RESOLUTION CAPITAL

Resolution Capital Limited

Responsible Investment Policy

1. Introduction

This Responsible Investment Policy has been approved by the Board of Resolution Capital Limited (ResCap) and should be read together with ResCap's Engagement and Proxy Voting Policies. These Policies can be found on our website: www.rescap.com

2. Investment objectives and philosophy

ResCap is a specialist global real assets securities manager, which includes both listed real estate and infrastructure. Our investment objective is to deliver superior risk adjusted, long term returns, compared with relevant benchmarks.

We believe this can be achieved by investing in concentrated portfolios of carefully selected listed real estate and infrastructure securities. Within the investment process there is an emphasis on avoiding fundamental flaws which could reasonably result in permanent impairment of the underlying investments. This aligns our security selection with clients' objectives of long-term wealth creation.

Primarily through bottom-up research, ResCap seeks to identify and invest in a select group of high-quality securities which exhibit unique characteristics that the market continues to under appreciate.

Our stringent filtering process focuses on identifying and exploiting three key attributes:

- High barrier markets where owners have the best potential for long term pricing power or attractive regulatory frameworks / concessions;
- Strong balance sheets which can successfully withstand and exploit market cycles; and
- Management teams with skill, discipline and alignment.

Environmental, Social and Governance (ESG) considerations are an integral part of ResCap's investment philosophy and are incorporated in stock analysis. We believe that strong ESG practices benefit the broader community and are additive to performance, ultimately rewarding investors through superior investment outcomes.

ResCap has been a signatory to the United Nations Organisation initiated Principles for Responsible Investment (www.unpri.org) since 2010. We report annually to the PRI and make our Transparency Report publicly available on our website (https://rescap.com/about/). The PRI refers to Responsible Investing as an "approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable long-term returns".

ResCap continues to integrate ESG considerations into its investment process to align itself with the six Principles of the PRI:

1: Incorporate ESG issues into investment analysis and decision-making processes.
2: Be active owners and incorporate ESG issues into our ownership policies and practices.
3: Seek appropriate disclosure on ESG issues from the entities in which we invest.
4: Promote acceptance and implementation of the Principles within the investment industry.
5: Work together to enhance our effectiveness in implementing the Principles.
6: Report on our activities and progress towards implementing the Principles.

In addition to their use in stock analysis, ESG factors also influence the focus for engagement topics and companies that are targeted.

ResCap is a member of the GRESB (Global Real Estate Sustainability Benchmark), and we compare our global real estate securities portfolio's GRESB rating to the relevant benchmark's rating. We target a portfolio GRESB rating above the benchmark.

For both real estate and infrastructure strategies, we compare each portfolio's carbon footprint and weighted average carbon intensity against the relevant strategy's benchmarks, targeting carbon intensities below these benchmarks.

In the Global Listed Infrastructure strategy, we exclude companies that we do not believe can achieve net zero carbon emissions by 2050 and therefore succeed in the transition to a low carbon economy.

In October 2019 ResCap became a signatory to the UN Global Compact.

The following sections highlight some of the ESG factors we consider in our investment process.

3. Environmental

ResCap recognises the need to limit average global temperature rises to well below 2°C, and ideally 1.5°C, compared to pre-industrial levels by 2100 in line with the goals of the Paris Agreement of 2015. To achieve this, the global economy needs to be net zero carbon emissions by 2050. The level of decarbonisation needed to achieve this will provide significant opportunities for companies that can enable and take part in this transition to a low carbon economy and significant risks for those companies and assets that cannot.

In light of this, for our real estate strategies we assess:

- Whether companies have carbon reduction targets that align with the requirements of the Paris Agreement, as well as policies to increase energy, water, and waste efficiencies in their properties. These practices lower operating expenses, making properties more profitable and sustainable in operations;
- A company's capability to meet the sustainability standards of potential customers through high levels of energy, water and waste efficiency, as well as healthy indoor environments. Having the capability to meet these standards will enable the company to take advantage of the greater tenant, and buyer, demand for properties with high environmental standards; and
- Plans to renovate acquired properties with poor environmental ratings to increase their environmental performance.

For our Global Listed Infrastructure strategy, we assess:

- Whether a company can decarbonise in line with the requirements of the Paris Agreement;
- A company's carbon emissions trajectory and whether it has a carbon reduction target in line with the Paris Agreement, as well as a viable plan to reach that target; and
- Economic and market factors that can cause assets and businesses to become stranded, including increasing costs from national climate and energy targets and policies, carbon pricing, emissions and energy efficiency minimum standards, and increasing insurance costs.

For all strategies, where data is available, we also measure a company's consumption, like-for-like change and reduction targets for the following environmental metrics:

- Carbon intensity via greenhouse gas emissions (GHG);
- Energy consumption;
- Water consumption or harvesting; and
- Waste generation and diversion to landfill.

Whilst we take industry measures of sustainability into account, it is also critical to consider the objectives and track record of management. We use meetings with management and asset tours to discuss environmental credentials and review how they are incorporated into asset management and development.

4. Social

Real assets touch many facets of our everyday lives and therefore it's important to consider how companies interact with all stakeholders. A company's social footprint reflects management's ability to engage with both internal and external stakeholders to generate constructive outcomes. A good social record is a signal that a company's management have implemented proper controls to minimise risk/safety incidents, manage supply chain integrity and adhere to relevant diversity and human rights requirements. We consider, partly from a risk perspective, a number of the company's policies and performance, including:

- Stakeholder relationships, including customers, local community and government;
- Safety track record (including fatalities/total recordable incident rate);
- Employee freedom of association and the effective recognition of the right to collective bargaining
- Adherence to human rights (in the supply chain), in particular, what actions are taken to identify and address modern slavery risks in a company's operations and supply chain;
- History of illegal activities/corruption;
- Transparency of political influence and donations; and
- Provision of affordable products, or safeguards, for low-income or key workers, such as for housing or utilities bills.

In terms of company employees, we, where practicable, review the following factors:

- Employee engagement and training;
- Staff turnover (treatment); and
- Diversity.

5. Governance

We believe that good governance and good management are imperative to an entity's long-term success. We have observed that companies with aligned and committed management typically outperform companies with inferior alignment over the long term. To assess this, we focus on:

- Management share ownership;
- Remuneration structure and KPIs;
- Board composition (including independence, tenure, diversity and other board commitments);
- Track record, transparency, integrity;
- Minority shareholder protection; and
- Conflicts of interest/related party transactions.

Management is one of the key screening criteria within our investment process. We seek companies that have strong alignment of interests with shareholders, a consistent strategy, disciplined capital management and a track record of active asset management.

We are active owners and we regularly engage with companies on different ESG issues and seek to improve disclosure where relevant. Please refer to our Proxy Voting and Engagement policies for more details.

6. Human Rights and Modern Slavery

As an investment manager, we are connected to potential adverse human rights and modern slavery impacts through our operations, the activities of our suppliers and through the investments we make. In our investment activities, we expect the companies we invest in to respect the human rights of its employees and the employees of companies in their supply chains in line with international conventions, such as the UN Guiding Principles on Business and Human Rights and the 10 Principles of the UN Global Compact.

We define modern slavery as situations of exploitation in which a person cannot refuse, or leave, because of threats, violence, coercion, deception, or abuse of power[1], and includes:

- Human trafficking
- Debt bondage
- Slavery and slavery-like practices
- Forced labour
- Forced marriage
- The worst forms of child labour

During our assessment of a company's approach to addressing modern slavery and forced labour risks in their supply chains we consider the following:

- How a company engages with their suppliers on human rights issues;
- Are modern slavery and forced labour related regulations present in the jurisdictions in which the company operates, and how are they complying with them;
- Does the company have mechanisms to report allegations, such as grievance filing or whistleblower protections;
- Are there processes and mechanisms in place to provide remedy and remediate harm to workers in the event of a breach; and
- Has the company been subject to complaints from stakeholders regarding the treatment of workers or suppliers.

Additionally, companies may be excluded from consideration where the social impact of their activities is so great that the companies are considered non-investment grade regardless of other factors, these include:

- Mistreatment of employees or other stakeholders (such as suppliers or purchasers);
- Operations in jurisdictions where regulations surrounding such activities are poor or nonexistent; and
- Engaging in any illegal activities.

These assessments also help to drive engagements with companies on human rights and modern slavery risks with investee, and potential investee, companies to understand their approaches and share with them our learnings of best practices from our engagements. Please refer to our Engagement Policy for further information on our engagement approach in this area.

7. Approach

Incorporating ESG factors into the investment process is the responsibility of the Investment team. Investment Analysts and Portfolio Managers are responsible for identifying and assessing relevant ESG factors. A discussion of these factors is included in stock initiation and research reports and are explicitly factored into valuations via adjustments to the company's earnings forecasts and / or valuation multiple, where applicable.

The Investment team is required to engage with sustainability staff of (potential) investee companies to increase their company specific *and* general knowledge of sustainability. ESG is an important component of Investment team staff variable remuneration.

8. Exclusions

As a specialist investment manager focused on global listed real estate and infrastructure companies, Resolution Capital's investable universe means that companies involved in the production and distribution of alcohol, tobacco and the manufacture of controversial weapons are excluded, since they are outside of our investment universe.

[1] Walk Free, 'What Is Modern Slavery?', 2022. Available at: https://www.walkfree.org/what-is-modern-slavery/