PUBLIC TRANSPARENCY REPORT

2023

Resolution Capital Limited

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

Table of Contents

SENIOR LEADERSHIP STATEMENT (SLS)

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

■ Why does your organisation engage in responsible investment?
■ What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Resolution Capital is an active specialist manager investing in listed real assets sectors in global markets.

ESG considerations are an integral part of the Resolution Capital investment philosophy. We believe these initiatives benefit the broader community and that the strong ESG practices of the companies we invest in are likely to be additive to their performance and lead to investors ultimately being rewarded through superior investment outcomes.

Our investment philosophy is based on three fundamental components.

First is the focus on the quality of the real estate and infrastructure assets we invest in.
We believe high quality assets with defensible, asset level, cash flows and strong sustainability credentials will outperform over time. Resolution Capital is focused on high quality assets where customer demand levels exceed supply, and which consequently produce pricing power for companies that own those assets.

Second is the focus on conservative capital structures. Financial leverage is a separate but parallel investment which often is applied to property and infrastructure.

However, it may not improve asset level cash flows, rather, it amplifies how those cash flows are received by equity investors. In strong markets, this amplification can be beneficial, however, in more challenging markets, it can destroy equity value. We prefer to invest in companies with low leverage capital structures to defend the risk of downside and to protect our clients from the permanent impairment of their capital.

Third is the focus on corporate stewardship and alignment with the management teams of the companies we invest in. It is critical to meet with the management teams which operate the property portfolios and oversee capital allocation to assess their capabilities, business strategy and experience.

These three core principals foster an investment approach which leads to investment portfolios that possess visible, recurring cash flows, conservative capital structures, and which are operated by experienced, capable and aligned management teams.

Resolution Capital has a long history of taking a responsible approach to investing our clients' funds and has been a signatory to the UNPRI since 2010.
We incorporate ESG factors in stock analysis and as discussion points for broader engagement activities.

As concentrated investors, who think and act like long-term owners, we endeavour to fully integrate sustainability into company analysis and valuations. We consider the ESG characteristics of the companies we invest in and how they fit into the components of our investment philosophy and Responsible Investment policy.

Resolution Capital's company engagement forms an important part of ESG integration in our investment process.
As active owners, engagement provides us the opportunity to share our philosophy and corporate governance values and make a positive contribution to investee companies. Furthermore, it often provides us with a deeper perspective on how the company operates.

Proxy voting is another important way in which we demonstrate our responsible investment practices. Resolution Capital will vote on all resolutions that it has the ability to. Where voting against management, we will advise the company, wherever practicable, prior to the vote.

The responsibility of incorporating ESG into the investment process sits with the Investment Team.
They are responsible for identifying and assessing relevant ESG factors. This responsibility means that ESG factors form a component of Investment Team staff remuneration.

We recognise the need to limit average global temperature rise 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, requiring the global economy to be net zero carbon emissions by 2050. The level of decarbonisation needed to achieve this will provide significant opportunities for companies that can take part in this transition to a low carbon economy and significant risks for those that cannot.
We believe that it is financially responsible for management of our investee companies to pursue investments and initiatives that are environmentally sustainable, and we believe this will lead to an improvement of investment returns for our clients.

One of the key challenges of integrating ESG has been ensuring that companies are providing climate-related and human rights information in a consistent manner across all regions. This has been a focus during the year via our engagements and collaborations with peers. ESG-related training has also been a focus, with particular emphasis on how climate metrics can be used to analyse and compare companies within our investment universe. Another area of focus has been improving transparency and disclosures of our responsible investment practices.

Section 2. Annual overview

■ Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
■ Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
• refinement of ESG analysis and incorporation
• stewardship activities with investees and/or with policymakers
• collaborative engagements
• attainment of responsible investment certifications and/or awards

In the past year, we have made significant progress in advancing our Responsible Investment practices at Resolution Capital, as outlined below.

We joined two responsible investment organisations during the year: the Responsible Investment Association of Australasia (RIAA) in Australia and the Ceres Investor Network in North America. Both of these organisations strengthen our relationships with the responsible investment industries in these regions and provide us with broader access to best practice investor networks, to broader collaborative engagement programs and to responsible investment product certification programs.
Through our membership of RIAA, we have certified our active ETF, RCAP and other Global REIT Funds, under their Responsible Investment Certification Program, and have plans to certify our other Global Listed Infrastructure funds.

With the addition of a dedicated ESG Investment Analyst at the beginning of 2022, we have been able to hold additional ESG focused training sessions during the year, as well as having more regular ad hoc ESG updates for the investment team. The addition of this dedicated ESG resource also assisted in the expansion of our proprietary ESG database, allowing for broader and more systemic ESG analysis of our portfolios.
In particular, we have added to our suite of external and third-party data sources for carbon emissions and targets, and EU Taxonomy related data sets to enable more granular and broader measurement of the ESG characteristics of our portfolio holdings. This allows us to gauge the alignment of the portfolios with the Paris Agreement or the EU Taxonomy. These additional datasets assist us to better understand the ESG characteristics of our portfolio holdings and investable universe to track improvement and identify areas for engagement. We are regularly assessing new sources of data and how we can integrate them into our processes and making improvements to our proprietary research database to enhance accessibility and understanding of the metrics we are collecting.

Resolution Capital has launched a new website this year, with a dedicated ESG page (www.rescap.com/esg/) to enable clients and other interested parties to more easily obtain information regarding our policies, proxy voting, reporting , engagement and corporate sustainability practices. Our regular disclosure of ESG information relating to the investment strategies that we manage on behalf of our clients has also expanded this year. The Quarterly ESG and Stewardship report for our Global REITs strategy, which previously was only available to clients or by contacting us, is now publicly available on our website.
We have expanded this quarterly reporting to our Global Listed Infrastructure and Real Assets strategies. These reports include an update on portfolio ESG metrics compared to the relevant benchmarks, a summary of significant proxy votes and engagements for the quarter.

We again participated in a collaborative engagement program this year with the Global Real Estate Sustainability Benchmark (GRESB) in the Asia Pacific region, with the aim of increasing the quality and breadth of ESG disclosures in the region from Real Estate companies by targeting companies that were not reporting into the GRESB program and had gaps in their ESG disclosures. We felt that this engagement was successful as it lead to a number of target companies showing intent to participate in the GRESB program in the following year and to improve their overall ESG disclosures.

In 2022, our business partner, Pinnacle Investment Management (Pinnacle), started an ESG Working Group that included the other 14 affiliated investment managers that are also business partners with Pinnacle.
This working group has been beneficial in allowing for sharing of ESG integration best practices across the group. As part of this working group, we have also participated in a smaller sub-group that has focused on engaging with businesses in our corporate supply chains as a group, to help leverage the additional scale and expertise provided by engaging with a larger group in order to gain information regarding operational and supply chain human rights practices and policies.

Section 3. Next steps

■ What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

A summary of our focus over the next two years to advance our Responsible Investment commitment includes, in no particular order:

- Further integration of climate related risks into our investment processes and ESG database. This will include exploring how to integrate physical risk exposures; scenario testing for transition and physical climate risks; and net zero alignment.
- Assessing the impacts of Scope 3 emissions on our investments, using third party data sources and building them into our ESG database
- Expanding public disclosures of our responsible investment activities through publishing separate reports related to climate change risks, incorporating the recommendations of the TCFD and ISSB S2 standards; our active stewardship activities; and our corporate sustainability progress.
- Certifying more of our funds under RIAA's Responsible Investment Certification program, including our Global Listed Infrastructure fund.
- Continuing our engagements with our investee companies to increase their Paris Aligned carbon reduction commitments and therefore increasing the proportion of our portfolio holdings that are aligned with the requirements of the Paris Agreement.
- Expanding focus on Modern Slavery and Human Rights in our investments and corporate operations through company engagements and working with the Pinnacle led Supplier Engagement Working Group.

- Building on the regular training and education of our investment team and senior leadership on ESG themes and topics.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Sonia Luton

Position

Managing Director

Organisation's Name

Resolution Capital Limited

◉ **A**
'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.
○ B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	30	06	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

○ (A) Yes
◉ **(B) No**

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

	USD
(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only	US$ 9,554,146,345.00
(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]	US$ 0.00
(C) AUM subject to execution, advisory, custody, or research advisory only	US$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	100%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity	0%
(B) Active – quantitative	0%
(C) Active – fundamental	100%

(D) Other strategies	0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

	AUM in Emerging Markets and Developing Economies
(A) Listed equity	(1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active
(A) Yes, through internal staff	☑
(B) Yes, through service providers	☐
(C) Yes, through external managers	☐

(D) We do not conduct stewardship	○

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active
(A) Yes, through internal staff	☑
(B) Yes, through service providers	☐
(C) Yes, through external managers	☐
(D) We do not conduct (proxy) voting	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

	Percentage of your listed equity holdings over which you have the discretion to vote
(A) Listed equity – active	(12) 100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(C) Listed equity - active - fundamental	◉	○

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

	Percentage out of total internally managed active listed equity
(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	0%

(E) Thematic and integration	100%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

○ (A) Yes, we market products and/or funds as ESG and/or sustainable
◉ **(B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable**
○ (C) Not applicable; we do not offer products or funds

SUMMARY OF REPORTING REQUIREMENTS

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	◉	○	○
Confidence Building Measures	◉	○	○
(C) Listed equity – active – fundamental	◉	○	○

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

◉ **(A) Publish as absolute numbers**
○ (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

☑ **(A) Overall approach to responsible investment**
☑ **(B) Guidelines on environmental factors**
☑ **(C) Guidelines on social factors**
☑ **(D) Guidelines on governance factors**
☐ (E) Guidelines on sustainability outcomes
☑ **(F) Guidelines tailored to the specific asset class(es) we hold**
☑ **(G) Guidelines on exclusions**
☑ **(H) Guidelines on managing conflicts of interest related to responsible investment**
☑ **(I) Stewardship: Guidelines on engagement with investees**
☐ (J) Stewardship: Guidelines on overall political engagement

☑ **(K) Stewardship: Guidelines on engagement with other key stakeholders**
☑ **(L) Stewardship: Guidelines on (proxy) voting**
☐ (M) Other responsible investment elements not listed here
○ (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

☑ **(A) Specific guidelines on climate change (may be part of guidelines on environmental factors)**
☑ **(B) Specific guidelines on human rights (may be part of guidelines on social factors)**
☑ **(C) Specific guidelines on other systematic sustainability issues**
Specify:

We also address risks related to political influence, safety track records, provision of affordable products, such as housing or utilities bills, or safeguards for these, for low-income or key workers.

○ (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

☑ **(A) Overall approach to responsible investment**
Add link:

https://rescap.com/esg/

☑ **(B) Guidelines on environmental factors**
Add link:

https://rescap.com/esg/

☑ **(C) Guidelines on social factors**
Add link:

https://rescap.com/esg/

☑ **(D) Guidelines on governance factors**
Add link:

https://rescap.com/esg/

☑ **(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)**

Add link:

https://rescap.com/esg/

☑ **(G) Specific guidelines on human rights (may be part of guidelines on social factors)**
Add link:

https://rescap.com/esg/

☑ **(H) Specific guidelines on other systematic sustainability issues**
Add link:

https://rescap.com/esg/

☑ **(I) Guidelines tailored to the specific asset class(es) we hold**
Add link:

https://rescap.com/esg/

☑ **(J) Guidelines on exclusions**
Add link:

https://rescap.com/esg/

☑ **(K) Guidelines on managing conflicts of interest related to responsible investment**
Add link:

https://rescap.com/esg/

☑ **(L) Stewardship: Guidelines on engagement with investees**
Add link:

https://rescap.com/esg/

☑ **(N) Stewardship: Guidelines on engagement with other key stakeholders**
Add link:

https://rescap.com/esg/

☑ **(O) Stewardship: Guidelines on (proxy) voting**
Add link:

https://rescap.com/esg/

○ (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

◉ **(A) Yes**
Elaborate:

Resolution Capital 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, Resolution Capital 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 Resolution Capital'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.

Resolution Capital 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/esg/). 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".

○ (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

☑ **(A) Overall stewardship objectives**
☑ **(B) Prioritisation of specific ESG factors to be advanced via stewardship activities**
☑ **(C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts**
☑ **(D) How different stewardship tools and activities are used across the organisation**
☑ **(E) Approach to escalation in stewardship**
☑ **(F) Approach to collaboration in stewardship**
☑ **(G) Conflicts of interest related to stewardship**
☑ **(H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa**
☐ (I) Other
○ (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

☑ **(A) Yes, it includes voting principles and/or guidelines on specific environmental factors**
☑ **(B) Yes, it includes voting principles and/or guidelines on specific social factors**
☑ **(C) Yes, it includes voting principles and/or guidelines on specific governance factors**
○ (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

○ (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
○ (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
○ (C) We rely on the policy of our external service provider(s)
○ (D) We do not have a policy to address (proxy) voting in our securities lending programme
◉ **(E) Not applicable; we do not have a securities lending programme**

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

	Combined AUM coverage of all policy elements
(A) Overall approach to responsible investment (B) Guidelines on environmental factors (C) Guidelines on social factors (D) Guidelines on governance factors	(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

	AUM coverage
(A) Specific guidelines on climate change	(1) for all of our AUM
(B) Specific guidelines on human rights	(1) for all of our AUM
(C) Specific guidelines on other systematic sustainability issues	(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

☑ **(A) Listed equity**

(1) Percentage of AUM covered
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

☑ **(A) Actively managed listed equity**

(1) Percentage of your listed equity holdings over which you have the discretion to vote
- ○ (1) >0% to 10%
- ○ (2) >10% to 20%
- ○ (3) >20% to 30%
- ○ (4) >30% to 40%
- ○ (5) >40% to 50%
- ○ (6) >50% to 60%
- ○ (7) >60% to 70%
- ○ (8) >70% to 80%
- ○ (9) >80% to 90%
- ○ (10) >90% to <100%
- ◉ **(11) 100%**

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

☑ **(A) Board members, trustees, or equivalent**
☑ **(B) Senior executive-level staff, or equivalent**
Specify:

Managing Director, CIO and Head of Operations

☑ **(C) Investment committee, or equivalent**
Specify:

CIO and Portfolio Managers

☐ (D) Head of department, or equivalent
○ (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	☑	☑
(B) Guidelines on environmental, social and/or governance factors	☑	☑

(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	☑	☑
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	☑	☑
(F) Specific guidelines on other systematic sustainability issues	☑	☑
(G) Guidelines tailored to the specific asset class(es) we hold	☑	☑
(H) Guidelines on exclusions	☑	☑
(I) Guidelines on managing conflicts of interest related to responsible investment	☑	☑
(J) Stewardship: Guidelines on engagement with investees	☑	☑
(L) Stewardship: Guidelines on engagement with other key stakeholders	☑	☑
(M) Stewardship: Guidelines on (proxy) voting	☑	☑
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

○ (A) Yes
○ (B) No
◉ **(C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

☑ **(A) Internal role(s)**
Specify:

A dedicated ESG Analyst, Morgan Ellis, started in January 2022. The role sits within the investment team and reports to the CIO. The role includes input into the ESG policy framework and ESG risks and opportunities for portfolio companies in research reports and initiations; educating the investment team on relevant ESG trends to assist with investment decisions; leading the engagement program with investee companies and advising the portfolio managers on proxy voting.

☐ (B) External investment managers, service providers, or other external partners or suppliers
○ (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

◉ **(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Describe: (Voluntary)

○ (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

◉ **(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Indicate whether these responsible investment KPIs are linked to compensation

◉ **(1) KPIs are linked to compensation**

○ (2) KPIs are not linked to compensation as these roles do not have variable compensation

○ (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

○ (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	☑	☑
(B) Specific competence in investors' responsibility to respect human rights	☑	☑

(C) Specific competence in other systematic sustainability issues	☑	☑
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	○	○

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

☑ **(A) Any changes in policies related to responsible investment**
☑ **(B) Any changes in governance or oversight related to responsible investment**
☑ **(C) Stewardship-related commitments**
☑ **(D) Progress towards stewardship-related commitments**
☑ **(E) Climate–related commitments**
☑ **(F) Progress towards climate–related commitments**
☑ **(G) Human rights–related commitments**
☑ **(H) Progress towards human rights–related commitments**
☑ **(I) Commitments to other systematic sustainability issues**
☑ **(J) Progress towards commitments on other systematic sustainability issues**
○ (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

☑ **(A) Yes, including all governance-related recommended disclosures**
☐ (B) Yes, including all strategy-related recommended disclosures
☐ (C) Yes, including all risk management–related recommended disclosures
☑ **(D) Yes, including all applicable metrics and targets-related recommended disclosures**
○ (E) None of the above

Add link(s):

https://rescap.com/wp-content/uploads/Sustainability-Report.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

☑ **(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)**
Link to example of public disclosures

https://rescap.com/funds/resolution-capital-global-property-securities-ucits-fund/

☐ (B) Disclosures against the European Union's Taxonomy
☐ (C) Disclosures against the CFA's ESG Disclosures Standard
☐ (D) Disclosures against other international standards, frameworks or regulations
☐ (E) Disclosures against other international standards, frameworks or regulations
☐ (F) Disclosures against other international standards, frameworks or regulations
☐ (G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

◉ **(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**
Add link(s):

https://responsibleinvestment.org/
https://www.ceres.org/networks/ceres-investor-network
https://www.unpri.org/
https://unglobalcompact.org/

○ (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

○ (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

☑ **(A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services**
☐ (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
☐ (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
☐ (D) Exclusions based on our organisation's climate change commitments
☐ (E) Other elements
○ (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

☐ (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
☐ (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
☐ (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
☐ (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
○ (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
◉ **(F) Not applicable; we do not have a strategic asset allocation process**

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	◉
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

At Resolution Capital, as active owners and stewards of our investments, engaging with our investee companies provides our investment team an opportunity to share our investment philosophy, corporate governance values and potentially make a positive contribution to the operations of the companies. It also provides an excellent opportunity for us to gain a deeper understanding and potentially different perspectives of how a company operates than could otherwise be gained from public disclosures alone.

Each year Resolution Capital has a formal engagement program where we communicate with companies on specific topics that are intended to progress a company's ESG performance in line with the principles outlined in our Responsible Investment, Proxy Voting and Engagement policies.
To maximise the effectiveness of our engagements we use our proprietary ESG database to identify companies that are lagging in the areas where we are in need of additional clarity. These topics have included:

- ESG disclosures;
- No, or low, GRESB scores;
- No, or insufficiently ambitious, carbon reduction targets; and
- Year on year deterioration of ESG performance.

Climate risk has been identified as a key risk in the portfolio. In the last two years we have engaged with companies on the following topics to ask about their decarbonisation plans and how they are assessing their physical climate change
risks, as well as how they address Modern Slavery and human rights related risks in their supply chains. Specifically, we have asked whether companies are:

- Setting carbon reduction targets that are aligned with the Paris Agreement, and whether Scope 3 emissions are being assessed in these targets;
- Undertaking climate change risk assessments in line with TCFD recommendations; or
- Identifying areas of their supply chains with heightened exposure to human rights related risks and actions they have taken to mitigate those risks.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

◉ **(A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible**
○ (B) We collaborate on a case-by-case basis
○ (C) Other
○ (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

At Resolution Capital we are supportive of collaborative engagements and recognise the benefit of collective engagement and seeks to be involved in engagement programs where we can have the most effective impact, leveraging scale and additional relevant expertise of a larger and more diverse group. This additional expertise can come in the form of regional, sectoral, or even company level expertise, bringing benefits to the wider group. We are exploring opportunities for collaboration in engagement programs that align with our investment universe and with our broader engagement aims.

An example of a collaborative engagement program we have been involved in recent years has been an engagement in partnership with the Global Real Estate Sustainability Benchmark (GRESB) in the Asia Pacific region.
This engagement targeted a group of real estate companies in the region that were not reporting into the GRESB framework and encouraged them to report using the framework, therefore increasing ESG disclosures, which has been a fundamental aim of our engagement program for a number of years.

In the program this year, Resolution Capital was one of 16 real estate investors that participated. The aim of this engagement program was to target real estate companies in the APAC region that were not participating in the GRESB assessment to encourage them to participate and in so doing improve their ESG disclosures and the transparency of ESG reporting in the region.
GRESB representatives contacted 49 companies, across 12 APAC markets.

One of the encouraging aspects of the series of engagements was the response from eight companies that they were seriously considering participating in the 2023 GRESB assessment for the first time. Their indicated intention is to improve both their ESG disclosures and their ESG performance.

In 2022, our business partner, Pinnacle Investment Management (Pinnacle), started an ESG Working Group that included the other 14 affiliated investment managers that are also business partners with Pinnacle.
This working group has been beneficial in allowing for sharing of ESG integration best practices across the group. As part of this working group, we have also participated in a smaller sub-group that has focused on engaging with businesses in our corporate supply chains as a group, to help leverage the additional scale and expertise provided by engaging with a larger group in order to gain information regarding operational and supply chain human rights practices and policies.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

☑ **(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

◉ **1**

○ 4

○ 5

☐ (B) External investment managers, third-party operators and/or external property managers, if applicable

☐ (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

☑ **(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

◉ **3**

○ 4

○ 5

☑ **(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

◉ **2**

○ 4

○ 5

○ (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

Company engagement is an important part of Resolution Capital's investment process. As active owners, engagement provides us the opportunity to share our philosophy and corporate governance values and make a positive contribution to investee companies. Furthermore, it often provides us with a deeper and different perspective on how the company operates.

Since inception of the firm, we have focused strongly on keeping our investee companies to high governance standards. Furthermore, we prefer companies to have simple strategies and low leverage. Real estate is capital intensive and being forced to recapitalise at the bottom of the market leads to permanent impairment of capital. We believe that companies who have strong ESG credentials will provide better results for their investors and the communities in which they operate. Resolution Capital's stewardship goals include using its position as an active shareholder to influence the companies in which we invest on behalf of our clients to also incorporate sustainability targets and initiatives in their businesses.

In addition to our formal engagement program, we also conduct ad hoc engagements on company specific issues. For instance, changes in compensation structure or a material increase in leverage warrant more timely investigation. Engagement is typically initiated by a PM/s with senior management (CEO/CFO) of an investee company. These initial discussions are important to determine the company's overall ESG ethos (among other things). The next step is to identify those companies we believe did not demonstrate a clear path for improvement. In these cases, we give feedback on what best practice is or should be. We then follow up in 3 to 6 months to ensure progress is being made – in other words, apply pressure. Typically, we try to encourage positive change, but at times we might divest.

We believe that an effective engagement should involve regular discussions with senior management and/or sustainability managers on ESG matters across our investee companies. Furthermore, by speaking with “best-in-class” companies on ESG, in addition to the laggards, we are in a unique position to disseminate best practice to less advanced companies.

Proxy voting is another important aspect of our approach to responsible investment, we often engage with companies in advance of AGMs on specific resolutions, typically with respect to remuneration or director elections.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

☐ (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes
☐ (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear
☐ (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
○ (D) We do not review external service providers’ voting recommendations
◉ **(E) Not applicable; we do not use external service providers to give voting recommendations**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

○ (A) We recall all securities for voting on all ballot items
○ (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
○ (C) Other
○ (D) We do not recall our securities for voting purposes
◉ **(E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

◉ **(A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment**
○ (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
○ (C) We vote in favour of shareholder resolutions only as an escalation measure
○ (D) We vote in favour of the investee company management's recommendations by default
○ (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
☑ **(B) We pre-declared our voting intentions publicly by other means, e.g. through our website**
Add link(s) to public disclosure:

https://rescap.com/mccann-nomination-to-scentre-board-continues-curious-nominations/

☑ **(C) We privately communicated our voting decision to investee companies prior to the AGM/EGM**
○ (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
○ (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- ○ (A) Yes, for all (proxy) votes
- ○ (B) Yes, for the majority of (proxy) votes
- ◉ **(C) Yes, for a minority of (proxy) votes**

  Add link(s):

  https://rescap.com/esg/

  Explain why you only publicly disclose a minority of (proxy) voting decisions:

  We publish a quarterly report with a summary of our proxy voting results and outline our voting rationale for major voting decisions.

- ○ (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- ○ (A) Within one month of the AGM/EGM
- ◉ **(B) Within three months of the AGM/EGM**
- ○ (C) Within six months of the AGM/EGM
- ○ (D) Within one year of the AGM/EGM
- ○ (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(3) for a minority of votes	(3) for a minority of votes
(B) Yes, we privately communicated the rationale to the company	(1) for all votes	(1) for all votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	○	○

(A) Yes, we publicly disclosed the rationale - Add link(s):

https://rescap.com/esg/

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

It is the policy of Resolution Capital to vote on all proxy resolutions it has the ability to vote on. Institutional Shareholder Services (ISS) provides notifications to the operations team when an upcoming vote is scheduled. Following the Portfolio Manager's or Analyst's instruction on how to vote on the resolutions, the operations team exercises Resolution Capital's voting rights electronically via ISS, ensuring this is done before the cutoff date for each vote. ISS provides a confirmation report once the vote is processed or if a vote has been missed. Any vote that has been missed is a breach of our proxy voting policy.

Votes are instructed by Portfolio Managers and Analysts who are specifically responsible for researching the company. As the voting chain is electronic within ISS, any logistical obstacles are minimised.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

	(1) Listed equity
(A) Joining or broadening an existing collaborative engagement or creating a new one	☑
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	☐
(C) Publicly engaging the entity, e.g. signing an open letter	☐
(D) Voting against the re-election of one or more board directors	☑
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	☑
(F) Divesting	☐
(G) Litigation	☐
(H) Other	☐

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	○

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

☐ (A) Yes, we engaged with policy makers directly
☐ (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
☑ **(C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI**
○ (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

☐ (A) We participated in 'sign-on' letters
☐ (B) We responded to policy consultations
☐ (C) We provided technical input via government- or regulator-backed working groups
☐ (D) We engaged policy makers on our own initiative
☑ **(E) Other methods**
Describe:

Resolution Capital became members of the Ceres Investor Network and the Responsible Investment Association of Australasia during the reporting year. Both of these organisations undertake engagements with policy makers, however we did not participate directly in these engagements during the year. It is our intention to join in collaborative engagements with policy makers in conjunction with these industry bodies / professional investor networks in future, particularly where the engagements relate to sectors of the market in which we invest.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

☐ (A) We publicly disclosed all our policy positions
☐ (B) We publicly disclosed details of our engagements with policy makers
◉ **(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year**
Explain why:

We have not participated directly in engagements with policy makers and therefore have nothing to disclose in this area.

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:
Title of stewardship activity:

Climate related disclosures and performance - Terreno Realty

(1) Led by
◉ **(1) Internally led**
○ (2) External service provider led
○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager
(2) Primary focus of stewardship activity
☑ **(1) Environmental factors**
☐ (2) Social factors
☐ (3) Governance factors
(3) Asset class(es)
☑ **(1) Listed equity**
☐ (2) Fixed income
☐ (3) Private equity
☐ (4) Real estate
☐ (5) Infrastructure
☐ (6) Hedge funds
☐ (7) Forestry
☐ (8) Farmland
☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Terreno Realty (a US based owner of industrial real estate) was first engaged in 2019 on ESG grounds because they had very limited publicly disclosed ESG information and no dedicated sustainability team. We had identified that the company had very good governance protocols relating to shareholder rights and anti-takeover provisions, but their sustainability initiatives and disclosures were considered below par. Our initial discussions indicated the company had a willingness to improve, although there was some reluctance to measuring emissions given the tenants are mostly responsible for energy supply contracts and hesitancy in ESG scoring such as GRESB given the relatively small size of the company and the resourcing required to participate. We made it clear to the company that we viewed measurement and scoring as critical and suggested using external consultants to assist with the resourcing requirements.

We followed up with Terreno's management in 2020, again encouraging them to disclose carbon reduction targets and to report into the GRESB assessment framework. At this time the company was already looking into reporting to GRESB and they also mentioned that while some peers were installing onsite solar generation systems, installing solar generation on their older vintage buildings was more challenging given the roof age and building structure not being fit for solar panels.

By 2021, Terreno had reported into the GRESB assessment and although their initial score was one of the lowest in the Industrial REIT peer group, companies often score lower than they should as they become accustomed to the reporting framework, so this low score is not uncommon at that stage.
Starting the reporting process was a significant step in improving their ESG disclosures and policy framework.

In the 2022 GRESB results, Terreno had significantly improved their performance and relative positioning from one of the lowest scoring companies in their peer group up to just below peer average. This improvement is primarily due to increasing ESG disclosures and policies, as well as in data collection and review and is very encouraging to see. Terreno also commenced a rooftop solar initiative with an initial goal of producing solar energy on at least 5% of total rooftop area by year end 2024.

Although this level of sustained improvement is encouraging to see, the company does not disclose its carbon emissions and is still in the process of setting a public carbon reduction target, therefore we will continue engagement with the company to monitor its progress.

(B) Example 2:
Title of stewardship activity:

Climate related disclosures and performance - Urban Edge Properties

(1) Led by
- ◉ **(1) Internally led**
- ○ (2) External service provider led
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☐ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)
- ☑ **(1) Listed equity**
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Urban Edge Properties is the owner of shopping centres in the US. Urban Edge's ESG strategy and disclosure has improved considerably since we first engaged with management and provided constructive feedback as part of our investment initiation process in 2020. Our feedback focussed on concerns regarding Urban Edge's unclear ESG strategy and poor disclosure, with an emphasis on the environmental segment, being its main area for improvement. Management was highly receptive to our feedback and showed a clear intention to improve Urban Edge's ESG performance.

Since then, we have had follow up meetings with management including several targeted ESG discussions.
Notably, in 2021 our conversation with management centered around the absence of a carbon reduction target that aligned with the Paris Agreement. Management demonstrated they were focused on setting a target while acknowledging the hurdles they faced were a timing impediment. The hurdles largely related to the rigour regarding accurate data collation, to in turn thoughtfully set a target.

We engaged again in 2022 to understand the status of their carbon reduction target formation, which was still not publicly disclosed. Management outlined in more detail the stage of completion and explained workarounds adopted to ensure accurate data collation. They also communicated they reported to the GRESB assessment in 2021 and were waiting for their results to be released.

In 2023, we participated in Urban Edge's ESG materiality assessment conducted by an external consultant. The objective was to better understand stakeholder perspectives including the materiality and criticality of ESG topics.

More broadly, over the course of our discussions, it was clear management had carefully formed a framework to develop, implement and disclose Urban Edge's ESG strategy. Importantly, they established responsibility and oversight for their ESG strategy, which included designated board and management committees. Among other initiatives, they progressed onsite solar installation targets, adopted a systematic approach to collecting Scope 3 tenant emissions, and were increasingly incorporating Green Leasing terms in tenant agreements to enforce provision of energy consumption data.

Urban Edge began reporting to GRESB under the grace period in 2021, and in 2022 their results were made public. Its overall score of 67 was below its global peer group average of 75 driven by the environmental segment and partly offset by its strength in the social and governance segments. We expect its environmental performance will improve given the initiatives underway. Overall, we are pleased with the enthusiasm the team has demonstrated, their open and collaborative approach to our engagements and their progress towards setting targets.

(C) Example 3:
Title of stewardship activity:

Collaborative Engagement with GRESB on ESG Disclosures

(1) Led by
- ○ (1) Internally led
- ◉ **(2) External service provider led**
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☑ **(1) Environmental factors**
- ☐ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)
- ☑ **(1) Listed equity**
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

In 2022, we participated in a group engagement collaboration led by the Global Real Estate Sustainability Benchmark (GRESB). We were one of 16 real estate investors that participated. The aim of this engagement program was to target real estate companies in the APAC region that were not participating in the GRESB assessment to encourage them to participate, and in so doing improve their ESG disclosures and the transparency of ESG reporting in the region. GRESB representatives contacted 49 companies, across 12 APAC markets.

One of the encouraging aspects of the series of engagements was the response from eight companies that they were seriously considering participating in the 2023 GRESB assessment for the first time. Their indicated intention is to improve both ESG disclosures and ESG performance.

(D) Example 4:
Title of stewardship activity:
(1) Led by
- ○ (1) Internally led
- ○ (2) External service provider led
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
- ☐ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)
- ☐ (1) Listed equity
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.
(E) Example 5:
Title of stewardship activity:
(1) Led by
- ○ (1) Internally led
- ○ (2) External service provider led
- ○ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity
- ☐ (1) Environmental factors
- ☐ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)
- ☐ (1) Listed equity
- ☐ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

☑ **(A) Yes, within our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Resolution Capital's standard planning horizon for the portfolios that we manage on behalf of clients is 5 years. Our assessment of climate-related risks and opportunities over this horizon are split into two sections: Transition Risks and Physical Risks.

The risks and opportunities related to Transition Risks we assess arise from regulations, market preferences and technology improvements, how they might drive changes to a low carbon economy, and how these changes can impact the value of the companies in which we invest over time.
These factors are considered both risks and opportunities given the potential for companies to benefit from incorporating initiatives to take advantage of these drivers or the potential for assets to become stranded if sufficient investments are not made stay ahead of these changes.

For our global listed property securities strategy, we are looking at how building regulations are creating incentives for property owners to improve the energy efficiency of their operating properties and the design of properties in their development pipelines. We are assessing how stringent these regulations are, for example by mandating net zero building operations or mandating that new properties are to be fossil fuel free, and by what time frame these regulations are to come into effect. These regulations can be set at different levels of government, from the federal level down to local government areas, and have differing levels of ambition in different regions.

For our Global Listed Infrastructure (GLI) strategy, the regulatory risks and opportunities that we assess focus on the carbon reduction related regulations and targets that are set by governments and regulators at all levels of government. We consider the levels of carbon reduction for each sector and the speed with which this is attempted. Examples of these regulations include the European Union's REPowerEU legislation which requires renewable energy to supply 45% of electricity in the region by 2030, or US State level net zero carbon targets which put pressure on companies that consume energy and generate electricity to reduce emissions in line with these regulatory requirements, that have deadlines ranging from 2030 to 2050.

In terms of the impacts of market preferences, we are looking at how the customers of our investee companies might drive demand changes due to their desire for more sustainable and less carbon intense products and services, stranding assets that cannot meet these new requirements.

In our global listed property securities strategy, market preference impacts may include tenants of the properties owned/managed by the REITs in which we invest choosing space to rent in buildings which align with their own sustainability goals, particularly in relation to their carbon reduction targets.

This can drive changes in demand over time for properties that have high levels of sustainability, whether through energy efficiency programs, green building certifications or offering access to renewable energy, for example, and can result in an increase in demand for high performance properties. This can lead to buildings with poor sustainability credentials being stranded.

In our GLI strategy, the demand for carbon free electricity will have a significant impact on, not only Utilities, but also companies that will rely on carbon free electricity, or energy, to provide their own services.
This may include rail companies providing freight services using electric or hydrogen fuel cell powered locomotives, or airports providing access to Sustainable Aviation Fuels to airlines. Investee companies that do not take advantage of these opportunities will face diminishing market share and have assets or services that have lower demand and value. The path to decarbonisation is a key assessment to avoid stranded asset risk.

Changes in availability and cost of technology also has an impact, enabling companies to achieve their carbon reduction goals and therefore move ahead of the risks described above.
Two leading examples being the decreasing cost of solar panels and improving performance of heat pumps, both of which can have a drastic impact on reducing carbon emissions in building operations. Technological changes are also important for our GLI investments, as many sectors outside Utilities will be reliant on new technologies becoming available to be able to transition to a low carbon economy. Ensuring their access to, and the ability to afford and integrate, new technologies to enable their transition to a low carbon economy will be vital.

While the greater impacts of physical climate risks have been projected to occur over the longer term, there are current climate-related events which are having an impact on our investments in both global property securities and listed infrastructure now, including heat stress, flooding, wildfires and storm surges and which require those companies to look at both short and long term horizons.

☑ **(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Our assessment of climate related risks and opportunities beyond our standard planning horizon has Transition and Physical risk components, with the latter having increasingly more serious impacts over time. Transition risks and opportunities will be driven by the impacts of the potential achievement of the Paris Agreement and how the regulatory environment, market preferences and technology changes have contributed to that state.

For both our REITs and GLI strategies we are looking at whether the companies in which we currently or potentially may invest have credible decarbonisation or transition plans in place that charts their pathway towards a low carbon economy that is likely to be defined by stringent net zero emissions regulations, customers that require zero-, or low-, carbon goods and services for their own operations, as well as taking advantage of technological advancements that enable a low carbon economy to operate.
These risks are likely to accelerate and intensify over time, and companies that begin to tackle the risks and take advantage of the opportunities are likely to be able to withstand these challenges.

The physical risks we have identified within our time horizon are also applicable over the long term, though in increasing severity. These include:

1) Meteorological events, including storms and storm surges.

2) Hydrological events, including inland flooding.
3) Climatological events, including rising temperatures, heat stress, and drought.
4) Others, including sea level rise and wildfires.

The main impacts across both our REITs and GLI strategies are seen to be in reductions in revenue and asset values caused by business interruptions and reduced asset productivity for those companies that are not preparing for the increasing frequency and intensity of these physical risks. We assess how these risks impact our strategies in different ways.

For our REITs strategy, companies face impacts related to reductions in operating capacity and business continuity of their properties, increased operating expenditures and capital expenditures to repair and adapt to changing climate conditions.
For companies that do not have plans to mitigate or adapt to these risks, this reduction in the ability for a property to generate revenue, and/or incur additional operating and capital investment expenses, may become an existential problem and lead to reductions in value that cannot be overcome.

These physical risks can also lead to an inability to access insurance for properties, as insurance companies may deem certain properties, locations or markets as representing too high a risk to insure. This will further exacerbate the ability of companies to generate revenue and value from properties that cannot adapt.

For example, older, more energy inefficient properties will increasingly struggle to cope with higher levels of heat stress over time and the capital investment required to make necessary changes to its building services may be greater than the value of continuing to operate the property, making the property obsolete. Properties located in regions that become increasingly prone to inland flooding, or with exposure to storms or wildfires, may lose access to affordable insurance without undertaking costly mitigation or adaptation investments.

Our GLI strategy faces similar risks and opportunities from these physical risks, where increasing frequency of climate events and increasing severity can impact the ability of infrastructure assets to operate as intended to generate revenues and provide necessary services, without significant capital investments.
For example, Utilities that have not sufficiently prepared their generation or transmission assets for increasingly extreme temperature ranges can face significant and costly interruptions to the provision of electricity. Railroad companies can also face damage to rail networks from inland flooding or extreme weather without the proper investments made to strengthen their infrastructure.

Sea Level Rise (SLR) risks will also increase for both REITs and GLI assets over time, which will result in certain locations becoming less desirable or even possibly too difficult to operate certain assets.
Additionally, investing in coastal defences or other protections against SLR could add to this cost. If there are no viable options to mitigate or adapt against the impacts of SLR, it could result in assets or locations eventually being abandoned.

○ (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

◉ **(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Resolution Capital has a key focus on climate related risks and opportunities in its investment processes, aligning its active ownership activities with the objectives of the Paris Agreement with the aim that our portfolios make a positive contribution to the global shift to low-emissions, climate resilient pathways. Environmental and climate-related metrics are explicitly integrated into the investment process at the company modelling stage of the investment process.

In our REITs strategy for example, environmental factors influence our forecasts for occupancy, rent growth, capex, and cap rates. We use a lower capitalisation rate (discount rate) for REITs which own higher quality portfolios with sustainable buildings. We will forecast revenue (occupancy and rents) differently for companies with low and high ESG (GRESB) credentials.

In our Global Listed Infrastructure strategy, we look at the impact of regulations to reduce carbon emissions on the ability of a company to generate revenues over the long term, and how a company might be preparing for the transition to a low carbon economy to take advantage of these changes. This could mean that revenue generating assets relying on technologies or fuels/material inputs that are not compatible with a low carbon economy might have a shorter lifespan than originally intended, impacting valuations of these assets and therefore that of the company.

Across both of these investment strategies we are assessing how companies are taking advantage of the opportunities presented by the transition to a low carbon economy. In our REITs strategy, we consider the Sustainability/ESG policies of the entities we invest in, especially with regard to the existence of 'green' buildings in the entities' portfolio and the adoption of sustainability standards in construction practices, among others. Through its analysis, Resolution Capital has observed that environmentally friendly assets make better business sense, as they have greater tenant demand due to lower expense ratios.
Environmental policies that lead to greater energy, water and waste efficiencies reduce operating expenses, making assets more profitable and environmentally sustainable. Additionally, tenants and consumers are increasingly setting minimum standards for sustainability. Buildings that meet such requirements have higher tenant demand and occupancy. Finally, buildings with high environmental standards may receive better pricing upon sale due to a wider pool of potential buyers.

In our GLI strategy, we are assessing whether a company can decarbonise in line with the requirements of the Paris Agreement and whether it has a viable and credible plan, including the necessary capital investment, to achieve that goal.
When looking at a company's potential alignment with this goal we are investigating a company's carbon emissions trajectory and whether it has a carbon reduction target that is in line with the Paris Agreement. We also take into account economic and market factors that can cause assets and businesses to become stranded, which may include increasing costs from national climate and energy targets and policies, carbon pricing, emissions and energy efficiency minimum standards, as well as increasing insurance costs.

This analysis feeds into earnings forecasts, asset valuations, and therefore the valuation metrics that get uploaded into our proprietary database.
This database forms the basis of our investment process, allowing us to measure various metrics by sector, region, and at the company specific level. Over the last several years, we have made considerable progress in integrating material ESG factors into our database. This is particularly important for social and governance factors, which, given their qualitative nature, are often not able to be introduced at the company valuation modelling stage. Our proprietary database presents climate related data in numerous ways, including at a portfolio, sector, or company specific level, allowing us to identify leaders and laggards to see where additional analysis, or engagement, is required.

○ (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

☐ (A) Coal
☐ (B) Gas
☐ (C) Oil
☑ **(D) Utilities**

Describe your strategy:

The Global Listed Infrastructure (GLI) strategy has a significant focus on Utilities, and we concentrate 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, and encourage companies to set targets in line with these goals. 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.

☐ (E) Cement
☐ (F) Steel
☐ (G) Aviation
☐ (H) Heavy duty road
☐ (I) Light duty road
☐ (J) Shipping
☐ (K) Aluminium
☐ (L) Agriculture, forestry, fishery
☐ (M) Chemicals
☑ **(N) Construction and buildings**

Describe your strategy:

For our global REITs strategy, we concentrate 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, and encourage companies to set targets in line with these goals. 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.

☐ (O) Textile and leather
☐ (P) Water
☐ (Q) Other
○ (R) We do not have a strategy addressing high-emitting sectors

Provide a link(s) to your strategy(ies), if available

https://rescap.com/wp-content/uploads/Responsible-Investment-Policy.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

☐ (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
☐ (B) Yes, using the One Earth Climate Model scenario
☑ **(C) Yes, using the International Energy Agency (IEA) Net Zero scenario**
☑ **(D) Yes, using other scenarios**

Specify:

Resolution Capital is in the early stages of using scenario analysis to assess the resilience of our portfolios. For our REITs strategy, we have begun using the Carbon Risk Real Estate Monitor (CRREM) 1.5°C carbon reduction pathways. We are using this scenario to assess a company's public carbon reduction targets and its progress against the CRREM 1.5°C scenario pathway, depending on the company's predominant property type and its country of domicile. These assessments are also aggregated at the sector and portfolio levels and allows us to assess where portfolio holdings might be facing potential risks of asset stranding, help us identify areas of heightened transition risks, and help to identify companies for further engagement.

○ (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

☑ **(A) Yes, we have a process to identify and assess climate-related risks**
(1) Describe your process

Resolution Capital 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. In order to meet this target, the global economy needs to achieve 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. We measure the environmental performance of companies by measuring absolute and intensity-based metrics, like for like annual changes, and reduction targets for the following metrics, when available:

• Energy;
• Greenhouse gas (GHG);
• Water; and
• Waste.

Our focus is not just on the position of our portfolios at a point in time, but also on the changing nature of our environmental performance and whether investee companies are improving or whether a declining level of performance requires engagement with company management. We also support the increase in transparency in company reporting and ESG disclosure in the sector, as well as the introduction of TCFD recommendations for company reporting, which can increase the standardisation and comparability of company disclosures.

Consideration of the objectives and track record of company management is another critical component of our analysis, which gives us confidence that a company can achieve its environmental goals. We use meetings with management, as well as asset tours to discuss environmental credentials and review how they are incorporated into asset management and development.

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.

Resolution Capital 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.

(2) Describe how this process is integrated into your overall risk management

Our proprietary database houses our ESG data, which we collect directly from company disclosures, as well as from third party data providers, including GRESB, MSCI, Bloomberg and ISS. This allows us to compare various ESG metrics at sector, regional and portfolio level. This is important for understanding whether ESG metrics for the Portfolio are being influenced by individual stock selection or sector bets. For example, data centres are significantly more carbon intensive compared to the self-storage sector. We need to be able to differentiate whether the carbon footprint of the portfolio is being influenced by an overweight to this sector, or rather, we are picking companies that underperform their relevant peers.

Our ESG database also displays individual company environmental metrics. Here, we can compare how companies perform in relation to their relevant peer set in our portfolio and the benchmark. By enabling the identification of outliers, gaps in disclosure or laggards in particular areas, this can serve as a tool for further investigation of company performance, a prompt for company engagement, or to help facilitate constructive dialog during ESG engagements with investee companies.

As mentioned above, where this data identifies disclosure gaps, or lagging performance, these companies are targeted for engagement to understand why there is this deficiency or if there are plans to rectify them, and to encourage the company to do so. A key area of focus has been on encouraging companies to improve their ESG related disclosures through recognised frameworks aimed at robust reporting and increasing standardisation. Therefore, we encourage companies to report in line with the recommendations of the TCFD and for REITs to report through the GRESB assessment. This allows for better understanding of the risk profile and comparability between holdings in the global REIT portfolio. Furthermore, better disclosure typically results in increased focus by the company on areas including waste reduction, water usage and the company's environmental footprint.

In our opinion infrastructure will play a key part in decarbonising the world, and enabling it to decarbonise, through the electrification of everything and the decarbonisation of electricity generation, which can provide secular growth opportunities for decades. Therefore, in our engagements with companies in our GLI strategy, we are asking companies that do not currently have carbon reduction targets that are aligned with the Paris Agreement if they are planning on implementing one, and if not, why not.

☑ **(B) Yes, we have a process to manage climate-related risks**

(1) Describe your process

In managing the climate-related risks our portfolios face, we use the information collected for our ESG database in conjunction with sector-, and company-, level research conducted by the investment team to understand the exposure to, and the extent of, climate related risks faced by our investee companies. This allows us to track how companies are managing the risks faced by changing climate related regulations, increasing market demand for low carbon products and services, changing market conditions in terms of energy pricing and availability of green electricity, and the availability and access to technology that enables the transition to a low carbon economy.

In our analysis for our REITs strategy, we look at companies' carbon reduction plans to assess whether they are aligned to the Paris Agreement's carbon reduction requirements, and how their carbon emissions are changing over time to track their progress.
We do this by using data from sources such as GRESB, MSCI and Bloomberg and compare the performance of our portfolio to that of our benchmark index, the FTSE EPRA NAREIT Developed Index.

For our Global Listed Infrastructure strategy, we assess a company's carbon reduction plans, carbon emissions trajectories, proportion of renewable electricity generated for Utilities, and compare our portfolio performance versus the benchmark index, the FTSE Developed Core 50/50 Infrastructure Index. This focus on the clean energy transition, and those companies that can enable it, have led to our portfolio having lower carbon emissions intensity, lower fossil fuel energy generation and higher renewable energy generation than our benchmark index.

This analysis also helps to inform our conversations with company management in our regular discussions as well as our formal engagements on climate related matters. In the last two years we have engaged with companies on the following topics to ask about their decarbonisation plans and how they are assessing their physical climate change risks. Specifically, we have asked whether companies are:

- Setting carbon reduction targets that are aligned with the Paris Agreement, and whether Scope 3 emissions are being assessed in these targets;
- Undertaking climate change risk assessments in line with TCFD recommendations; or
- Identifying areas of their supply chains with heightened exposure to human rights related risks and actions taken to mitigate those risks.

Once we have identified the companies that need these targeted engagements, we have discussions with company management and their sustainability teams to address our concerns and determine whether this lagging performance could be caused by a gap in the company's strategy or poor disclosure and communication of the company's sustainability efforts.

In order to keep companies accountable and to gauge whether there has been progress, we have follow up meetings 6 – 12 months after the initial engagement meeting.
In these follow up meetings we discuss any progress made and action items agreed with the company to determine whether there is sincere effort being made. In the event our investment team is unhappy with the direction of progress we have several levers to further hold the company accountable, using proxy votes to vote against directors, particularly those on Nomination Committees, to apply further pressure. In extreme cases where we don't see a way forward or see sufficient commitment from a company, we may consider divesting from that company. However, given that once we have exited an investment we no longer have "a seat at the table" to push for change, this is something that only occurs in rare cases.

(2) Describe how this process is integrated into your overall risk management

Where our data analysis identifies companies with disclosure gaps, or lagging performance, these companies are targeted for engagement to understand why there is this deficiency or if there are plans to rectify the problems and encourage the company to do so. A key area of focus has been on encouraging companies to improve their ESG related disclosures through recognised frameworks aimed at robust reporting and increasing standardisation. Therefore, we encourage companies to report in line with the recommendations of the TCFD and for REITs to report through the GRESB assessment. This allows for better understanding of the risk profile and comparability between holdings in the global REIT portfolio.

Furthermore, better disclosure typically results in increased focus by the company on areas including waste reduction, water usage and the company's environmental footprint.

In our REITs strategy, a key area of focus has been on encouraging companies to improve their ESG related disclosures through recognised frameworks aimed at robust reporting and increasing standardisation. Therefore, we encourage companies to report in line with the recommendations of the TCFD and for REITs to report through the GRESB assessment.
This allows for better understanding of the risk profile and comparability between holdings in the global REIT portfolio. Furthermore, better disclosure typically results in increased focus by the company on areas including waste reduction, water usage and the company's environmental footprint.

In our opinion infrastructure will play a key part in decarbonising the world, and enabling it to decarbonise, through the electrification of everything and the decarbonisation of electricity generation, which can provide secular growth opportunities for decades. Therefore, in our engagements with companies in our GLI strategy, we are asking companies that do not currently have carbon reduction targets that are aligned with the Paris Agreement if they are planning on implementing one, and if not, why not.

For the companies that do not demonstrate a clear intention to become Paris aligned, our approach requires us to follow up with company management, talk through the issues, and apply pressure. We leave the meeting communicating the importance of an ambitious environmental strategy and our intention to follow up in 6 months to ensure that progress is being made. If engagement does not yield any progress, we could use proxy voting as an escalation tool and vote against company directors.

○ (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

☐ (A) Exposure to physical risk
☐ (B) Exposure to transition risk
☐ (C) Internal carbon price
☐ (D) Total carbon emissions
☑ **(E) Weighted average carbon intensity**
(1) Indicate whether this metric or variable was used and disclosed, including the methodology
○ (1) Metric or variable used
◉ **(2) Metric or variable used and disclosed**
○ (3) Metric or variable used and disclosed, including methodology
(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.rescap.com/esg

☐ (F) Avoided emissions
☐ (G) Implied Temperature Rise (ITR)
☐ (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
☐ (I) Proportion of assets or other business activities aligned with climate-related opportunities
☐ (J) Other metrics or variables
○ (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

☐ (A) Scope 1 emissions
☐ (B) Scope 2 emissions
☐ (C) Scope 3 emissions (including financed emissions)
◉ **(D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year**

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

◉ **(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**
○ (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

☐ (A) The UN Sustainable Development Goals (SDGs) and targets
☑ **(B) The UNFCCC Paris Agreement**
☐ (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
☐ (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
☑ **(E) The EU Taxonomy**
☐ (F) Other relevant taxonomies
☐ (G) The International Bill of Human Rights
☐ (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
☐ (I) The Convention on Biological Diversity
☐ (J) Other international framework(s)
☐ (K) Other regional framework(s)
☐ (L) Other sectoral/issue-specific framework(s)

○ (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

☑ **(A) Identify sustainability outcomes that are closely linked to our core investment activities**
☑ **(B) Consult with key clients and/or beneficiaries to align with their priorities**
☐ (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
☑ **(D) Identify sustainability outcomes that are closely linked to systematic sustainability issues**
☐ (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
☑ **(F) Understand the geographical relevance of specific sustainability outcome objectives**
☐ (G) Other method
○ (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

◉ **(A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities**
○ (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

☑ **(A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons**

☑ **(B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon**
☐ (C) We have been requested to do so by our clients and/or beneficiaries
☑ **(D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes**
☐ (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
☐ (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
☑ **(G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right**
☐ (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

☐ (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes
☐ (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
☐ (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
☑ **(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities**

Specify:

We engaged with investee companies and our corporate suppliers about modern slavery and forced labour risks.

Explain how these activities were conducted:

We have engaged with our investee companies on how, or if, they are identifying and assessing modern slavery and forced labour risk exposures over the last two years. Responses varied depending on the jurisdiction in which the company was listed. In jurisdictions where there is modern slavery-related legislation, companies were more likely to have performed analysis on their business operations (at least), and to some extent their supply chain to identify where there may be a higher risk of labour exploitation. There are particular areas of the property industry which are likely to encounter higher risks such as cleaning staff, maintenance, security, and sources of building materials.

With our Global Listed Infrastructure (GLI) holdings, due to the elevated demand for solar panels to achieve their decarbonisation goals, we have asked companies how they have shown that their supply chains avoid contact with solar panels and components from the Xinjiang region of China, where there has been serious allegations of human rights violations against the Uyghur population. The U.S. prohibits the importing of products from Xinjiang, through the The Uyghur Forced Labor Prevention Act.

The EU has proposed its own legislation to prohibit the sale of products made with forced labour. In order to avoid disruptions to their supply chains, we are asking companies how they are dealing with these risks in their solar panel supply chains.

Resolution Capital is not a reporting entity under the Australian Modern Slavery Act, however we believe it is important to understand and mitigate the risk of modern slavery in our business and supply chain. During the year, our business partner Pinnacle (and their affiliated investment managers) initiated a suppler register which assists with the risk assessment of common suppliers.

Resolution Capital has policies in place which support the identification, assessment and mitigation of risks relating to modern slavery and human trafficking. These include:
• Code of Conduct – workplace harassment, discrimination and bullying, anti-corruption, whistleblowing
• Worksafe Manual – provision of a safe workplace
• HR Policy – Recruitment, equal employment opportunity, victimisation
• Whistleblowing Policy
• AML-CTF Program (Sanctions Program)
• Responsible Investment Policy

In order to provide investment management services to our clients, Resolution Capital procures services from a number of key suppliers including staff, property management (including cleaning services, electricity supplier), professional services organisations (such as auditors, insurance, lawyers), banks/financial institutions, and shared services (Pinnacle provide IT, legal, regulatory compliance, distribution, finance).
Other suppliers to the business include those providing stationary, food and beverage/kitchen supplies, office equipment, office furniture, and recruitment firms.

In order to assess modern slavery risk in the key suppliers, we reviewed (where available) Modern Slavery Statements issued by those companies on the Department of Home Affairs website. We also reviewed whether the companies published any other relevant reports or policies on their websites (such as Human Rights Policy, Code of Conduct/ Ethics, Anti-Corruption Policy).

○ (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

	(3) Active - fundamental
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

	(3) Active - fundamental
(A) Yes, we have a formal process that includes scenario analyses	(1) for all of our AUM
(B) Yes, we have a formal process, but it does not include scenario analyses	
(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion	○
(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies	○

(A) Yes, we have a formal process that includes scenario analysis - Specify: (Voluntary)

Environmental, Social and Governance (ESG) considerations are an integral part of the Resolution Capital's investment philosophy. We believe these initiatives benefit the broader community and that strong ESG practices of the companies in which we invest are likely to be additive to their performance and lead to investors ultimately being rewarded through superior investment outcomes.

The responsibility of incorporating ESG into the investment process sits with the Investment Team and are responsible for identifying and assessing relevant ESG factors, with input and direction from our ESG Analyst.

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. Given that the Investment Team are responsible for the incorporation of ESG factors in the investment process, ESG is a component of Investment Team staff remuneration.

Our scenario analysis incorporation focuses on how different government regulations and market conditions may impact our investments. Here we are assessing how companies have responded in the past and whether they have the track record and capabilities to adapt and meet changing requirements from government regulations, for example to restrict inclusion of access to natural gas for use in properties, or to the changing market conditions that could include increasing electricity prices or customer demands for properties with net zero emissions characteristics.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

	(2) Active - fundamental
(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process	(1) in all cases
(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process	(1) in all cases
(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process	(3) in a minority of cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

	(3) Active - fundamental
(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors	(1) in all cases
(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors	(1) in all cases
(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability	(1) in all cases
(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors	(1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process	○

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

In our research of the UK office market this year, we have been considering the changing legislation on energy efficiency requirements for commercial properties and the changing demand of corporate office tenants for properties that align with their own net zero goals.

In 2018, the UK government announced the Minimum Energy Efficiency Standards (MEES) legislation to improve the energy performance of buildings so that the property sector could contribute its fair share to the country's decarbonisation targets. Legislation now requires that every building for sale or lease must obtain an Energy Performance Certificate (EPC), which is a measure of a building's energy efficiency. Ratings range from the most energy efficient (A), to the least energy efficient (G).

Initially, the MEES regulations set a minimum requirement of EPC E for buildings to be sold or leased, which came into force in April this year. The intention of the regulation is to increase the minimum requirements in two stages. Currently, the proposals are for a minimum EPC C rating by 2027 and EPC B by 2030.
It is worth restating that it is an expectation that buildings must meet these standards in order to be sold or leased.

These ambitious standards will require significant forward planning and material capital expenditure by most building owners. Currently, approximately 80% of office properties in London have EPCs below the 2030 requirement for EPC B and will have to undergo a significant level of refurbishments to improve their performance to achieve this level in the next 7 years. Astonishingly, this includes many towers built in the past 20-30 years that have facades consisting mostly of glazing.
This makes refurbishments to increase energy efficiency performance more difficult and costly given the increased levels of heat transfer through glazing, which in turn leads to higher HVAC energy consumption.

While the more demanding latter stages of the MEES requirements have not yet been legislated, tenant demand for sustainable space is still pushing building owners to improve the sustainability credentials of their properties in line with increasing EPC ratings and with net zero carbon/energy performance.

Recent announcements by professional services companies regarding office relocations to offices with higher levels of environmental performance are excellent examples of this "flight to sustainable quality" in the London Office market.

In the last 6 months, Pimco and Clifford Chance have both announced agreements to move to buildings in developments with higher EPC ratings and sustainability credentials to better align with their own corporate level net zero carbon goals. Most recently, HSBC announced that it is vacating its long-standing headquarters in Canary Wharf to take up a smaller and more energy efficient tenancy closer to central London, that would also help meet its corporate net zero target.

There has been increasing evidence of an emerging bifurcation between low and high sustainable quality buildings, as evidenced by higher net absorption rates for office properties with 5 Star CoStar ratings compared to those with lower rated buildings.

In recent trips to London, our team has been inquiring how companies are preparing for this increasing shift to sustainable properties driven by both increasing regulations and tenant demand.
We visited Derwent London, Shaftesbury Capital, Unite Group, Grainger as well as Land Securities and Great Portland Estate. One of the recurring themes we heard in these meetings was that a building does not have to be Prime to be sustainable, but it does have to be sustainable to be Prime.

Each of these companies saw this shift approaching some time ago and have been preparing for both the EPC B requirement in 2030 and for the demand by tenants for highly sustainable spaces that is happening now. These preparations include quantifying the capex required to lift the environmental performance of their properties, ranging from £20m to £135m, formulating asset level decarbonisation plans and internal carbon prices that are used to fund these expenditures. Their preparedness places them in a strong position to capture increased market share in terms of leasing, underscoring the increasing financial benefits of sustainability leadership.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

	(3) Active - fundamental
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM
(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM
(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process	
(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	○

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

	(2) Active - fundamental
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings	☑
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents	☑
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities	☑
(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents	☑
(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion	○

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process	○

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

We have not explicitly looked at, or quantified, how ESG factors have contributed to fund performance or affected the realised returns of our assets. However, there are several ESG factors that we believe have a greater impact our listed equity valuations and subsequently our portfolio construction.

We believe that introducing an ESG adjustment factor to our valuations or an ESG scoring system are abstract tools that can have the undesirable effect of obfuscating true insight on underlying ESG risks and opportunities.
We subscribe to the adage that not everything which is important can be measured - social and governance factors, though critical to our investment process, often fall into this bucket. Hence, we implicitly integrate these factors into the investment process via portfolio positioning whereby companies with social and/or governance issues are either excluded from the portfolio or carry a lower weighting.

Within the broader ESG framework, Resolution Capital's investment process places particular emphasis on a company's governance structure and management's alignment with shareholders. Resolution Capital has a preference for internally managed REITs to ensure alignment. External management can be penalised - a discount to valuation would be applied for external management if similar exposure can be achieved with an internally managed vehicle.
We also take an active approach by way of proxy voting, where we vote on all resolutions and regular meetings with company management.

In the case of an externally managed REIT, the entity's sole activity is effectively the ownership of property. Whilst a Board oversees the entity, it has no employees and capital, asset or property management capabilities. All of the "active" functions are carried out via a separate, i.e.
external, management services entity which has a contract to carry out various services. The management company is paid fees with presumably the objective of generating a profit margin for its own shareholders. They are described as closed end structures as investors cannot redeem their funds from the REIT, investments can only be sold to other investors typically on the stock market. Management does not need to stand for election, cutting off a traditionally avenue for shareholders to hold management to account for poor performance.

History suggests that externally managed vehicles are prone to growing through acquisitions as annual fees to the manager are typically based on gross asset size, and acquisitions generate transaction and other fees for the manager.

Thus, the manager is incentivised to add properties, often on the pretence that it adds short term to earnings per share, but with limited emphasis on long-term value creation. Hence, management's interests of generating higher fees are not necessarily aligned with REIT investors. It is very difficult to remove the manager and hence, as the vehicle is a closed end structure, fees tend to be entrenched.

Internally managed REITs are far from perfect but most of the functions are carried out by employees and executives employed within the REIT structure.
It has a shareholder elected Board, with independent directors providing oversight, which is responsible for monitoring the performance of management, determining their remuneration levels and of terminating their services if appropriate. There are clear mechanisms for investors to remove the Board and management. Typically, this creates the best possible circumstances for their interests to be aligned with REIT investors.

An example of how this preference for internally managed REITs impacted the realised returns of a REIT holding was the Australian REIT, Aventus.

After undergoing a transition to being internally managed in 2018 at significant cost, Aventus agreed to an external management deal that was finalised in 2022 with an Australian based property group, Home Consortium.
At the time, we believed that the transaction resulted in little or no tangible value creation for Aventus shareholders. Rather, in our opinion, the proposed merger was an exercise of financial engineering, including greater use of debt. The reported short-term increase in earnings per share as a consequence of the deal could be replicated simply by Avenuts increasing its financial leverage (e.g. a return of equity to shareholders funded by debt). Critically the deal resulted in a compromised corporate governance structure, likely to result in higher management costs in the medium to long term, as described above.

At the time of this announcement Resolution Capital had a position in Aventus, however with our view that externally managed REITs are more likely to underperform internally managed REITs, we sold our holdings in this company.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

☐ (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
☐ (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
☐ (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
☑ **(D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
☐ (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
☐ (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making

☑ **(G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI**
○ (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

☑ **(A) Board, trustees, or equivalent**
Sections of PRI report reviewed
◉ **(1) the entire report**
○ (2) selected sections of the report
☑ **(B) Senior executive-level staff, investment committee, head of department, or equivalent**
Sections of PRI report reviewed
◉ **(1) the entire report**
○ (2) selected sections of the report
○ (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year