



Stewardship Report

2024

Metrics Credit Partners

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Foreword

Welcome to the inaugural Stewardship Report of Metrics Credit Partners Pty Ltd (referred to as Metrics), a leading Australian alternative asset manager specialising in private debt, equity, and capital markets. As of December 2024, we managed assets greater than A\$21 billion.

This report outlines how we strive to act as stewards of our investors' capital, using our influence to protect and enhance overall long-term value for those investors, including the common economic, social and environmental assets on which their interests depend.

We understand that effective outcomes-focused stewardship can be one of the most powerful ways for investors to shape sustainability outcomes and thereby mitigate system-level risks. To this end, Metrics became one of the founding signatories of Aotearoa New Zealand's first Stewardship Code (the Code) and has since adopted and published a Stewardship Policy, which is available on our website.

This report reflects on our approach to stewardship since our official commitment to the Code in 2022. Going forward, and in line with our commitment under the Code, we will be publishing an annual Stewardship Report outlining our activities and outcomes.

We welcome comments and feedback on this report.



Andrew Lockhart
Managing Partner



Justin Hynes
Managing Partner



Graham McNamara
Managing Partner



Andrew Tremain
Managing Partner

Our Policies and Practices

Metrics has a responsibility to act in the best long-term interests of investors in our funds. We believe that Environmental, Social and Governance (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 are therefore committed to incorporating ESG considerations into our investment analysis and decision-making process and playing our part in achieving the United Nations (UN) Sustainable Development Goals (UN SDGs).

Metrics also acknowledges business enterprises' responsibility to respect human rights standards and has pledged its commitment to the United Nations Global Compact and supports its Ten Principles on human rights, labour, environment and anti-corruption. We actively participate in the platform through our membership of the UN Global Compact Network Australia.

We also acknowledge that, based on the best available science on the impacts of climate change, there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play a part in delivering the goals of the Paris Agreement and transitioning to a low-carbon economy. In this context, Metrics made the Net Zero Asset Managers (NZAM) Commitment in November 2021 to support the goal of net zero greenhouse gas (GHG) emissions by 2050, in line with global efforts to limit warming to 1.5 degrees Celsius above pre-industrial levels.

We have committed to supporting efforts to reach net zero global emissions by 2050 or sooner by setting near-term emissions reduction targets aligned with the target setting criteria of the Science Based Targets initiative (SBTi). NZAM accepted our initial target disclosure in November 2022, which is available on the NZAM website.

Over the past 12 months, Metrics further signaled its commitment to sustainability by registering its intention to be an Early Adopter of the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We intend to publish our first disclosures aligned with the TNFD alongside our financial statements for our financial year ending 30 June 2025. We also formally expressed our support for the UN Women's Empowerment Principles.

For more information on our broader approach and performance against various sustainability-related topics, please refer to our other publications, including our:

- ▶ Climate Report
- ▶ Reporting submissions under the UN Global Compact's [Communication of Progress initiative](#)
- ▶ Reporting submissions to the Principles of Responsible Investment' (PRI) [Investor Reporting Framework](#)
- ▶ Most recent [Modern Slavery Statement](#)

Our approach to ESG integration and stewardship is underpinned by our suite of policies, including the three public policies described below, as well as our Code of Conduct, which is made available to all employees through our intranet.

Stewardship Report

Responsible Investment and ESG Policy

Metrics' approach to incorporating responsible investment, environmental, social and governance factors into our investment management activities as well as the management of our business is outlined in our Responsible Investment and [ESG Policy](#) (ESG Policy).

Our ESG Policy also includes information on our approach to negative screening and publicly articulates our support for the Paris Agreement goals and commitment to, amongst other considerations, ensuring that climate-related matters are embedded in our investment decisions.

Our ESG Policy was last updated in July 2024 and incorporates the Fossil Fuel Investment Policy Metrics adopted in 2022.

Stewardship Policy

Through our engagement and stewardship activities, we seek to produce real-world outcomes, in line with our views and aspirations around long term value creation and material ESG issues. Our Stewardship Policy outlines our approach to achieving our sustainability objectives, and shaping sustainability outcomes through our investing activities and advocacy. In our Stewardship Policy we present our approach against the PRI framework and the Code for shaping sustainability outcomes. We also outline our approach to policy, industry and company-level engagements.

Human Rights Policy

Our [Human Rights Policy](#) affirms Metrics' commitment to respecting internationally recognised human rights standards, including those set out in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

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 characteristic. Specifically, and as outlined in our Human Rights Policy, Metrics understands that the responsibility to respect human rights requires that business enterprises:

- ▶ avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and
- ▶ seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships.

Our Human Rights Policy sets out our expectations from team members as well as suppliers, business partners, investee companies and other parties whose own impacts may be directly linked to Metrics' operations, products or services. As per our policy, we expect all such parties to respect and not infringe upon any human rights.

Activities and Outcomes

Industry and Policy-Level Engagement

Metrics understands that collaboration with other investors and stakeholders on engagement activities is sometimes required to address systemic risks and achieve system-wide outcomes.

As per our Stewardship Policy, we may seek to collaborate with our peers in the investment industry, independent experts on sustainability, academics, non-government organisations and others supporting responsible investment, to promote responsible and sustainable business practices within the investment industry and across different sectors of the real economy, particularly on initiatives supporting the transition to a more sustainable world. We participate in a number of initiatives focusing on collaboration and/or engagement. Those initiatives are listed out in our Stewardship Policy and on our [website](#).

Metrics may also engage with governments, policymakers and standard setters and other relevant stakeholders where appropriate to help drive our sustainability objectives. This may include engagement to influence the development and implementation of laws, regulations, standards and policies that affect companies and markets. The goal of policy-level engagement is to create a more enabling environment for responsible and sustainable investment practices. For Metrics, policy engagement may include direct advocacy by engaging with policymakers through meetings, letters or public statements to express views on specific policy proposals or issues and collaboration with other stakeholders to advance a shared policy agenda.

Our Advocacy through Collaborations

Australian Sustainable Finance Institute

Metrics is a Founding Member of the Australian Sustainable Finance Institute (ASFI). We are proud to support ASFI's mission to realign the Australian financial services system so that more money flows to activities that will create a sustainable, resilient and inclusive Australia. Specifically, to date, Metrics has assisted with ASFI's efforts to implement the Australian Sustainable Finance Roadmap through our involvement in the Technical Advisory Group of financial market stakeholders providing technical input into the Australian Sustainable Finance Taxonomy Project, working closely with government and regulators in an effort to develop an Australian sustainable finance taxonomy, a critical piece of the sustainable finance architecture to guide investment in Australia.

Metrics also participates in ASFI's Working Group for Transformational Leadership, which provides ASFI members the opportunity to share lessons and experience, and work through common challenges that financial institutions are facing implementing their sustainability commitments.

We were also among a group of leading Australian financial services firms that issued a [Joint Statement to Accelerate Sustainable Finance](#) in response to the Treasurer's announcement in December 2022 of the Australian Government's plan to drive sustainable finance in Australia. In that statement, we confirmed our commitment to working with stakeholders across the financial services sector towards a financial system that delivers increasingly better outcomes for the prosperity and wellbeing of all Australians. We also confirmed our commitment to continue work to integrate sustainability across our business, develop clear and credible transition plans towards net zero emissions, support investment in climate, nature based and social solutions (including supporting measures to reduce or mitigate the physical risks of climate change), and promote effective stewardship and engagement with stakeholders as they transition their activities to achieve climate, environmental and social goals.

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In August 2023, Metrics was part of an ASFI-convened delegation which met with the Deputy Treasurer to discuss the Australian Government's sustainable finance agenda and also the Minister for the Environment and Water to discuss the Government's environmental reform agenda.

Most recently, in June 2024, Metrics was part of another ASFI delegation, discussing critical and emerging issues in sustainable finance with Australian government politicians and senior officials. These [conversations](#) touched on topics such as unlocking finance and investment to accelerate Australia's climate transition, including ensuring Australia has an ambitious and science-aligned 2035 Nationally Determined Contribution supported by robust sector level plans, the importance of public-private collaboration in the Future Made in Australia vision, mechanisms for the finance sector and the Australian government to ensure meaningful First Nations participation in Australia's climate transition, how the Australian government can support the finance sector's role in Australia's National Adaptation Plan and the need to continue implementation of the Government's Sustainable Finance Roadmap.

Other Collaborative Initiatives

This year, Metrics signed the 2024 [Global Investor Statement](#) to Governments on the Climate Crisis, continuing the support it gave to both the 2021 and 2022 statements to all world governments. The 2024 statement urges a global race-to-the-top on climate policy and warns that those that fall behind will miss out on trillions of dollars in investment if they aim too low and move too slowly.

We contribute to the development of climate policy in Australia and New Zealand through our memberships of the PRI and the Investor Group on Climate Change (IGCC). For example, as a member of the PRI's Global Policy Reference Group, Metrics' contribution is acknowledged in the PRI's report 'Australia – Integrating Sustainability Goals across the Investment Industry', which is the first local report to flow from PRI's landmark 'A Legal Framework for Impact' report.

Metrics also supported the Joint Statement released by the PRI, the IGCC and the Carbon Disclosure Project, calling for mandatory reporting of climate transition plans.

Working Group Participation

Our dedicated Sustainable Finance team currently comprises one Investment Director, one Associate Director and two Analysts with relevant expert knowledge, skills and experience in banking, consultancy, assurance, legal practice and work with the Climate Bonds Initiative. The members of the Sustainable Finance team have appropriate capacity, resources, and experience to advise the Managing Partners on opportunities to improve the way Metrics manages its stewardship obligations.

The Sustainable Finance team is responsible for identifying and managing initiatives offering opportunities for collaboration on stewardship and regularly updates the Managing Partners on matters pertaining to the organisations and initiatives of which Metrics is a supporter.

The team plays an active role in industry initiatives including representing Metrics on:

- ▶ the Partnership for Carbon Accounting Financials (PCAF) Global Core team
- ▶ the PRI's Australian and Global Policy Reference Groups
- ▶ the Glasgow Financial Alliance for Net Zero's Transition Finance and Real Economy Transition workstream and Nature in Net Zero Transition Planning workstream
- ▶ the Asia Pacific Loan Market Association's (APLMA) Green and Sustainable Loan Committee
- ▶ ASFI's Working Group for Transformational Leadership
- ▶ the Responsible Investment Association Australasia's (RIAA) Human Rights and Nature Working Groups
- ▶ the UN Global Compact's Modern Slavery Community of Practice initiative
- ▶ the PRI's Human Rights and Social Issues Reference Group
- ▶ the IGCC Campaign on Australia's 2035 ambition sub-working group

Training and Development

During 2024, Metrics co-developed a 'Responsible Investment Foundations' course with the University of Technology Sydney (UTS).

The short course, which was rolled out in July 2024 to Metrics' investment team and a select number of other professionals within the business looks at responsible investment practices and the significant role they play in responding to global challenges such as climate change.

The course, which was developed with the objective of making it available to the general public, is completed by learners online, and covers four topics:

- ▶ Topic 1: Global sustainability challenges
- ▶ Topic 2: Introducing responsible investment
- ▶ Topic 3: Responsible investment approaches
- ▶ Topic 4: The responsible investment landscape

As part of our collaboration with UTS, Metrics also co-developed a 'Climate Risk and Investment' course, which was rolled out to a select number of Metrics employees and the general public in October 2024. The Climate Risk and Investment course delves deeper into climate science and aims to give learners an understanding of climate-related financial risk and opportunity assessment, including an introduction to climate models and scenarios.

For more information, visit the UTS Institute for Sustainable Futures [website](#).

Company-Level Engagement

Our activities as a private investor mean we are not a passive investor in public market securities. Instead, we have detailed private market knowledge of the entities in which we invest and direct access to their management or other key stakeholders. Through access afforded to us as private investors, our primary method of engagement is direct communication.

Thorough desktop analysis, combined with insights gleaned from direct interactions with management or other key stakeholders and, where relevant, reports from independent experts, we are able to form our own view of risk. We then have an opportunity to proactively work with management as an investor seeking to encourage the entities in which we invest to take appropriate actions to improve their performance. This allows us to identify strategies that seek to protect our investors' capital from downside risk of loss while balancing the need to ensure that an investment seeks to deliver an appropriate return for investors.

Our private market relationships with the entities in which we invest enable us to manage risks during the negotiation and documentation stage of our investment process by agreeing appropriate transaction terms, including information rights and periodic reporting obligations on company management and borrowers.

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

Accordingly, we have expanded our focus to the more modern 'double materiality' approach that looks at both the impacts a company is having on society and the environment and as well as the impacts of material ESG topics on our investees. Metrics developed a proprietary ESG & Sustainability Rating Methodology in 2022. At the same time, Metrics rolled out a series of ESG & Sustainability Questionnaires, which consider material ESG topics tailored to each investee company's industry. The questionnaires are a voluntary initiative, and whilst our response rate is currently low, we encourage our investees to respond as they provide a valuable insight into their ESG operations and the industries in which they operate.

For those investee entities that do complete our ESG & Sustainability Questionnaire, our Investment Directors in Origination and members of the Portfolio Risk Management and Sustainable Finance teams will reach out and engage directly with that entity. This allows us to pursue any questions Metrics might have based on the entity's responses and to better understand their approach to ESG and sustainability as well as the various specific challenges they may be facing.

Where there is no existing ESG & 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 & Sustainability Rating.

As a final step, this analysis is presented to the Investment Committee for its review and approval.

Thus, ESG considerations are integrated into our investment decision-making process by way of periodic ESG reviews, the aim of which is to allow us to monitor the performance of investee companies over time.

Apart from the regular engagement activities forming part of the aforementioned ESG & Sustainability assessment process, Metrics also has the opportunity to engage on ESG and sustainability with investees wishing to enter into sustainability-linked loans.

Sustainability-linked loans are loan instruments for which the economic characteristics can vary depending on whether the borrower achieves ambitious, material and quantifiable

predetermined sustainability performance objectives. We take into account the material ESG issues relevant to an investee when considering which key performance indicators are appropriate for such loans, and the associated targets should be ambitious, and be beyond both a "business as usual" trajectory and regulatory required targets.

We are considering the best way to engage with investee companies to drive positive sustainability outcomes across a broader range of investments. Specifically, we understand that in order for us to achieve our NZAM and SBTi portfolio targets we will need our investee companies to adopt reliable science-based targets to achieve net zero. A critical first step in this journey is the measurement of one's emissions footprint. Although a number of our investee companies have measured their emissions and set net zero targets, a significant number of (typically smaller, private) companies have not taken such initiative yet.

Some of our investee companies will be required to measure their emissions as mandatory climate reporting comes into force in Australia. However, the legislation will not be sufficient to ensure we achieve our NZAM and SBTi portfolio targets as a large number of our investees will not be subject to those mandatory reporting requirements and the reporting requirements are being phased in over time, with few of our investees being in the initial phases. Further, there is no current requirement for any of our investees to set science-based targets to achieve net zero.

In order to accelerate emissions measurement and target setting among our investees, which we expect to facilitate real-world reductions in emissions, Metrics has been in discussions to develop a pilot program, in collaboration with a third-party provider, to help a number of our investee companies measure and report their Scope 1 and 2 emissions. We anticipate this initiative to act as an education tool for the parties involved, helping them understand their sources of emissions and potentially develop a strategy to reduce those emissions. Pending the results of this pilot program, the initiative may be rolled out to our broader portfolio.

Conflicts of Interest

No incidents relating to conflicts of interests were reported over reporting period.

Appendix: Aotearoa New Zealand Stewardship Code Mapping

PRINCIPLES		DESCRIPTION	SECTION(S)
Principle 1	Be committed	Signatories will establish and publicly articulate how their investment philosophy, governance structures and resourcing support the goals of effective stewardship.	Foreword [page 4] Our Policies and Practices [page 5] Working Group Participation [page 8]
Principle 2	Establish and maintain policies	Signatories will develop and implement measurable and effective stewardship policies.	Our Policies and Practices [page 5]
Principle 3	Incorporate material ESG matters	Signatories will incorporate material ESG matters into their investment decisions and stewardship practices.	Our Policies and Practices [page 5] Activities and Outcomes [page 7]
Principle 4	Be engaged	Signatories will engage regularly and effectively with underlying asset managers, issuers, and other key stakeholders.	Activities and Outcomes [page 7]
Principle 5	Vote responsibly	Signatories will exercise voting rights in accordance with their investment mandate, and regularly and transparently disclose voting actions and outcomes.	N/A - In private debt voting is generally not a relevant activity and accordingly not undertaken
Principle 6	Manage conflicts of interest	Signatories will endeavour to avoid any conflict of interest that does not put the best interests of their clients and beneficiaries first and explain their approach to managing any conflicts of interest that arise.	Conflicts of Interest [page number 10]
Principle 7	Collaborate and advocate for change	Signatories will work collaboratively to amplify investor influence on ESG matters with issuers, policy makers, index providers, standard setters, and other key stakeholders.	Activities and Outcomes [page 7]
Principle 8	Measure and report	Signatories will regularly measure and publicly report on their actions to support stewardship and demonstrate how these have contributed to the goals of effective stewardship.	Activities and Outcomes [page 7]
Principle 9	Educate and improve	Signatories will work to improve their clients' and beneficiaries' awareness of stewardship, improve their internal capabilities, and provide resources to deliver impactful stewardship.	Working Group Participation [page 8]



For more information

Please email invest@metrics.com.au