

Resolution Capital Limited
Engagement Policy

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1. Introduction

Engagement is an important part of Resolution Capital's (ResCap) investment process. As active owners, engagement provides us the opportunity to influence investee companies in ways that maximise overall value to clients and the broader community through the adoption of best practice environmental, governance, and social practices. Furthermore, it often provides us with a deeper and different perspective on how the company operates, thereby improving our investment decision-making ability.

This Policy has been approved by the Board of Resolution Capital and should be read in conjunction with the Responsible Investment and Proxy Voting Policies available on our website: www.rescap.com

2. Our Approach

Our Engagement Policy covers all our investment exposures.

The Portfolio Managers (PMs) drive the engagement agenda. The PMs determine the engagement priorities and work with the investment analysts in preparing and executing engagement initiatives. The methods of engagement employed may include:

- Communication with management, Board members, and Environmental, Social and Governance (ESG) representatives/specialists;
- Voting (see Proxy Voting Policy)

We generally meet with the management of prospective investee companies before an initial investment is made.

Here, we observe the importance that management places on ESG factors. Subsequent meetings provide a forum to discuss, amongst other things, the ESG performance and disclosure processes of the company, and advocate for further improvement, where relevant.

We may meet with the Chairperson and other non-executive Board members. This provides a further opportunity to discuss the company's Governance Policies, including Board function, Board composition, remuneration policies (magnitude, metrics and hurdles) and subcommittee performance.

In addition to our meetings with management and Board members, we conduct engagement meetings (either in person or by phone) with ESG specialists within prospective and portfolio companies. This is a further forum to engage with the company on ESG performance, and where relevant, advocate for further improvement in their ESG performance and disclosure.

ResCap will engage with investee companies who rate relatively poorly on ESG related issues in order to understand their plans, or lack thereof, for improved sustainability outcomes. We will also engage with companies considered to exhibit best-in-class ESG practices to increase our own ESG acumen and enhance our ability to disseminate best practices across investee companies.

The below sets forth the key factors that inform the ESG engagement agenda and the sustainability outcomes through which we assess progress.

Environmental

Public disclosure of sustainability data is a fundamental target of our engagement efforts. Companies which track and disclose environmental metrics are more likely to focus on and improve their energy, waste, and water usage.

ResCap engages with companies that fall short of our disclosure standards. For both our Global REITs and our Global Listed Infrastructure (GLI) strategies, we focus our climate related engagements on companies that do not have carbon reduction targets consistent with the goals of the Paris Agreement of 2015, which means a halving of greenhouse gas emissions by 2030 and being net zero carbon emissions by 2050.

We encourage the disclosure of sustainability metrics in accordance with the Real Estate and Infrastructure Industry Standards set out by the Sustainability Accounting Standards Board (SASB).

As part of recommendations outlined by the Task Force on Climate-Related Financial Disclosures (TCFD), we will also specifically engage with companies that have not undertaken a physical risk assessment and encourage them to do so.

Social

ResCap acknowledges that not everything which is important is measurable or quantifiable. Given social issues largely fall under this aphorism, we generally take a qualitative approach to engagement on social issues.

We have previously focused on engaging with companies on Social themes related to poor diversity at senior management and Board levels, as well those with poor relationships with stakeholders, such as tenants, staff, the wider community and regulatory authorities.

More recently, we have increased our focus on engaging companies about their approach to respecting the human rights of its employees, as well as addressing the potential for modern slavery and forced labour concerns in their operations and supply chain. We expect the companies that we invest in to respect the human rights of its employees and the employees of companies providing goods and services as part of 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.

During our engagements on this topic, we discuss how companies are assessing and identifying modern slavery risks and encourage them to go beyond compliance and to implement practices that can include human rights related due diligence of new and existing suppliers, auditing of existing suppliers to regularly monitor compliance with company requirements, and mechanisms for employees to report breaches such as reporting hotlines or whistle blower protections. These engagements also allow us to share best practices we have learned from leading companies with those that are lagging in their application of human rights and modern slavery practices.

Please refer to our Responsible Investment Policy for further information on how we approach this topic in our investment process.

Governance

ResCap will engage with companies that exhibit deficiencies in the governance factors, as outlined in our Responsible Investment Policy.

For our GLI strategy, due to the influence that Utilities companies can potentially have over state level political and regulatory decision-making in the United States, we will also engage with companies to discuss their political donations practices to ensure that these practices align with their other stated climate related goals and activities.

3. Collaborative initiatives

We partner with the Global Real Estate Sustainability Benchmark (GRESB) to improve ESG disclosure and standards and we will work together with other organisations and industry bodies if doing so enhances the ESG practices of our investment universe.

Additionally, we are members of, or signatories to, collaborative initiatives including the United Nations Principles for Responsible Investment, EPRA (European Public Real Estate Association), UN Global Compact, RIAA (Responsible Investment Association of Australasia), Ceres Investor Network and ESG Research Australia.

4. Proxy voting

Another important method of engagement is through exercising our ability to vote on behalf of our clients' portfolios in order to influence management's decisions, as appropriate. Refer to ResCap's Proxy Voting Policy for further information, which is available on our website.

5. Reporting

ResCap maintains a record of all engagement activities. ResCap reports on our engagement activities to stakeholders, through our ESG quarterly reports and marketing presentations.

6. Conflicts of Interest

Where a conflict of interest in connection with ResCap's engagement with a particular investee company arises, the conflict is required to be escalated to the Chief Investment Officer (CIO) and/or Head of Operations. The conflict will be assessed and managed to determine the appropriate course of action to ensure that client interests are protected in accordance with the ResCap Conflicts of Interest Policy.