



LEA 02	Disclosures Monetary	Reason for interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Collaborative engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>		
Service provider engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>		

# RI TRANSPARENCY REPORT

## 2013/14

Northward Capital

## 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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
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	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Public							✓
OO 09	Additional information about organisation	✓	Public							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	🔒	n/a							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Public							✓
OA 07	Governance, management structures and RI processes	✓	Public							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Public							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Public	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Public							✓
OA 19	Internal and external review and assurance of responses	✓	Public							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Public	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Public	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Public	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Public	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Public	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

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 engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Public		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Public		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Public		✓					
LEA 14	Examples of ESG engagements	✓	Public		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Public		✓					
LEA 20	Securities lending programme	✓	Public		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Public		✓					
LEA 25	Examples of (proxy) voting activities	✓	Public		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

# Northward Capital

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory only services

OO 02	Mandatory	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

4.75

OO 03	Mandatory	Descriptive	General
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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

No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** | Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM			50	000	000
Currency	AUD				
Assets in USD			45	164	943

**OO 04.3** | Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	100	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0



Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OO 08	Mandatory to Report Voluntary to Disclose	Peering	General
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<b>OO 08.1</b>	Indicate the breakdown of your organisation's AUM by market.
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Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 09	Voluntary	Descriptive	General
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**OO 09.1**

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

Northward Capital has long believed that ESG factors can be a useful barometer of the quality of business management.

Put simply, companies who manage ESG issues well are more likely to create long term shareholder value, with a reduced risk profile, than companies who do not. Furthermore, there is growing evidence that the integration of ESG factors by companies "can be a source of opportunity, innovation, and competitive advantage".

We believe that ESG factors should be incorporated into fundamental equity research and that the consideration of ESG factors, offer Northward Analysts and Portfolio Managers additional insights into the quality of a company's management, culture, risk profile and other characteristics.

We also aim to play a constructive role in the ongoing development and improvement of ESG practices, by promoting a higher level of transparency within the business community and by encouraging companies in which we invest, to review their ESG practices.

Northward utilises responsible investment principles by integrating ESG factors into portfolio analysis, which are assessed in conjunction with existing, comprehensive financial analysis. ESG integration considers:

- quality of management including appropriate board structure and governance practices
- corporate engagement
- relative importance of ESG factors for sectors, industries and companies
- analysis of ESG trends and their financial implications
- pricing of ESG risks and opportunities • use of ESG ratings in collaboration with financial and other ESG analysis

Importantly, stocks are not screened but assessed on their ESG merits.

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
<b>OO 10.1</b>	Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.		
	<input checked="" type="checkbox"/> We incorporate ESG issues into investment decisions on our internally managed assets <input checked="" type="checkbox"/> We engage with companies on ESG issues via our staff, collaborations or service providers <input checked="" type="checkbox"/> We cast our (proxy) votes directly or via service providers <input type="checkbox"/> None of the above		
OO 12	Mandatory	Gateway	General

**OO 12.1**

The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**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

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Northward Capital

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Northward Capital has long believed that ESG factors can be a useful barometer of the quality of business management. Put simply, companies who manage ESG issues well are more likely to create long term shareholder value, with a reduced risk profile, than companies who do not. Furthermore, there is growing evidence that the integration of ESG factors by companies "can be a source of opportunity, innovation, and competitive advantage".

We believe that ESG factors should be incorporated into fundamental equity research and that the consideration of ESG factors, offer Northward Analysts additional insights into the quality of a company's management, culture, risk profile and other characteristics.

We also aim to play a constructive role in the ongoing development and improvement of ESG practices, by promoting a higher level of transparency within the business community and by encouraging companies in which we invest, to review their ESG practices.

Northward utilises responsible investment principles by integrating ESG factors into portfolio analysis, which are assessed in conjunction with existing, comprehensive financial analysis.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

<http://www.northwardcapital.com/media/1955/Northward%20Capital%20Responsible%20Investment%20Policy.pdf>

No

<b>OA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,2</b>
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**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

<b>Policy components/types</b>	<b>Coverage by AUM</b>
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

<b>OA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

<b>OA 04.2</b>	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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There are a number of potential or perceived conflicts of interest that have been identified as applicable to the conduct of Northward Capital's business.

In summary, these are:

- Personal account trading
- Managing investment portfolios
- Personal dealings and the securing of investment related services
- Related party dealings

The issues pertinent to each principal area vary and therefore individual policies have been established . The framework for each policy provides:

- an outline of potential conflicts of interest, and
- the procedures in place to manage the potential conflicts of interest.

Copies of Northward's Conflict of Interest Policy are available on request.

No

## Objectives and strategies

<b>OA 05</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>General</b>
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<b>OA 05.1</b>	Indicate if your organisation sets objectives for its responsible investment activities.
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Yes

<b>OA 05.2</b>	Indicate how frequently your organisation sets or revises objectives for responsible investment.
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- At least once per year
- Less than once per year

<b>OA 05.3</b>	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.
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- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed

No

<b>OA 06</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>General</b>
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**OA 06.1** List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

Add responsible investment objective 1

Objective 1	To improve communication of Northward's ESG activities to clients by issuing regular/quarterly correspondence
Key performance indicators	4 newsletters to be developed and available on Northward website
Describe the progress achieved	Northward is on track to achieving this objective

Add responsible investment objective 2

Objective 2	To refine ratings process and improve coverage
Key performance indicators	Evaluation by CEO of ratings output
Describe the progress achieved	Northward is on track to achieving this objective

Add responsible investment objective 3

**OA 06.2** List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress.

- Add responsible investment objective 1 for the next reporting year
- Add responsible investment objective 2 for the next reporting year
- Add responsible investment objective 3 for the next reporting year

**OA 06.3** Additional information.

Northward has been investigating avenues to better meet Principle 5 - "Work together to enhance our effectiveness in implementing the Principles". To this end, Northward volunteered to contribute to the first Australian PRI Working Group - The PRI Australia Network Unconventional Gas Working Group which commenced in 2012.

The WG has provided Australian signatories with 2 best practice guidelines to assist in the evaluation of key risks and provide recommendations on best practice reporting and performance by companies.

The WG has performed an analysis of all companies involved in unconventional gas in Australia and has identified gaps in company disclosure against these guidelines. The group is currently working toward direct engagement with a number of companies to obtain additional information and encourage better disclosure.



## Governance and human resources

OA 07	Voluntary	Descriptive	General
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**OA 07.1** Provide a brief description of your organisation's governance, management structures and processes related to responsible investment.

Oversight of Northward's ESG activities occurs at a number of levels:

- **Northward Board** - The CEO and ESG Manager report annually regarding Northward's progress and to ensure we are meeting PRI principles. The Board also reviews the firm's Responsible Investment Annual Report Results
- **Northward Management Team** - supervise, review and monitor ESG activities
- **Northward Analysts/Portfolio Managers** - when developing an investment thesis, ESG factors are incorporated into the valuation of the company under review. The consideration of ESG fundamentals is inherently part of the research process. In general, investments with a superior ESG profile would be selected for inclusion in the portfolio. This process is iterative and dynamic as all stocks in Northward's investment universe are subject to ongoing review.
- **ESG Manager** - works closely with Analysts/Portfolio Managers and is responsible for researching and monitoring ESG related issues, enhancing databases, engaging with companies on ESG issues and looking at opportunities to collaborate with other organisation

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

OA 08	Mandatory	Gateway/Core Assessed	General
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**OA 08.1** Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

**Roles present in your organisation**

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), 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
- Portfolio managers
- 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
- External managers or service providers
- Other role, specify
- Other role, specify

<b>OA 08.2</b>	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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Number
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0.75

<b>OA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>General</b>
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<b>OA 09.1</b>	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan
- None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Promoting responsible investment**

OA 10	Mandatory	Core Assessed	PRI 4,5
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OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.
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Yes

OA 10.2	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**

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

	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]

Northward is a signatory to the Carbon Disclosure Project.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)

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]

Northward contributed to a survey on payment disclosure of companies in the extractive industries.

- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- 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)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

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]

Northward is a contributing participant in the Australian based Unconventional Gas Working Group (UGWG).

The UGWG was formed in 2012 with a view to deepening signatories' (particularly Asset Owners) understanding of the issue through education.

The objectives of the group are as follows:

- Form a strong collaborative investment position
- Create an information platform for strategic engagement
- Create an action plan for advocacy

Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

Shareholder Association for Research and Education (Share)

United Nations Environmental Program Finance Initiative (UNEP FI)

United Nations Global Compact

Other collaborative organisation/initiative, specify

ESG Research Australia (ESGRA)

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

Basic

Moderate

Advanced

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

Northward is a member of ESGRA who's objective is to encourage the amount and quality of stock broker research of environmental, social and governance (ESG) issues.

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

Other collaborative organisation/initiative, specify

No

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

OA 12	Voluntary	Additional Assessed	PRI 4,5,6
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**OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

- Yes
- No

**OA 12.4**

Additional information.

As a boutique manager of Australian equities (classified by PRI as "resource constrained"), Northward has limited ability to influence policy makers. We have therefore been focused on enhancing and developing our ESG resources such as our ESG Database, improving communication with our clients on ESG topics as well as increased engagement with companies on ESG related matters.

## ESG issues in asset allocation

OA 13	Voluntary	Descriptive	PRI 1
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**OA 13.1**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

- Yes
- No

<b>OA 13.3</b>	Additional information.
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As a manager of Australian equities, we aim to be fully invested in the domestic sharemarket with limited exposure to cash - this question is therefore not applicable.

<b>OA 14</b>	Voluntary	Descriptive	<b>PRI 1</b>
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<b>OA 14.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No

## Innovation

<b>OA 18</b>	Voluntary	Descriptive	<b>General</b>
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<b>OA 18.1</b>	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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## Assurance of responses

<b>OA 19</b>	Voluntary	Additional Assessed	<b>General</b>
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<b>OA 19.1</b>	Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.
----------------	---

- Yes
- No

# Northward Capital

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## 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.



## Overview

LEI 01	Mandatory to Report Voluntary to Disclose	Gateway/Peering	PRI 1
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### LEI 01.1

Provide a breakdown of your internally managed listed equities by passive, quantitative, fundamental and other active strategies. For strategies that account for less than 10% of your internally managed listed equities, indicate if you would still like to report your activities.

#### Strategies

- Passive
- Active – quantitative (quant)
- Active – fundamental and other active strategies

#### % of internally managed listed equities

- <10%
- 10-50%
- >50%

LEI 02	Voluntary	Descriptive	PRI 1
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### LEI 02.1

Provide a brief overview of how you incorporate ESG issues in listed equity investments.

Fundamental research is central to Northward's investment process which is enhanced by the inclusion of ESG information. Therefore ESG factors are not analysed in isolation, but are integrated within the investment process. The assessment of ESG issues can be wide ranging - Northward therefore concentrates its research efforts on areas likely to be material to the sector, industry and company under review. Northward has developed a centralised, proprietary database with a dedicated ESG component, to facilitate the exchange of ideas and information between Analysts. Additional research on ESG factors is sourced via sustainability reports, broker research, direct contact with companies as well as NGOs, to gain further insights into the issue under review.

Drawing on this information, each company in the investment universe is allocated an ESG score by each Analyst. In general, investments with a superior ESG profile would be selected for inclusion in the portfolio. This process is iterative and dynamic as all stocks in Northward's investment universe are subject to ongoing review.

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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**LEI 03.1** Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) 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 (estimate +/- 10%)	<table border="1" style="width: 100%;"> <tr> <td style="width: 10%;"></td> <td style="width: 90%; text-align: center;">%</td> </tr> <tr> <td style="width: 10%; text-align: center;">100</td> <td style="width: 90%;"></td> </tr> </table>		%	100	
	%				
100					

- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

**Total actively managed listed equities**

100%

**LEI 03.2** Describe your primary reasons for choosing a particular ESG incorporation strategy.

Northward is of the view that companies who manage ESG issues well are more likely to create long term shareholder value, with a reduced risk profile, than companies who do not.

We believe that ESG factors should be incorporated into fundamental equity research and that the consideration of ESG factors, offer our Analysts additional insights into the quality of a company's management, culture, risk profile and other characteristics.

**LEI 03.3** If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

Not applicable.

<b>LEI 04</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**LEI 04.1** Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

**Type of ESG information**

- Raw ESG company data
- Company-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Sector-related analysis or ratings

**Indicate who provides this information**

- ESG research provider
- Sell-side
- In-house – specialised ESG analyst or team
- In-house – analyst or portfolio manager
- Country-related analysis or ratings
- Screened stock list
- Issue-specific analysis or ratings
- Other, specify

**LEI 04.2** Provide a brief description of the ESG information used, highlighting any differences of sources of information across your ESG incorporation strategies.

Research on ESG factors is sourced via sustainability reports, broker research, direct contact with companies as well as NGOs, to gain further insights into the issue under review. Northward's ESG Manager is responsible for sourcing the bulk of this information and works closely with the relevant Portfolio Manger to ensure issues that are material to the company under review have been addressed appropriately.

**LEI 04.3** Indicate if you incentivise brokers to provide ESG research.

Yes

**LEI 04.4** Describe how you incentivise brokers.

As a founding member of ESG Research Australia (ESGRA) Northward is committed to rewarding and remunerating quality research produced by the brokers.

No

<b>LEI 05</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 05.1</b>	Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.
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- Engagement
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.
- (Proxy) voting
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.

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

LEI 10	Voluntary	Descriptive	PRI 1
<b>LEI 10.1</b>	Describe how you integrate ESG factors into investment decision making processes.		

Northward's ESG Manager is responsible for sourcing the bulk of ESG specific information and works closely with the relevant Analyst to ensure issues that are material to the company under review have been addressed appropriately. Drawing on this information, each company in the investment universe is allocated an Environment, Social and Governance score by the Analyst. In general, investments with a superior ESG profile would be selected for inclusion in the portfolio. This process is iterative and dynamic as all stocks in Northward's investment universe are subject to ongoing review.

LEI 11	Mandatory	Core Assessed	PRI 1
<b>LEI 11.1</b>	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.		

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**LEI 11.2** Additional information. [Optional]

The assessment of ESG issues can be wide ranging - Northward therefore concentrates its research efforts on areas likely to be material to the sector, industry and company under review.

**LEI 12** Voluntary Descriptive **PRI 1**

**LEI 12.1** Indicate which processes your organisation uses to ensure that ESG integration is based on a 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
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

<b>LEI 12.2</b>	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 was incorporated into investment decisions
- Other, specify
- None of the above

<b>LEI 13</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>LEI 13.1</b>	Indicate into which aspects of investment analysis you integrate ESG information.
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- (Macro) economic analysis
- Industry analysis
- Analysis of company strategy and quality of management
  - Systematically
  - Occasionally
- Idea generation
- Portfolio construction
  - Systematically
  - Occasionally
- Fair value/fundamental analysis
  - Systematically
  - Occasionally

<b>LEI 13.2</b>	Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.
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- Adjustments to income forecasts (sales, earnings, cash flows)
- Adjustments to valuation tools (discount rates, return forecasts, growth rates)
- Other adjustments to fair value projections, specify
- Other, specify

## Outputs and outcomes

<b>LEI 15</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 15.1</b>	Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.
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- Integration of ESG issues

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level
- Overweight/underweight at stock level
- Buy/sell decisions
- Other, specify

<b>LEI 16</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 16.1</b>	Indicate if you believe that incorporating ESG factors has: (a) Impacted funds' financial performance; (b) Reduced funds' risk or volatility; (c) Improved funds' ESG performance.
-----------------	--

a) Impacted funds' financial performance
--

		<b>Integration of ESG issues</b>	
		<input checked="" type="radio"/> Yes <input type="radio"/> No	

b) Reduced funds' risk or volatility
--------------------------------------

		<b>Integration of ESG issues</b>	
		<input checked="" type="radio"/> Yes <input type="radio"/> No	

c) Improved funds' ESG performance
------------------------------------

		<b>Integration of ESG issues</b>	
		<input checked="" type="radio"/> Yes <input type="radio"/> No	

<b>LEI 16.3</b>	Additional information.
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Assessing the impact of ESG incorporation with respect to ESG performance is largely a qualitative and therefore a subjective process. As stated elsewhere, we view companies who manage their E, S and G concerns well, as being better managed and therefore likely to outperform their peers over the medium to long term. However, it is notoriously difficult to quantify the contribution of any one factor to performance - let alone the impact of ESG.

While Northward's research efforts are focused on financial criteria, the regular assessment of E, S and G factors has assisted our Analysts avoid certain stocks that do not score well in these areas and are therefore at risk of underperformance. Conversely the analysis of ESG factors in conjunction with detailed financial analysis helps to reinforce their view on companies under review.

<b>LEI 17</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>LEI 17.1</b>	Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.
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ESG issue 1



ESG issue and explanation
<p><b>Coal Seam Gas</b> - The CSG industry in Australia is facing opposition on several fronts due to concerns regarding the industry's impact on water, agriculture and rural communities.  <b>Sector/s affected</b> - Resources sector with the potential to extend to industries supporting this sector e.g. mining services.</p>
ESG incorporation strategy applied
<input checked="" type="checkbox"/> Integration
Impact on investment decision or performance
<p>Australia has one of the world's largest resources of CSG, which is being heavily promoted as an alternative energy source in an increasingly carbon constrained world. However, the CSG industry in Australia is facing opposition on several fronts with most concerns revolving around the industry's impact on water, agriculture and rural communities.</p> <p>We continue to monitor developments with respect to the additional risks faced by CSG operators which include a blowout of costs arising from rapid changes to regulations in response to significant community opposition.</p> <p>Northward is also a participant in the Australian Unconventional Gas Working Group (UGWG) where we aim to work collectively with other PRI signatories to identify key risks in this sector and to improve the disclosure of a number of companies.</p>

- ESG issue 2
- ESG issue 3
- ESG issue 4
- ESG issue 5

## Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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LEI 18.1	Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.
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We disclose it publicly

Provide URL
-------------

<http://www.northwardcapital.com/media/1955/Northward%20Capital%20Responsible%20Investment%20Policy.pdf>

Provide URL
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<http://www.northwardcapital.com/media/1596/ESG%20Update%20June%202012.pdf>

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation  
 Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently  
 Between quarterly and annually  
 Less frequently than annually  
 Other, specify
- No
- We disclose it to clients and/or beneficiaries only  
 We do not proactively disclose it to the public and/or clients/beneficiaries

# Northward Capital

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 01	Voluntary	Descriptive	PRI 2
LEA 01.1	Provide a brief overview of your organisation's approach to engagement.		

Northward views company engagement as an important element of our investment process. Engagement involves undertaking ongoing communication with companies in which we invest on a range of issues including ESG matters.

Northward has excellent access to senior management with Analysts regularly meeting with companies, where ESG forms a dedicated component of the agenda. By encouraging the companies in which we invest to review their ESG practices, Northward aims to promote a higher level of transparency within the business community.

LEA 02	Mandatory	Gateway	PRI 1,2,3
LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.		

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

<b>LEA 02.2</b>	Additional information. [Optional]
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ESG engagement for Northward involves undertaking ongoing communication with companies we invest in, on specific ESG issues. Northward regularly meet with companies, where ESG forms a dedicated component of the agenda. This information is entered into Northward's research database with key areas of concern flagged and monitored for further review by the ESG Manager.

## Process

### Process for engagements run internally

<b>LEA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 03.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
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- Yes
- No

LEA  
03.3

Additional information. [Optional]

All company contacts relating to ESG matters are recorded in Northward's ESG Database. Matters that require followup are noted for the ESG Manager to pursue in consultation with the relevant Analyst.

Engagement for monitoring can vary considerably. In instances where a company has committed to implementing changes (e.g. seek to reduce LTIFR by introducing more rigorous training programmes), the ESG Manager will enter this information in our database for follow up by the due date to ensure this has occurred.

Alternatively, Northward's ESG Manager on behalf of the relevant analyst, will engage further, via email and/or phone, to identify what progress has been made regarding the issue under review. These various interactions are considered when the Analyst is reviewing target prices and ESG Scores.

LEA 04

Mandatory

Core Assessed

PRI 2

LEA  
04.1

Indicate if you define specific objectives for your engagement activities.

- Yes
  - Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

LEA  
04.2

Indicate if you monitor the actions that companies take following your engagements.

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

<b>LEA 04.3</b>	Describe how you monitor and evaluate the progress of your engagement activities.
-----------------	---

All company contacts relating to ESG matters are recorded in Northward's ESG Database. Matters that require followup are noted for the ESG Manager to pursue in consultation with the relevant Analyst.

Engagement for monitoring can vary considerably. In instances where a company has committed to implementing changes (e.g. seek to reduce LTIFR by introducing more rigorous training programmes), the ESG Manager will enter this information in our database for follow up by the due date to ensure this has occurred. Alternatively, Northward's ESG Manager on behalf of the relevant PM, will engage further, via email and/or phone, to identify what progress has been made regarding the issue under review. These various interactions are considered when the Analyst is reviewing target prices and ESG Scores.

No

**Process for engagements conducted via collaborations**

<b>LEA 05</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 05.1</b>	Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.
-----------------	---

- Yes
- No

<b>LEA 05.3</b>	Additional information.[Optional]
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Opportunities for collaborative engagement in Australia are limited. There are currently no formal processes associated with this type of engagement activity.

<b>LEA 06</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 06.1</b>	Indicate if the collaborative engagements in which you are involved have defined objectives.
-----------------	--

- Yes
  - Yes, for all collaborative engagement activities
  - Yes, for the majority of collaborative engagement activities
  - Yes, for a minority of collaborative engagement activities
- No

<b>LEA 06.2</b>	Indicate if you monitor the actions companies take following your collaborative engagements.
-----------------	--

- Yes
  - Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

<b>LEA 06.3</b>	Describe how you monitor and evaluate the progress of your collaborative engagement activities.
-----------------	---

Northward's collaborative engagement activities relate to our participation in the Australian Unconventional Gas Working Group (WG). All members of the WG meet regularly to ensure progress against the group objectives and this information is made available to PRI signatories via a PRI Huddles space.

- No

<b>General processes for all three groups of engagers</b>			
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<b>LEA 09</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 1,2</b>
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<b>LEA 09.1</b>	Indicate if the insights gained from your engagements are shared with your internal or external investment managers as input for consideration in investment decisions.
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Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No



<b>LEA 09.2</b>	Additional information.
-----------------	-------------------------

All company contacts relating to ESG matters are recorded in Northward's ESG Database. Matters that require followup are noted for the ESG Manager to pursue in consultation with the relevant Analyst

Reasons for engagement can vary considerably. In instances where a company has committed to implementing changes (e.g. seek to reduce LTIFR by introducing more rigorous training programmes), the ESG Manager will enter this information in our database for follow up by a due date to ensure this has occurred. Alternatively, Northward's ESG Manager on behalf of the relevant Analyst, will engage further, via email and/or phone, to identify what progress has been made regarding the issue under review. These various interactions are considered when the PM is reviewing target prices and ESG Scores.

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate if you track the number of companies you engage with.
-----------------	--

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

## Outputs and outcomes

<b>LEA 11</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 11.1</b>	Indicate the number of companies with which your organisation engaged during the reporting year.
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	<b>Number of companies engaged</b> (avoid double counting, see explanatory notes)
Individual / Internal staff engagements	1
Collaborative engagements	1

**LEA 11.2** Indicate what percentage of your engagements were comprehensive during the reporting year. [Optional]

Type of engagement	% Comprehensive engagements
Individual / Internal staff engagements	<input type="radio"/> > 50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None

**LEA 11.3** Indicate what percentage of your collaborative engagements you were a leading organisation during the reporting year. [Optional]

Type of engagement	% Leading role
Collaborative engagements	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> None

**LEA 11.5** Additional information. [Optional]

Collaborative engagement refers to Northward's participation in the Australian Unconventional Gas Working Group. There is no lead as such with all members contributing to initial research to identify key issues of concern.

<b>LEA 12</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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**LEA 12.1** Indicate if your engagements in the reporting year covered E, S and/or G issues.

Type of engagement	Coverage
Individual / Internal staff engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information
Collaborative engagements	<input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input type="checkbox"/> Corporate Governance <input type="checkbox"/> We do not track this information

**LEA 12.2** Provide an estimated breakdown by E, S and/or G issues.

Individual / Internal staff engagements

% Environmental only

20

% Social only

20

% Corporate Governance only

60

% Overlapping ESG issues

33

**100%**

Collaborative engagements

% Environmental only

50

	% Social only
--	---------------

50

**100%**

<b>LEA 13</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 13.1</b>	Indicate whether you have a reliable estimate of the number of cases during the reporting year where a company has changed its practices, or made a commitment to do so, following your organisation's and/or your service provider's engagement activities.
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Yes

No

<b>LEA 14</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 14.1</b>	Provide examples of the engagements that your organisation carried out during the reporting year.
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Add Example 1

Topic or ESG issue	Environmental and Social License to Operate issues associated with coal mining activities
Conducted by	<input checked="" type="checkbox"/> Individual / Internal <input type="checkbox"/> Collaborative
Objectives	<p>To consult and meet with both opponents (community representatives and NGOs) and proponents of a mining project due to significant community opposition.</p> <p>The controversy associated with this project had resulted in delays to the project advancing which had impacted the company's shareprice.</p>
Scope and Process	<p>The ESG Manager worked with the sector specialist, to develop an agenda for discussion with company management and opponents of the project.</p> <p>The following assessments were documented in an ESG File Note which was circulated to Northward Analysts and Portfolio Managers to discuss and review the company's ESG score:</p> <p><b>E Score</b> was reduced due to below average disclosure. Northward concluded the company would likely be required to review and enhance its water management plans due to additional regulatory requirements that would likely push back the start date of the project.</p> <p><b>S Score</b> was reduced based on the company's failure to anticipate, recognise and respond to growing community opposition to their operations. Few if any resources were in place to effectively address community concerns. This was further compounded by Government (federal and state) intervention which created delays for initial approvals. The project was highly likely to be subject to further protests by opponents with a strong likelihood of legal action.</p> <p><b>G Score</b> was reduced.</p> <p>Total ESG Score declined in light of the above. We viewed the company as poorly equipped, especially in terms of their management of E&amp; S issues, to manage the growing opposition to their most valuable asset.</p>
Outcomes	<p>Direct engagement with community representatives, NGOs and company management provided Northward with additional insights not available through normal disclosure. The information gleaned was helpful in terms of flagging risks to the shareprice.</p> <p>Northward subsequently sold the stock some weeks later due to a range of factors including, the heightened risk of the project proceeding due to environmental concerns and the company's approach to these issues. The result was an increase in the discount rate applied to the valuation of the company's assets and a reduction in our assessment of fair value.</p>

- Add Example 2
- Add Example 3
- Add Example 4
- Add Example 5
- Add Example 6
- Add Example 7
- Add Example 8
- Add Example 9
- Add Example 10

## Communication

LEA 15

Mandatory

Core Assessed

PRI 2,6

LEA  
15.1

Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly

please provide URL

<http://www.northwardcapital.com/reports/news-and-webcasts.aspx>

LEA  
15.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA  
15.3

Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

Northward aims to communicate general information regarding our engagement activities through an ESG client newsletter.

<b>LEA 15.4</b>	Indicate how frequently you typically report engagements information.
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- Disclosed continuously (prior and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Overview

<b>LEA 16</b>	Voluntary	Descriptive	PRI 2
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<b>LEA 16.1</b>	Provide a brief overview of your organisation’s approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).
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Northward considers the voting rights of our clients are a valuable asset. Comprehensive research is undertaken by Northward Analysts, to develop a view on all company resolutions. In circumstances where Northward believes that proposed resolutions are either not in the interest of the company or are otherwise deemed inappropriate, we will instruct to vote against those resolutions.

Northward's Proxy Voting procedure is framed with reference to the following guidelines:

- Independent governance research
- ASX's Principles of Corporate Governance
- Other relevant informed sources such as respected market participants or information sources used as a matter of standard industry practice.

Northward's Proxy Voting Policy is publically disclosed on our website.

### Process

<b>LEA 17</b>	Mandatory	Descriptive	PRI 2
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<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
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### Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

### Based primarily on

- the service provider voting policy signed off by us
  - our own voting policy
  - our clients requests or policy
  - other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

**LEA 17.2**

Additional information.[Optional]

Northward draws on external governance research when forming a view on resolutions, however the Analyst is the final decision maker.

There are instances where our clients (who are the beneficial owners of the shares) wish to vote contrary to our advice. We therefore will vote as instructed by our clients.

<b>LEA 19</b>	<b>Voluntary</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 19.1**

To ensure that your (proxy) votes are cast and reach their intended destination on time, indicate if you did the following.

- Obtain confirmation that votes have been lodged:
  - for a majority of votes
  - for a minority of votes
- Participate in projects to improve the voting trail and/or to obtain vote confirmation
- None of the above

**LEA 19.2**

Provide additional information on your organisation's vote confirmation efforts.

Northward utilises an online proxy voting system that provides confirmation of votes lodged.

<b>LEA 20</b>	<b>Voluntary</b>	<b>Additional Assessed</b>	<b>PRI 2</b>
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LEA 20.1	Indicate if your organisation has a securities lending programme.
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- Yes
- No

LEA 21	Mandatory	Core Assessed	PRI 2
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LEA 21.1	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

## Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
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LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information
- We do not track or collect this information

LEA 24	Voluntary	Descriptive	PRI 2
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LEA 24.1	Indicate if your organisation directly or via a service provider filed or co-filed any shareholder resolutions during the reporting year.
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- Yes
- No

LEA 24.6	Additional information.
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The filing of a shareholder resolution by a fund manager is highly unusual in the Australian market. We would prefer to raise concerns and to seek change through direct engagement with board members or senior executives.

## Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
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**LEA  
26.1**

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly
- We disclose it to clients/beneficiaries only

**LEA  
26.3**

Indicate the voting information your organisation proactively discloses to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA  
26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

**LEA  
26.6**

Additional information. [Optional]

All proxy voting decisions are documented and available to clients upon request.