

Disclaimer

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1 Introduction

Policy Purpose

The purpose of this policy is to confirm our formal commitment to our investors with an outline of our engagement framework and our Stewardship Policy for Woodbridge Capital (Woodbridge). This policy applies at the investment level for all investments in Australia and New Zealand.

In line with UN Principles for Responsible Investment (PRI), Woodbridge defines Responsible Investment as:

- Responsible Investment is a strategy and practice to incorporate ESG factors in investment decisions.

Woodbridge defines ESG as:

- ESG risk and ESG opportunity where an environmental, social or governance condition or event that, if it occurs, could cause a material negative or positive financial impact on an investment.

This policy is to be read in conjunction with our Responsible Investment and Environmental, Social and Governance (ESG) Policy.

Our Beliefs

This policy is supported and driven by the following beliefs of ours:

- Our acknowledgement and the continued growing acknowledgement in the financial industry and academic research that Environmental, Social and Governance risks have an impact on investments.
- Woodbridge operates as an investment manager and as part of our fiduciary duty to our investors we must consider these risks in managing investor capital.
- We believe that there are several social and sustainability megatrends underway which will bring exciting investment opportunities.
- Investor interest and demand is growing for Responsible and ESG investing with greater transparency in this environment.

Policy Background

The policy has been developed by the Responsible Investment and ESG committee. The policy is formally reviewed every twelve months and more frequently if determined to be necessary by the committee.

The committee is comprised of 2 executive members and 1 non-executive member. The committee meets quarterly to review and prepare the following:

- Assist in overseeing the Company's Responsible Investment framework that affects the Company's business, strategy, operations, performance and reputation;
- Consider current and emerging matters relating to corporate responsibility and Responsible Investment;
- Continual development of the current Responsible Investment risks framework;
- Supporting the Investment Committee in Responsible Investment Approaches;

- Monitoring the Responsible Investment industry, market and regulatory developments including collaborating with peers, Responsible Investment organisations and industry groups;
- Representation and engagement on the Company's memberships and industry bodies;
- Analysing relevant third party research and data; and
- Relevant research papers, educational and thought pieces for external distribution.

Policy Compliance

All employees will receive ongoing training regarding the Stewardship Policy and engagement process with onboarding training for new employees. The Investment Committee is responsible for employee training and ensuring the Stewardship Policy is implemented through the investment process flow.

2 Engagement Process

Woodbridge engages with its borrowers regarding ESG risks and opportunities throughout its investment process. It will particularly focus with the borrower on any material ESG risks through open dialogue and informal discussions with its borrowers. However, there are often on occasions where formal agreements are documented as part of a loan facility documentation resulting from engagement. The Investment Committee and Investment Team are responsible for borrower engagement.

Through the engagement process it will assist the borrower in understanding how ESG risks are factored into our credit terms whilst being able to gain a better understanding of the borrower's ability (resources, capability etc) to manage ESG risks. We generally will share any external and internal ESG research and knowledge where applicable to assist in increasing their ability to identify and manage ESG risks and opportunities which may lower the credit risk for us as a lender. Given our deep domain expertise and track record in real estate investment, development, construction, and property finance in the commercial real estate, and agriculture sectors this will assist Woodbridge in gaining trust and improving our engagement ability with borrowers.

Our investment process is detailed in our ESG policy and is listed below again for ease.

- Negative Screen
- Initial Credit Review
- Investment Committee
- Due Diligence
- Credit Committee Approval
- Loan Monitoring

The key moments for engagement with borrowers throughout the investment process are detailed below.

Negative Screen and Initial Credit Review

If an investment fails the negative screen and/or initial credit review, we may discuss with the borrower the opportunity to repurpose the whole asset or part of the asset. Some examples include:

- Repurposing petrol stations for alternative uses (residential, commercial etc).
- The removal of gaming machines in pubs and gaming venues and repurposing of these areas.
- Provision of loan capital for repurposing assets or improvements of ESG credentials such as a building's energy efficiency.

The initial review process involves the Woodbridge Investment Team engaging with the borrower in understanding the fundamental credit risk and any ESG risks. The Investment Committee ensures that relevant terms are inserted into the term sheet in the associated sections such as representations, warranties and ongoing covenants if required.

Due Diligence

During due diligence the Investment Team will incorporate ESG due diligence as part of the process. The engagement focus involves:

- The borrower completing a Responsible Investment and ESG due diligence questionnaire and providing data if available. The focus will be per our ESG risks framework.
- The Investment Team will deal with consultants as required including ESG consultants, valuers, quantity surveyors and sales or leasing agents for example.
- Some examples of due diligence engagement include:
 - Engaging with the borrower and/or consultants on site remediation strategies (cost, timing, reports etc).
 - Engaging with the borrower and/or consultants on flood strategies (review of flood maps, overlays, reports, insurances.
 - Engaging with the borrower and/or consultants on a building's energy efficiency and water efficiency (review of NABERS ratings, reports etc).

Loan Monitoring

All credit investments have monthly reporting requirements, which assist Woodbridge in the ongoing loan monitoring of a borrower and any material ESG risks (typically material risks identified in the initial credit review and due diligence as well as

any other potential ESG risks that are identified during the ongoing loan monitoring). During the monthly reporting any material ESG risks are often discussed with the borrower in regard to managing these risks.

As a lender Woodbridge is not always able to influence the borrower from changing the asset value or income as Woodbridge is not an asset owner. If then during the term of a loan, the asset value or income changes so that the asset falls within one of the above sectors, then Woodbridge will look at solutions to have the loan repaid in the earliest possible manner.

3 Reporting

ESG risks including engagement are documented and reported internally throughout the investment process.

- Initial Credit Review – initial Responsible Investment and ESG review.
- Investment Committee – Responsible Investment and ESG agenda in Investment Committee Papers and Investment Committee meeting.
- Due diligence – Responsible Investment and ESG due diligence (including ESG risk ratings).
- Credit Committee Approval – Responsible Investment and ESG agenda in Credit Committee Papers and Credit Committee meeting.
- Loan Monitoring – Monthly portfolio review of all credit investments including the monthly loan reporting (inclusive of monitoring of ESG risks and updating ESG risk ratings if necessary).

In terms of external reporting, we have multiple communication channels with our investors where we may share ESG related information that include:

- Monthly fund reporting across any new credit investments and the loan portfolio.
- Responsible Investment and ESG LinkedIn posts.
- In person and video call meetings with investors.
- Sharing of Responsible Investment research papers, educational and thought pieces.
- Sharing of Responsible Investment case studies involving our responsible investment approaches.
- Sharing of ESG risk ratings across the loan portfolio.