

Resolution Capital Limited
Engagement Policy

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1. Introduction

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

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

2. Our Approach

Our Engagement Policy covers all our investment exposures.

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

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

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

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

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

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

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

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

Environmental

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

ResCap engage with companies that fall short of our disclosure standards. In the first instance, GRESB's public disclosure score is used to inform where we focus our engagement efforts. We encourage the disclosure of sustainability metrics in accordance with the Real Estate Industry Standards set out by the Sustainability Accounting Standards Board (SASB).

We also encourage investee companies to set carbon emission reduction targets that are consistent with the goals of the 2015 Paris Agreement, which essentially mean a halving of greenhouse gas emissions by 2030 and carbon neutrality by 2050.

As part of recommendations outlined by the task force on climate related financial disclosures (TCFD), we will specifically engage with companies that have not undertaken a physical risk assessment and encourage them to do so.

Social

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

Whilst not exhaustive, we will prioritise engagement with companies that exhibit:

- Poor diversity at the senior management and/or Board level
- Poor stakeholder relations including with tenants, staff, the wider community, and regulatory authorities.

Governance

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

3. Collaborative initiatives

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

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

4. Proxy voting

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

5. Reporting

ResCap reports on our engagement activities to stakeholders, through our quarterly reports and marketing presentations.

6. Conflicts of Interest

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