05.3**




Indicate how frequently third party ESG ratings are updated for screening purposes.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

### (C) Implementation: Integration of ESG factors

**LEI 08****Mandatory****Public****Core Assessed****PRI 1****LEI 08.1**

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	 Environmental <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Social	 Social <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%
Corporate Governance	 Corporate Governance <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> 51-90% <input checked="" type="radio"/> >90%

LEI 09	Mandatory	Public	Core Assessed	PRI 1
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**LEI 09.1** Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify  

Our proprietary ESG matrix scores each company on ESG Performance and materiality and is reviewed as part of decision-making and monitoring.
- None of the above

**LEI 09.2**

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

**LEI 09.3**

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

**LEI 09.5**

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

# Ellerston Capital Limited

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

URL

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)
- (Proxy) voting approach



## Voting

- ESG issues
  - Prioritisation and scope of voting activities
  - Methods of voting
  - Transparency of voting activities
  - Regional voting practice approaches
  - Filing or co-filing resolutions
  - Company dialogue pre/post-vote
  - Decision-making processes
  - Securities lending processes
  - Other; (specify)
  - Other
  - None of the above
- No

### LEA 01.4

Do you outsource any of your active ownership activities to service providers?

- Yes
- No

### LEA 01.6

Additional information [optional]

The Ellerston Responsible Investment (RI) Policy covers our active ownership policy under section 6. Stewardship. This refers to our engagement and voting policies, the latter which references a separate and detailed Proxy Voting Policy. Extracts from our RI policy follow below:

Ellerston recognises its fiduciary obligation to act in the best interests of all clients, and good and effective stewardship of our client's investments is an important aspect of achieving this obligation.

Our approach to stewardship is two-fold:

Firstly, regular engagement with the senior management of existing and prospective investments enables discussion of relevant matters, ensures good corporate governance practices, and may also seek to influence corporate decision making at a strategic level, where this is considered to be beneficial to clients;

Secondly, it is our duty on behalf of our clients to vote their proxy, or advise on the exercising of proxy votes, when the investments in their portfolios are entitled to do so. Ellerston's policy is to always vote in the best interests of the client's investments in the portfolios that we manage on their behalf.

This Policy sets out our approach to engagement and proxy voting in the context of corporate governance principles, the investment management process and client service responsibilities.

#### Engagement

Ellerston seeks to actively engage with our investee companies to deepen our understanding of management views and strategies with regards to both business and ESG-related issues. Importantly, this engagement gives us the opportunity to voice any concerns we may have about any material ESG risks that we observe.

When possible, our analysts typically speak with representatives of the companies we are considering for investment to ask a range of questions about their operations, the challenges they may face, and the key conditions required for their success. These do encompass targeted questions relating to specific ESG factors, such as supply chain management, employee relations, environmental risks and mitigation, as well as corporate governance. Dialogue with management continues in regular follow-up meetings and communications after we invest in the company.

We will raise our concerns with management if we believe that the company is pursuing a course of action that risks jeopardising the sustainability of the business and is thus detrimental to medium to long-term shareholder value. In these instances, we will propose other potential courses of action, or solutions to any material ESG risks we observe.

Engagement is also an opportunity to bring an informed shareholders perspective to management. It enables us to contribute our in-depth understanding of the company and its industry, and to provide support and constructive ideas to the current strategy.

We are realistic about the extent to which we can effect change through active ownership, and we may choose to exit a position in cases of material ESG risks, rather than persisting with attempts to engage with an unreceptive management team. Once again, our guiding principle is to act in the best interest of the investors whose money we manage.

### Investment Holding Periods

Whilst our investment time horizon is long term, it is sometimes the case that the actual holding period is shorter than envisaged (if our expected valuation is reached quickly or our disciplined risk management dictates the sale of an investment). In these instances, it may not be possible to effectively engage with companies where material ESG risks have been identified.

### Limitations of Direct Engagement & Membership of Shareholder Action Groups

Another way our "voice" can be heard is through membership of groups which bring together shareholders and organise effective collective engagement on particular issues. Ellerston is a signatory of Climate Action 100+, an organisation which coordinates engagement with the world's largest corporate CO2 emitters. The purpose of this collective engagement is to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

As a signatory we are specifically contributing to the engagement with companies listed in Australia.

We may join other similar collective groups.

### Voting

Annual General Meetings (AGM's) are the formal corporate governance mechanism through which shareholders are asked to express their opinion on various important matters such as the composition of the Board of Directors, remuneration policies for senior management, changes to shareholder capital, and appointment of auditors. Extraordinary General Meetings (EGM's) are used, or can be called to address matters such as large corporate transactions which may or may not be in shareholders' best interests, on an ad-hoc basis.

For the companies that we invest in, the right to vote at AGM's and EGM's is ultimately owned by our clients. We consider it part of our fiduciary duty to exercise these votes in the appropriate manner on their behalf. Our separate Proxy Voting Policy details the voting process accordingly [[link](#)].

### General Engagement

We will regularly engage with other investors and relevant industry organisations (such as PRI, RIAA, ASA) to promote the industry wide integration of ESG issues and to further our knowledge and the development of our own investment process in this regard.

Engagement				
LEA 02	Mandatory	Public	Core Assessed	PRI 1,2,3
LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.			

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

**LEA 02.4**

Additional information. [Optional]

We have recently started collaborative engagement, becoming a signatory of Climate Action 100+. We are already a support investor on one Australian engagement and will shortly be contributing to engagements with Asia Pacific companies.

**LEA 03**

**Mandatory**

**Public**

**Core Assessed**

**PRI 2**

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**LEA 03.1**

Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

**LEA 03.2**

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	<div style="background-color: #0070C0; color: white; padding: 2px;">Individual / Internal staff engagements</div> <ul style="list-style-type: none"> <li><input type="checkbox"/> Geography/market of the companies</li> <li><input checked="" type="checkbox"/> Materiality of the ESG factors</li> <li><input type="checkbox"/> Exposure (size of holdings)</li> <li><input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred</li> <li><input type="checkbox"/> Responses to divestment pressure</li> <li><input checked="" type="checkbox"/> Consultation with clients/beneficiaries</li> <li><input type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.)</li> <li><input type="checkbox"/> Follow-up from a voting decision</li> <li><input checked="" type="checkbox"/> Client request</li> <li><input type="checkbox"/> Breaches of international norms</li> <li><input checked="" type="checkbox"/> Other; (specify)</li> </ul> <div style="background-color: #808080; color: white; padding: 2px;">specify</div> <p>We engage with every company that we invest in. After initial engagement we prioritize further engagement according to the materiality of the issues we identify.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> We do not outline engagement criteria for our individual engagements</li> </ul>

No

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
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Individual / Internal staff engagements	<ul style="list-style-type: none"> <li><input type="radio"/> All engagement activities</li> <li><input checked="" type="radio"/> Majority of engagement activities</li> <li><input type="radio"/> Minority of engagement activities</li> <li><input type="radio"/> We do not define specific objectives for engagement activities carried out by internal staff</li> </ul>
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LEA 04.2	Additional information. [Optional]
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Often it is the basic level of engagement (such as requests for further detailed information or answers to questions that arise from initial engagement) that leads to the identification of material ESG risks and opportunities. In these cases, it is not possible to define specific objectives (other than the need for meaningful engagement) ahead of knowing what the problem and potential solution may be.

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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**LEA 05.1**

Indicate whether you monitor and/or review engagement outcomes.

Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
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**LEA 05.2**

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
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**LEA 06****Mandatory****Public****Additional Assessed****PRI 2,4****LEA 06.1**

Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

 Yes**LEA 06.2**

Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

 No**LEA 06.3**

Additional information. [Optional]

All of the strategies indicated above would be considered in the event we needed to escalate, some of which we have not yet used. However, which strategy is used and the timing is very much decided on a case-by-case basis.

LEA 08	Mandatory	Public	Gateway	PRI 2
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**LEA 08.1** Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
Individual/Internal staff engagements	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track

**LEA 08.2** Additional information. [Optional]

Company engagements, rationale and outcomes are recorded centrally and reported to clients in accordance with their requirements, which vary by mandate.

## (Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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**LEA 12.1** Indicate how you typically make your (proxy) voting decisions.

**Approach**

- We use our own research or voting team and make voting decisions without the use of service providers.

**Based on**

- Our own voting policy
- Our clients` requests or policies
- Other (explain)
- We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.
- We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- We hire service providers who make voting decisions on our behalf.

**LEA 12.2** Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

it is our duty on behalf of our clients to vote their proxy, or advise on the exercising of proxy votes, when the investments in their portfolios are entitled to do so. Ellerston's policy is to always vote in the best interests of the client's investments in the portfolios that we manage on their behalf. All voting decisions and rationales, where required, are tracked by our back office to ensure that we have voted on all resolutions. If we have erroneously failed to vote, we are required to report, investigate and follow up in accordance with the Ellerston Capital Breaches and Incidents Policy.

The Ellerston Proxy Voting Policy is publically available at the following link:

<https://ellerstoncapital.com/wp-content/uploads/2020/03/ECL-RI-Policy-2020.pdf>

This policy sets out our approach to proxy voting in the context of corporate governance principles, the investment management process and client service responsibilities, the key aspects being as follows:

### **Responsibility**

The Chief Investment Officer (CIO) is responsible for the implementation of this Policy.

The Head of ESG will oversee voting, the documentation of voting decisions and the annual publication of the proxy voting records for the prior financial year.

This policy is reviewed as part of the annual review of the Ellerston Responsible Investment Policy.

### **Voting Guidelines**

As a Responsible Investor, we believe that Environmental, Social and Governance (ESG) issues can impact the value of entities in which we invest. We are committed to incorporate ESG standards into our voting criteria to act in the long-term interests of our clients taking into account, but not limited to, the guidelines below:

- Act in the long-term interests of shareholders.
- Protect shareholders' rights.
- Ensure independent, diverse and efficient governance structures (Boards of Directors, Advisory Boards etc.).
- Align incentive structures with long-term interests of stakeholders.
- Disclose accurate, adequate, and timely information.
- Ensure good environmental and social performance.

Voting decisions (or recommendations) reflect the following opinion:

**For:** The proposed resolution reflects good practice and is in the shareholders' long-term interest

**Abstain:** The proposed resolution raises issues of concern for shareholders or lacks sufficient information

**Against:** The proposed resolution is not acceptable and is not in the shareholders' long-term interest

In the event that we vote on a resolution in opposition to the management recommendation, we will attempt to engage with the Company ahead of the shareholder meeting in order to communicate our voting intention and explain our rationale for opposing the management recommendation.

### **Proxy Voting Process**

Ellerston receives notices of shareholder meetings from its portfolio companies through its custodians or the companies themselves. Our analysts and portfolio managers will form a view on the items to be voted upon with the voting decisions being made on a case-by-case basis based on the guidelines above.

Where Ellerston has discretion under its agreement with the client, as a general rule, Ellerston will not seek direction from the client prior to it exercising a vote or initiating relevant company engagement to address individual issues. However, Ellerston may from time-to-time consult with clients on particular issues. Clients may require our proxy voting to follow the recommendations of third party Proxy Advisors, or may direct Ellerston to vote on specific issues, and we will implement that direction to the extent we are able to do so.

It may be the case that we attend shareholder meetings and vote our clients proxies in person.

### **Disclosure and Transparency**

Consistent with our commitment and responsibilities related to PRI and, where relevant, product certification bodies such as the Responsible Investment Association of Australasia (RIAA), our policy is to provide full transparency on our proxy voting on an annual basis.

No later than three months after the close of each financial year, Ellerston will publish on its website a summary of its proxy voting activities for the previous financial year providing the details below:

- The name of the entity and the country in which it is listed
- The Stock Exchange code of the relevant interests or securities
- The meeting date and meeting type
- A brief identification of the matter or matters (proposals) to be voted on at the meeting
- Whether the matter or matters voted on were proposed by the issuer, its management or another person or company
- The Management recommendation
- Whether Ellerston voted, or advised, on the matter or matters
- How Ellerston voted, or advised, on the matter or matters
- In the case of a decision to vote against any matter, a record reflecting the reason for that decision

LEA 15	Mandatory	Public	Descriptive	PRI 2
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**LEA 15.1** Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

**LEA 15.2** Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) concerned selected markets
- Vote(s) concerned selected sectors
- Vote(s) concerned certain ESG issues
- Vote(s) concerned companies exposed to controversy on specific ESG issues
- Vote(s) concerned significant shareholdings
- Client request
- Other

**LEA 15.3** Additional information. [Optional]

For instance, in one particular instance during the period, we voted against the award of performance rights to the CEO of a particular investee company. Prior to voting we engaged with the Company and communicated that we were not satisfied with various aspects of the KPI's and Remuneration report.

LEA 16	Mandatory	Public	Core Assessed	PRI 2
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**LEA 16.1** Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- We do not communicate the rationale to companies
- Not applicable because we and/or our service providers did not abstain or vote against management recommendations



**LEA 16.2**

Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.

- Vote(s) concern selected markets
- Vote(s) concern selected sectors
- Vote(s) concern certain ESG issues
- Vote(s) concern companies exposed to controversy on specific ESG issues
- Vote(s) concern significant shareholdings
- Client request
- Other

**LEA 16.3**

In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.

- Yes
- No

**LEA 16.4**

Additional information. [Optional]

For the reporting period 2020 our voting decisions will be published publicly on an annual basis in the Ellerston Capital Proxy Voting Report. All voting decisions will be published provided that public disclosure does not compromise an ongoing engagement (e.g. collaborative engagement such as Climate Action 100+ where contributing investors may agree a plan of action which may be compromised by public disclosure).

**LEA 17****Mandatory****Public****Core Assessed****PRI 2****LEA 17.1**

For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)

%

87

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
- Of the total number of company meetings at which you could have voted
- Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

**LEA 17.2**

Explain your reason(s) for not voting on certain holdings

- Shares were blocked
- Notice, ballots or materials not received on time
- Missed deadline
- Geographical restrictions (non-home market)
- Cost
- Conflicts of interest
- Holdings deemed too small
- Administrative impediments (e.g., power of attorney requirements, ineligibility due to participation in share placement)
- Client request
- Other (explain)

**LEA 19****Mandatory****Public****Core Assessed****PRI 2****LEA 19.1**

Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

- Yes
- No

# Ellerston Capital Limited

## Reported Information

### Public version

### Confidence building measures

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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**CM1 01.1** Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:

- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
  - Whole PRI Transparency Report has been internally verified
  - Selected data has been internally verified
- Other, specify
- None of the above

CM1 02	Mandatory	Public	Descriptive	General
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**CM1 02.1** We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report
- None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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**CM1 03.1** We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme
- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM1 04	Mandatory	Public	Descriptive	General
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**CM1 04.1**

Do you plan to conduct third party assurance of this year's PRI Transparency report?

- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

**CM1 07**

**Mandatory**

**Public**

**Descriptive**

**General**

**CM1 07.1**

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

**Who has conducted the verification**

- CEO or other Chief-Level staff

**Sign-off or review of responses**

- Sign-off
- Review of responses

**What data has been verified**

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

**Relevant modules**

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- The Board

**Sign-off or review of responses**

- Sign-off
- Review of responses

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Investment Committee
- Compliance Function

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- RI/ESG Team

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Investment Teams

#### What data has been verified

- Policies
- Overarching strategy and processes
- Asset class specific processes
- Quantitative data related to RI processes
- Other

#### Relevant modules

- Organisational Overview
- Strategy and Governance
- Direct - Listed Equity Incorporation
- Direct - Listed Equity Active Ownership
- Legal Department
- Other (specify)