METRICS

Responsible Investment, Environmental, Social and Governance Policy

Metrics Credit Partners

1 JULY 2024
ISSUED BY METRICS CREDIT PARTNERS PTY LTD

Contents

Who we are

This Responsible Investment, Environmental, Social and Governance Policy (ESG Policy) applies to Metrics Credit Partners Pty Ltd (ABN 27 150 646 996) (referred to as 'Metrics', 'we' or 'us').

We are a leading Australian alternative asset manager specialising in private debt, equity, and capital markets.

We offer tailored financing solutions to corporate and other entities of various sizes and across most industries, predominately in Australia and New Zealand with limited exposure to certain European, North American and Asian markets.

We provide investors with unequalled access to the Australian private debt market through a range of innovative investment products that seek to provide capital stability and regular income. As of 30 June 2024, we managed assets greater than A$19 billion.

Metrics' highly experienced investment team comprises the four Managing Partners supported by a team of investment professionals with skills and experience covering deal origination and structuring, credit and financial analysis, legal analysis, and portfolio and risk management.

For more information, please visit our website at **www.metrics.com.au**

Incorporation of ESG in our Business

Metrics believes in upholding high environmental, social and governance (ESG) standards in the management of our firm and in our human resource and supply chain practices. We place significant value on the individual skills and talent of our team members and strive to maintain an environment that is diverse, inclusive, and rewarding. We promote a fair and equitable work environment that respects and values our employees and is free from discrimination and harassment. We prohibit our employees from engaging in corruption in any form. We do not knowingly procure any goods or services from suppliers that are involved in modern slavery or environmental and social practices which fall below the standards expected by the community.

Metrics has pledged its commitment to the United Nations (UN) Global Compact and supports its Ten Principles on human rights, labour, environment, and anti-corruption.[1] We have formally committed to the UN Global Compact and making its principles part of our strategy, culture, and day-to-day operations, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Metrics is a Member of the UN Global Compact Network Australia.

A key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (CoP) that describes our efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress annually according to the UN Global Compact CoP policy.

As a signatory to the UN Women's Empowerment Principles,[2] Metrics has demonstrated its support for advancing equality between women and men.

[1] For more information, please refer to the UN Global Compact website: https://unglobalcompact.org/what-is-gc/mission/principles
[2] For more information, please refer to the Women's Empowerment Principles website: https://www.weps.org/about

Our approach to Responsible Investment

Metrics has a responsibility to act in the best long-term interests of investors in our funds. We believe that ESG issues present both risk and opportunity and can affect the performance of our funds and the long-term, risk-adjusted returns we ultimately deliver to our investors. We also acknowledge that, as a fund manager, the main channel through which we can influence the real world is through the entities in which we invest. We are therefore committed to incorporating ESG factors into our investment decision-making process. This ESG Policy applies to all of our investments.

Metrics is proud to be a signatory of the UN-supported Principles for Responsible Investment (PRI). As a signatory to the PRI, we have acknowledged that, as institutional investors, we have a duty to act in the best long-term interests of our investor clients.

We have committed to adopt and implement the PRI's six key Principles for Responsible Investment, where consistent with our fiduciary responsibilities:

- we will incorporate ESG issues into investment analysis and decision-making processes.
- we will be active owners and incorporate ESG issues into our ownership policies and practices.
- we will seek appropriate disclosure on ESG issues by the entities in which we invest.
- we will promote acceptance and implementation of the Principles within the investment industry.
- we will work together to enhance our effectiveness in implementing the Principles.
- we will report on our activities and progress towards implementing the Principles.

This ESG Policy provides the framework for our approach to responsible investment in all of our investment management activities. In this ESG Policy, we adopt the definitions of approaches to responsible investment set out in the Responsible Investment Association Australasia (RIAA) responsible investment spectrum.

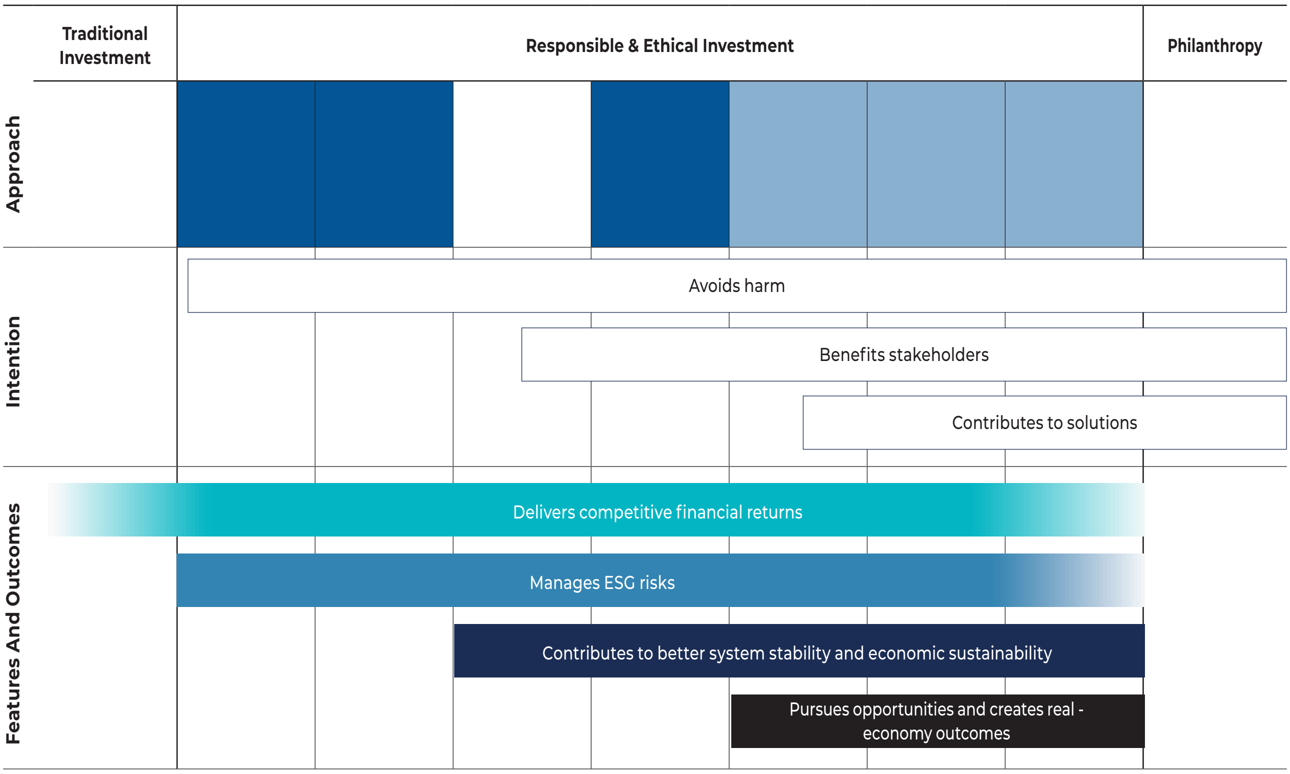
We apply exclusionary/negative screening to all of our investments and seek to continually improve our ESG integration and engagement and shareholder action in all of our existing and potential investments.

Where our investment vehicles seek to deliver positive sustainability outcomes, we may apply any or all of positive/best-in-class screening, sustainability themed investing or impact investing. We are building our capacity to measure and report on the impact our investments deliver.

We do not apply norms-based screening to our investments due to their diverse and private nature.

The specific approach to ESG integration we employ in relation to a particular Metrics investment vehicle may be tailored according to factors including the type of investment vehicle, its investment objectives, its investment strategy – including its permitted investments, its investment time horizon, the portfolio construction, and any non-financial key performance indicators relevant to the vehicle.

RIAA's responsible investment spectrum



* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project

All Metrics funds

Metrics funds that formally integrate particular ESG factors or social/ environmental impact objectives as part of their investment process

Negative Screening

Metrics applies negative screening to all investment opportunities. We believe that certain activities and industry sectors represent outsize risk to our funds and our investors. We structure our portfolios to avoid such activities and industry sectors by applying negative screening to all investment opportunities. Therefore, Metrics will not invest in the development of new oil and gas fields or entities that:

- operate in the coal industry,
- operate in the tar sands industry,
- operate in the tobacco or nicotine alternative industry,
- operate in the pornography industry,
- are involved in weapons manufacturing or distribution,
- contribute to deforestation of native timber, particularly rainforest,
- may be involved in political organisations, tax avoidance schemes or violation of human rights or labour law, or
- operate in any other industries as may be determined from time to time by the Investment Committee.

Please refer to Appendix 1 for definitions applicable to the negative screens referred to above.

Metrics determines whether a negative screen applies to its investments, including identifying the activities undertaken by its investees, using its own fundamental analysis, which may be supplemented with data from external research providers or publicly available information. Our determination is made at the time an investment is made. If we subsequently become aware that an investee is engaged in activity to which a negative screen applies, it does not follow that we will necessarily divest. Where we cannot or choose not to divest, we may instead engage with the investee in relation to the relevant activities.

ESG Integration

The ESG factors that may be integrated into our investment decisions, after considering the applicability and materiality of such factors to any particular investment, include (but are not limited to) the following:

ENVIRONMENTAL FACTORS	SOCIAL FACTORS	GOVERNANCE FACTORS	SUSTAINABILITY FACTORS
▸ Greenhouse gas (GHG) emissions ▸ Energy consumption ▸ Waste and pollution generation ▸ Water consumption ▸ Land use and effect on biodiversity	▸ Commitment to human rights ▸ Workforce wellbeing and diversity in employment ▸ Safety ▸ Product quality ▸ Customer privacy ▸ Stakeholder engagement ▸ Philanthropy and corporate citizenship	▸ Board structure and oversight ▸ Codes and values ▸ Supplier due diligence ▸ Risk culture and governance ▸ Transparency and reporting	▸ Identification of emerging risks and opportunities ▸ Adaptability to change ▸ Sensitivity analysis and stress testing ▸ ESG embeddedness in corporate culture and decision-making

At Metrics, consideration of ESG factors takes place both during the due diligence phase prior to making an investment and through ongoing monitoring after making an investment. This involves the combined efforts of various Metrics teams including the Investment Committee, Origination, Portfolio Risk Management, Sustainable Finance, and Legal teams. Such team members have the required knowledge and skills to engage in thoughtful consideration of ESG and sustainability factors in our investments.

We have developed several tools that help us integrate ESG factors into our investment process. These tools include the Metrics ESG and Sustainability Questionnaires that we ask our investee entities to complete and the Metrics ESG and Sustainability Rating methodology that guides us, including as informed by the questionnaire responses where available, in assigning a numerical rating to the entities in which we invest based on a thorough analysis and assessment of material ESG and sustainability factors, including as appropriate the ones listed above and those which we can use to benchmark investee entities' performance against global peers. We rolled out our ESG and Sustainability Questionnaires and ESG and Sustainability Rating methodology in 2022. Although our investees are under no obligation to complete the questionnaires, we continue to encourage our investees to do so to facilitate our assignment of meaningful ESG and Sustainability Ratings.

Metrics ESG and Sustainability Rating Methodology

Our ESG and Sustainability Rating methodology follows that of S&P Global Ratings' "Environmental, Social and Governance Evaluation: Analytical Approach" and related publications, a cross-sector, relative analysis of an entity's capacity to operate successfully in the future. It is grounded in how ESG factors could affect stakeholders, potentially leading to a material direct or indirect financial effect on the entity and incorporates qualitative judgments made by Metrics' Origination and Portfolio Risk Management teams.

First, we establish an ESG profile for a given entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, as well as how the entity is mitigating these risks and capitalising on these opportunities.

Second, we assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions.

Our assessment may rely on material provided by the relevant investee directly or in its public disclosures and may be supplemented, on a case-by-case basis, by third party data, research and analytical tools the Origination and Portfolio Risk Management teams consider relevant. Such tools may include S&P Global Ratings' ESG Risk Atlas, the Sustainability Accounting Standards Board's Materiality Map and other references employed by Metrics from time to time.

Metrics ESG and Sustainability Questionnaires

We have developed industry-specific questionnaires corresponding to each industry in which our investee entities operate to gather data on the ESG and sustainability performance of those investee companies.

The questionnaires include detailed questions on key performance indicators including GHG emissions and targets, diversity and safety. The questions we ask to perform our assessment are drawn from S&P Global Inc.'s 2021 Corporate Sustainability Assessment (CSA). By using that established tool, we can benchmark the responses we receive against a data set of approximately 12,000 global entities in the ESG Scores database on S&P's Capital IQ platform, as well as a range of ESG data sources employed by Metrics from time to time (including the NGERS Database, the TPI Database, the WGEA Data Explorer, and Safe Work Australia's data website).

Where available, responses to our questionnaires are incorporated into our annual ESG reviews of our investee entities and inform our engagement priorities with such entities and other stakeholders as well as our future investment decisions in respect of our investee entities.

Pre-Investment ESG Integration

After applying negative screening, we perform a detailed fundamental analysis of each investment opportunity including the appropriate consideration of the ESG factors outlined above. Our consideration of ESG factors is aligned with our belief that ESG issues can affect, positively or negatively, the financial performance of our funds. ESG risk is systemic and can affect our investments on an entity or portfolio level. For us, responsible investment is about achieving superior risk-adjusted returns for investors.

Where appropriate, we aim to communicate the outcome of our assessment to the entity in order to encourage greater awareness and/or disclosure of ESG-related issues. That may mean explaining why we have chosen not to invest, requesting ESG reporting or identifying the ESG-related issues we are monitoring specifically.

Portfolio Construction

A fund's investment strategy may seek to achieve positive environmental or social impacts and may adopt ESG benchmarks alongside financial benchmarks. In pursuit of those impacts, and without compromising its overarching objective to construct diversified portfolios that generate excess returns without assuming additional risk, the Investment Committee may identify positive/best-in-class screening opportunities to tilt a fund's portfolio to facilitate the growth of impactful entities or encourage all entities to improve their ESG performance.

For all funds with ESG benchmarks in their investment strategies, the Investment Committee will determine how best to achieve its ESG benchmark, how ESG performance will be measured, and how these considerations will influence portfolio construction.

Where appropriate, Metrics may use regionally or internationally recognised labels for financial products meeting robust sustainability criteria. Such labels aim to facilitate sustainable investment by setting minimum criteria for sustainability outcomes and transparency and offer investors proof of how we incorporate ESG considerations into investment products and processes.

Ongoing ESG Integration

ESG considerations are systematically integrated into our monitoring activities by way of annual ESG reviews. This allows us to monitor our investee entities' ESG performance and assists with early identification of any emerging ESG risks. During the annual ESG review, any assigned entity ESG and Sustainability Ratings will be formally reviewed applying the same risk assessment methodology as during the initial rating process. An entity's ESG and Sustainability Rating may also be updated if Metrics becomes aware of new or elevated ESG-related risks. Where there is no existing ESG and Sustainability Rating for an investee at the time of its annual ESG review, we will seek to encourage that investee to complete our questionnaire to facilitate our assignment of a meaningful ESG and Sustainability Rating.

We target our engagement to drive improvements in areas where our assessment is that an investee company may be lagging peers or failing to capitalise on opportunities to improve. An investee's ESG and sustainability performance over time, including as reflected in its ESG and Sustainability Rating, will be a relevant factor in deciding whether Metrics will maintain or increase its support for the entity from time to time.

In most cases, we would expect that it would be preferable for us to continue our relationship with the entity and closely monitor ESG-related issues than to divest. Where appropriate, we aim to communicate the outcome of our assessment to the entity in order to encourage greater awareness and/or disclosure of ESG-related issues. That may mean explaining why we have refused consent or chosen not to invest further, requesting ESG reporting or identifying the ESG-related issues we are monitoring specifically.

Engagement

Our ESG and Sustainability Rating methodology and our assessment of an investee's ESG and sustainability performance, including as reflected in its responses to our ESG and Sustainability Questionnaires, take into account the materiality of the various ESG and sustainability issues relevant to its industry and inform our engagement priorities.

Metrics adopts the definition of engagement set out in the PRI's Reporting Framework glossary. Accordingly, for Metrics, engagement includes interactions conducted with current or potential investee entities to improve practice on an ESG factor, make progress in sustainability outcomes, or improve public disclosure.

Our engagement process is managed by our Portfolio Risk team with collaboration from our Sustainable Finance team, and is supervised by our Investment Committee. This ensures that all of our engagement is aligned with Metrics' engagement strategy.

Beyond Traditional ESG Integration

Our approach to responsible investment is more than traditional ESG integration which is focused on the exposure of an entity's operations to observable ESG risks and opportunities and looks at financially material ESG risks.

We realise that our investors increasingly want their investments to be aligned with the broader objectives of a fair, equitable, and sustainable society.

We have, accordingly, expanded our focus to the more modern 'double materiality' approach that also looks at the impact our investments and our business have on the world at large. As such, we may also consider how ESG factors affect a broad range of stakeholders including employees, local communities, regulators, customers, and suppliers and endeavour to utilise our market position to encourage the entities in which we invest to act in a manner consistent with principles of equity, sustainability, and good governance through active engagement.

Sustainability

Our assessment of an entity's sustainability reflects our view of its capacity to anticipate and adapt to a variety of plausible long-term disruptions. These disruptions are not limited to environmental and social scenarios, but could also include technological, political, or other events. This is because high-quality corporate or institutional governance includes evaluating the full spectrum of potential risks and opportunities an entity faces.

We consider:

- the capabilities of the entity's senior management and board to:
  - recognise and assess emerging trends and potential business disruptors; and
  - plan in order to manage, mitigate or exploit the risks and opportunities so identified; and
- how adaptable and agile the entity is to change, which indicates whether it is likely to take advantage of the opportunities and avoid or mitigate emerging or strategic risks.

Conflicts of Interest and Voting

As part of our engagement activities, including voting, where applicable, conflicts of interest may arise. However, in all our engagement activities we are dedicated to delivering fair outcomes for our clients, and applying a consistent approach to conflicts.

We have adopted policies and procedures to identify circumstances which may give rise to conflicts of interests in relation to our engagement activities and manage potential conflicts. Our Origination and Portfolio Risk teams, as well as our Investment Committee, take all reasonable steps to identify actual or potential conflicts of interest and maintain and operate arrangements to minimise the possibility of such conflicts giving rise to a material risk of damage to the interests of our clients.

The risk of conflicts within our engagement activities is mitigated by our clear process for selecting engagement priorities, based on our initial and ongoing due diligence. We have procedures in place to escalate, manage and monitor conflicts, including, where required, creating information barriers. However, in practice, we prefer not to be made insiders as part of our engagement activities.

We aim to align our voting and engagement practices with best practice in the markets in which we operate. Where we invest in private debt, voting activity is generally not relevant. For equity investments, we endeavour to vote at all general meetings and may take shareholder action by engaging in our capacity as a shareholder with entity management and boards, and through the nomination of directors.

Metrics' Investment Committee has sole responsibility for taking voting decisions in relation to our investments. Voting decisions are taken free from outside influence. Where potential conflicts of interest have been identified, any decision by the Investment Committee to vote contrary to any published Metrics policy will be supported by a written record.

Our Sustainability Priorities

Environmental Issues

Climate

We recognise the global climate emergency and the impact of human activity on climate change. We support the Paris Agreement goals of:

- limiting global temperature rise to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change; and
- making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development.

We made the Net Zero Asset Managers Commitment in November 2021 and further signalled our commitment to supporting efforts to reach net zero global GHG emissions by 2050 or sooner by committing to set science-based emission reduction targets aligned with the target setting criteria of the Science Based Targets initiative (SBTi).

Our operational emissions targets include:

- Metrics commits to increase annual sourcing of renewable electricity from 0% in 2021 to 100% by 2030.
- Metrics commits to reduce absolute Scope 1 and 2 (market-based) GHG emissions 50% by 2030 from a 2021 base year.

Our investment emissions targets include:

- Metrics commits to align its Scope 1 and 2 portfolio temperature score within the asset classes corporate loan, private equity and project finance from 3.2°C in 2021 to 2.3°C by 2027.
- Metrics commits to align its Scope 1, 2 and 3 portfolio temperature score within the asset classes corporate loan, private equity and project finance from 3.2°C in 2021 to 2.5°C by 2027.

We remain committed to seeking SBTi verification of our near-term targets and have committed to setting long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the SBTi Net-Zero Standard for Financial Institutions, subject to its release.

Our approach to measurement and target-setting in relation to our operational and investment emissions is guided by leading industry standards, including the Greenhouse Gas Protocol (GHG Protocol), the Financial Sector Science-Based Targets Guidance provided by the SBTi and the reporting requirements and recommendations of the Global GHG Accounting and Reporting Standard (Standard) for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF).

Our fossil fuel investment policy is consistent with our obligations under the Net Zero Asset Managers initiative (NZAM) and guidance for financial institutions published by the Science-Based Targets initiative.

We will:

- phase out, by 2030, financial support to companies with greater than 5% of revenues from thermal coal mining, exploration and drilling, mining services, processing, trading, transport and logistics, equipment manufacturing, operations and maintenance (O&M) services, engineering, procurement and construction (EPC) services, transmission and distribution of coal-fired electricity, coal to liquids (Ctlg) and coal to gas (CtG).
- not provide financial or other support (including project finance) to new or expanded coal-fired power plants.
- not provide finance to new borrowers who derive more than 5% revenue from the activities listed above and related to building new infrastructure or investing in new or additional thermal coal expansion, mining, production, utilisation (i.e., combustion), retrofitting, or acquiring of coal assets.
- from 2025, require Paris-aligned transition plans at the time of any extension or refinancing for existing borrowers deriving more than 5% revenue from the activities listed above.

Nature and Biodiversity

We recognise that more than half the world's economic output is moderately or highly dependent on nature. Accordingly, the loss of habitats and biodiversity poses not only financial risks to individual organisations but can also create nature-related systemic risk due to impacts and dependencies across the economy. We therefore support the Kunming-Montreal Global Biodiversity Framework's four long-term goals to preserve and restore nature, protect biodiversity, and prevent extinction of species and in particular its centrepiece "30x30" target to effectively conserve at least 30% of the world's lands, inland waters, coastal areas and oceans, and to restore 30% of already degraded terrestrial and marine environments.

As an Early Adopter of the Taskforce on Nature-related Financial Disclosures (TNFD), we have committed to start making nature-related disclosures based on the TNFD Recommendations by the financial year 2024-2025. Through our membership of the TNFD Forum, we support the global, market-led initiative to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the ultimate aim to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.

As a Signatory to the Business Benchmark on Farm Animal Welfare (BBFAW) Global Investor Statement on Farm Animal Welfare, Metrics has also formally recognised farm animal welfare as being material to long-term investment value creation in the food sector, as well as committed to taking account of farm animal welfare in our analysis and engagement of food companies. Metrics is a proud Member of the Farm Animal Investment Risk & Return (FAIRR) Initiative's investor network, which aims to build awareness of the most material risks and opportunities in the food sector.

Social Issues

Diversity and Inclusion

We believe that considering diversity and inclusion in the investment decision-making process will lead to better investment outcomes than a process that ignores this important issue. Homogeneous teams are more susceptible to groupthink, missing out on unknown opportunities, and being blind to some risks and as a result diverse approaches can lead to better talent development and greater investment returns.

To us, diversity means all the differences between people in how they identify, including but not limited to, in relation to Aboriginal and/or Torres Strait Islander background, age, gender, marital or family status, caring or family responsibilities, LGBTIQ+ status (including sexual orientation, gender identity and expression and sex characteristics), ethnicity, religious beliefs, cultural background, socio-economic background, faith, disability, perspective, experience, profession, education, organisational level and location.

We believe that diversity boosts the quality of decision making in our investees and encourages their people to be more creative and diligent. Diversity fosters enhanced innovation, expands perspectives and insights, and provides a competitive advantage which can lead to greater business success.

To us, inclusion means an environment which values diversity and where individuals feel that they are valued and respected for who they are and connected to their colleagues. It is about creating a workplace environment that enables individuals to have a sense of belonging, contribute their perspectives and talents to the workplace, progress in their career at work and have access to opportunities and resources.

We believe that when talent feels included, organisations may experience improved retention and productivity which can lead to superior returns for investors.

Human Rights and Modern Slavery

We are committed to respecting internationally recognised human rights standards, including those set out in the International Bill of Human Rights[3] and the principles concerning fundamental rights set out in the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Metrics acknowledges business enterprises' responsibility to respect human rights standards. We believe that businesses ought to avoid infringing on the human rights of people and are responsible for addressing these impacts where they occur.

Metrics therefore expects its investee companies to respect and not infringe upon any human rights. Through our investment decisions and ongoing monitoring throughout the investment process, Metrics will strive to protect the values of respect, dignity and equality for every person, irrespective of race, sex, religion, political opinion, disability, sexual orientation, gender identity, social status, age or other personal characteristics.

Metrics recognises the risk that our provision of capital to other entities may indirectly contribute to modern slavery. We acknowledge that modern slavery can occur in every industry and geography and has severe consequences for victims. Modern slavery also distorts global markets, undercuts responsible business, and can pose significant legal and reputational risks to entities.

We see ongoing monitoring as an important tool that can allow Metrics to better understand and act upon modern slavery risks. In order to further consider such risk, we have identified the highest risk industries and geographies within our investment portfolio and developed a framework to support our efforts to manage modern slavery risk in our investment activities. Our Sustainable Finance team, in collaboration with our Portfolio Risk Management and Origination teams, continue to work on identifying and managing potential modern slavery risks in our portfolio.

[3] This includes the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, which are commonly referred to collectively as the International Bill of Human Rights.

We are committed to playing our part in supporting human rights and combating modern slavery by continuing to strengthen our approach to identifying and mitigating human rights and modern slavery risks in our investments and our operations, developing our human rights and modern slavery risk assessment approach, and developing robust systems to measure, monitor, and report on incidents of human rights breaches and modern slavery affecting our investments and our operations.

Reconciliation

We have identified reconciliation as a critical component of the equitable society we wish to create. Our efforts in working together with Aboriginal and Torres Strait Islander people aim to reduce inequality, generate decent work and economic growth, and promote the wellbeing of Aboriginal and Torres Strait Islander people. Our Reconciliation Action Plan records our plans for contributing to Australia's national reconciliation movement and building respect for the knowledge, cultures and traditional practices of Aboriginal and Torres Strait Islander peoples within our sphere of influence.

Governance

We are committed to supporting high standards of governance, including ethics and business integrity. We believe that strong governance furthers investor interests, by promoting effective identification and management of risk and facilitating transparency. We also believe that maintaining and promoting high standards of governance underpins an entity's capacity to anticipate and respond to emerging trends and potential disruptions and retains the trust and goodwill of stakeholders – including shareholders, customers, employees, and regulators. We consequently consider governance as a leading indicator of strong business performance.

We are therefore committed to understanding and appropriately managing the governance risks in our investments and engaging with the senior management of the entities in which we invest on governance issues, including structure and oversight, code and values, transparency and reporting, and financial and operational risk.

Responsibility and Oversight

Metrics Board

The Board of Metrics, which consists of the four Managing Partners, two Directors nominated by Pinnacle Investment Management Group Limited (ASX:PNI), and a non-executive independent Director appointed as the Chairperson, is responsible for the overall direction and management of Metrics and the formulation of policies to be applied to the operations of the business, including our ESG Policy. Metrics' ESG Policy is reviewed by the Board of Metrics on a semi-annual basis.

Investment Committee

Metrics' Investment Committee, which consists of the four Managing Partners, is responsible for the development and execution of Metrics' investment policies (including our ESG Policy) and for all investment decisions and asset oversight and monitoring. The Investment Committee is responsible for ensuring that our investment process reflects our ESG Policy as well as our commitments under the UN-supported Principles for Responsible Investment (PRI) and the Net Zero Asset Managers initiative (NZAM). Our Investment Committee is responsible for reviewing our ESG Policy on a semi-annual basis and recommending amendments as needed.

Sustainable Finance Team

Metrics' dedicated Sustainable Finance team is responsible for supporting the Investment Committee in developing our sustainability strategy and implementing our ESG Policy. The team works closely with the Investment Teams to build a framework for assessment, monitoring and reporting of key ESG data.

The Sustainable Finance team also assists the Investment Committee in the development and monitoring of strategies that formally integrate ESG factors or social/environmental impact objectives as part of their investment process and advises on any ESG-related claims made in relation to those strategies. The Sustainable Finance team provides the Investment Committee with an annual review of all sustainable and impact-labelled products offered by Metrics and assists with our reporting to the Australian Border Force, the Workplace Gender Equality Agency, the PRI, the UN Global Compact and NZAM.

Investment Teams

Investment Directors in Origination are responsible for the accurate analysis, assessment and reporting to the Investment Committee of material ESG-related considerations of proposed investments.

Investment Directors in Portfolio Risk Management are responsible for the ongoing monitoring of material ESG-related considerations in Metrics' investment portfolios and for the timely escalation and reporting to the Investment Committee of any elevated risks. The Portfolio Risk Management team, with assistance from the Sustainable Finance team, is also responsible for reviewing ESG and Sustainability Ratings for the assets in our investment portfolios.

Internal Audit and Compliance Teams

Our Internal Audit and Compliance team regularly reviews Metrics' ESG framework and compliance with our ESG Policy.

Working Groups

We have established ongoing internal sustainability working groups comprising of representatives from various parts of our business, including our Managing Partners, to develop and deliver initiatives targeting ESG integration, reconciliation, modern slavery, culture (including diversity and inclusion, and mental health and well-being), greenhouse gas (GHG) emissions reduction and impact management.

Disclosure and Reporting

In addition to complying with all applicable regulatory requirements relating to disclosure and reporting, we are committed to increasing our transparency in relation to our policies and our impact in line with rising investor and societal expectations. We are improving the systems we use to measure, monitor, and report on the environmental performance and wider sustainability impact of our investments and will report annually to investors and third-party organisations on the GHG emissions associated with our investment activities.

Collaboration

We recognise that playing our part in the achievement of the UN Sustainable Development Goals and contributing to a better future will involve collaboration with similarly committed organisations.

Where appropriate, we seek to collaborate with the entities in which we invest, our peers in the investment industry, independent experts on sustainability, academics, government and non-government organisations, regulators, standards setters and others supporting responsible investment, on initiatives supporting the transition to a more sustainable world.

Our key ongoing memberships and collaborations are listed on our website.

Appendix 1

ACTIVITY*	DEFINITION
Development of new oil and gas fields	▸ Development of oil & gas fields beyond projects already approved for development as of 31 December 2021. ▸ This does not include: – general corporate purposes lending where proceeds cannot be applied to development of oil & gas fields beyond projects already approved for development as of 31 December 2021 – development and production solely of and from oil & gas projects approved for development as of 31 December 2021 – oil & gas drilling contracting or ownership of drilling rigs that contract their services for drilling oil & gas wells – manufacturers of equipment for use in the drilling, evaluation and completion of oil & gas wells, including oil & gas drilling rigs and equipment.
Operate in the coal industry	▸ Entities whose activities include the production and mining of coal and related products (including coal seam gas). ▸ This does not include: – companies that produce or distribute electricity – companies whose main charter is to distribute and transmit natural and manufactured gas – utility companies with significantly diversified activities in addition to core electric utility, gas utility and/or water utility operations.
Operate in the tar sands industry	▸ Entities whose activities include tar sands extraction or which have the capacity for tar sands extraction.
Operate in the tobacco or nicotine alternative industry	▸ Entities whose activities include any of the following: – manufacture of cigarettes and other tobacco-based products – manufacture of nicotine alternatives. ▸ This does not include parts of the supply chain such as packaging, transport, machinery, or retail. ▸ Nicotine alternatives and tobacco-based products include: – Electronic nicotine delivery systems (ENDS) as defined by the US Food and Drug Administration (e.g. 'vaping' devices, e-cigarettes) alternatively described as nicotine vaping products (NVP) – Dissolvable and non-combustible tobacco products (e.g. nicotine pouches, snuff) – Shisha and water pipes.

ACTIVITY*	DEFINITION
Operate in the pornography industry	▸ Entities whose activities include the production of pornography.
Involvement in weapons manufacturing and distribution	▸ Entities whose activities include the development and production of or distribution or retail of: – controversial weapons, including biological and chemical weapons, depleted uranium ammunition/armour, blinding lasers, anti-personnel mines or cluster munitions/sub-munitions and non-detectable fragments and incendiary weapons, and their respective key components – nuclear weapons, including targeting systems and delivery systems such as missiles that are specifically developed for nuclear tasks, and – autonomous armoured vehicles.
Contribute to deforestation of native timber, particularly rainforest	▸ Entities whose activities include: – logging native timber – the direct human-induced conversion of native forest to non-forested land, resulting in the long-term or permanent loss of native forest. ▸ Forest is a minimum area of land of 0.05-1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10-30% with trees with the potential to reach a minimum height of 2-5 metres at maturity in situ.
Involvement in political organisations, tax avoidance schemes or violation of human rights or labour law	▸ Entities whose activities may include involvement in political organisations, including through membership of lobbying or trade associations but not through donations or expressions of support for campaigns or policies. ▸ Entities whose activities may include tax avoidance schemes in any jurisdiction. ▸ Entities whose activities may violate human rights or labour laws, including child labour, forced labour, sweatshops.

* The activities of an entity include the activities of the entity as parent company and its direct subsidiaries which are majority-owned (being entities in which the parent company controls equal to or greater than 50% of the voting shares). Accordingly the activities of entities in which a parent entity has an indirect interest or a minority interest are not considered activities of the parent entity.

For more information

Please email **invest@metrics.com.au**

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