

Responsible Investment program development

Responsible Investment Leader: Northcape was named by [RIAA](#) a ‘Responsible Investment Leader’ in the 2024 Benchmark Survey of Australasian asset managers, representing the top 20% of managers reviewed.

Responsible Investment governance: Northcape updated its [Responsible Investment Policy](#), describing the governance and process for considering ESG factors and undertaking stewardship. The update includes information on the limitations and exceptions to the application of the Policy

ESG data model: Northcape commissioned an in-house ESG data model, utilising ISS data. The model is designed to support efficiencies in ESG company research, stewardship, portfolio analysis, due diligence, and reporting.

ESG training: Northcape’s Responsible Investment & ESG Forums allow the teams to share knowledge and insights, focus on specific ESG issues, collaborate on strategy, and support implementation of the program.

- July 2024: **Climate risk** – Guest speaker, Inevitable Policy Response Transition Scenarios
- July 2024: **Greenwashing** – Guest speaker, Regulatory developments and Northcape process
- September 2024: **ESG Data** – Third-party ESG data to support research

Proxy voting statistics

Australian Equities - September Quarter 2024

Shareholder meetings at which our clients’ shares were voted	5
Number of meeting resolutions voted	30
% of resolutions voted ‘against’	3.3%
% of resolutions voted against board recommendations	0.0%
% of resolutions voted with board recommendations	100%
% of abstentions	0.0%
% of votes contrary to proxy advice	3.3%

Notes: All voting decisions and recommendations are made by Northcape investment analysts. Northcape forms its own view on how to vote for each resolution, supported by research from proxy advisors. Vote decisions and rationale are reviewed for consistency by the Head of Responsible Investment. For more details, please see the [Responsible Investment Policy](#) and annual [Proxy Voting Record](#).

Engagement issues progressed¹

Company	Topic category	Outcome sought	Milestone ²
Aristocrat Leisure ³	G6 - Ethics & regulatory	Digital games disclosure.	Not approved.
	S1 – Customer & products	Digital game anti-harm controls.	Not approved.
Auckland Airport	E1 - Energy transition	Transition planning.	Strategy.
BHP Group	E1 - Energy transition	Disclosure of scope 3 strategy.	Implemented.
Insurance Australia	G1 - Risk & capital	Lower risk M&A growth model.	Raised issue.
	G3 - Remuneration	Improved bonus hurdles.	Raised issue.
James Hardie	E1 - Energy transition	Detail on renewable strategy.	Acknowledged.
	G3 - Remuneration	Disclosure of hurdles.	Implemented.
	S2 - Human rights	Modern slavery disclosure.	Plan developed.
Macquarie Group	E1 - Energy transition	Improve disclosure- emissions.	Issue raised.
Qantas Airways	G2 - Board effectiveness	Improved remuneration outcomes.	Implemented.
	G3 - Remuneration	Improved accountability.	Implemented.
Steadfast	S1 – Customer & products	Improved customer protection.	Raised issue.
The Lottery Corp.	G2 - Board effectiveness	Succession planning.	Strategy.
Xero	G3 - Remuneration	Enhanced remuneration.	Issue raised.

1. While we engage with the intention of reaching an outcome, Northcape does not claim to be solely responsible for the progress encouraged and observed at investee companies. We endeavour to be part of the conversation on material risks and opportunities, in most cases along with many other investors. Please see the [Responsible Investment Policy](#) for further detail including the limitations and exceptions of our program.
2. To monitor company progress on material ESG risks and opportunities, Northcape utilises an objective and milestone approach: Milestone 1 – Issue raised with the company; 2 – Company acknowledged the materiality of the issue; 3 – Company developed a plan to address the issue; 4 – Company implemented the plan.
3. Aristocrat Leisure was reviewed and engaged for potential addition to the Approved List. Given prevailing concerns for customer protection and regulatory risk in digital gaming, the company did not achieve approved status.

Stewardship case studies – engagement

Company	James Hardie Industries	BHP Group
Material topics	Environmental: Energy transition Social: Human rights	Environmental: Energy transition
Context	James Hardie is a leading manufacturer of building products in the US, Europe, Australia and New Zealand.	BHP Group is a leading global producer of minerals and metals support economic growth and the energy transition.
Actions	The company has made progress on sustainability in recent years. We engaged the board and management to better understand the approach to decarbonisation and managing human rights risks and to encourage further progress.	We engaged the company's management on the transition plan ahead of a shareholder vote this year. We were encouraged by detailed planning for the 2030 emissions target. However, given technology challenges, the scope 3 value chain strategy is less developed.
Change objective	Progress practice and disclosure on transition planning and human rights risk management.	Progress practice and disclosure on transition planning, particularly on scope 3 emissions.
Company outcome	The company acknowledged the importance of the two issues for its business and to investors. It expects to improve its disclosure on the transition plan and its management of supply chain human rights risks in 2025.	BHP acknowledged the importance of the issue and provided enhanced disclosure in its 2024 climate transition plan. We were satisfied that it had provided as much information as could be expected given technology constraints in low carbon steelmaking.

Responsible Investment team – peer collaboration

Group	Topic	Location
UN PRI	Voting Season Roundup	Online
UN PRI	IPR Quarterly Briefing	Online
RIAA	First Nations Working Group	Online
RIAA	Nature Working Group	Online
Macquarie	ESG Summit 2024	Sydney
100WF	Diversity, Equity & Inclusion Seminar	Sydney
UBS	Deforestation Roundtable	Sydney



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