



Environmental, Social and Governance (ESG) Policy

Revolution Asset Management Pty Ltd

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Part 1 - Revolution's ESG Philosophy and Guiding Principles

Revolution Asset Management Pty Ltd (Revolution) recognises its duty to behave responsibly in its business activities of making sound investment decisions which are cognisant of a responsible investment (RI) approach to Environmental, Social, and Governance (ESG) principles

Revolution acknowledges its duty in stewardship of capital.

Investment managers inherently play a key role in directing capital resources in the economy. The responsible allocation, management, and oversight of capital creates long term value for clients and their ultimate beneficiaries, as well as the broader economy and society.

ESG factors can directly influence the ability to create or preserve economic value.

Revolution believes that a lack of focus on ESG principles has the potential to negatively impact an organisation's ability to create or preserve economic value, as well as environmental and social value for itself, its stakeholders and the wider community.

ESG risks are a core component of credit assessment.

Holistic risk assessment is fundamental to any credit assessment which lowers the risk of default or rating downgrade.

It is critical that Revolution identifies investments in companies that present higher ESG risks, as they are can potentially suffer underperformance and cause risks to the wider community, whilst generating negative publicity for themselves and their stakeholders. Once ESG risks are identified, Revolution can then determine whether these risks can be managed or mitigated, or otherwise avoided altogether by not proceeding with the investment.

Private markets allow for engagement and positive influence.

Revolution believes that encouraging portfolio companies to adopt sound ESG practices may improve governance and sustainability of businesses, ultimately leading to better performing investments that deliver value to our investors and positively contribute to broader objectives of society.

Revolution is committed to the Principles of Responsible Investment.

In line with our philosophy, Revolution has formally committed to the UN PRI and became a signatory to the PRI in June 2019.

Part 2 – This Policy

1 Objective

The objective of this policy is to provide guidelines for Revolution Portfolio Managers to effectively evaluate key ESG considerations throughout Revolution's Investment process.

The investment process, with embedded ESG policy framework, will ensure that ESG principles are considered at all stages from initial screening, due diligence, approval and ongoing monitoring.

2 The E, S and G

The ESG factors considered can vary significantly depending upon each individual investment.

Appendix 1 provides a list of common factors that may be considered in the course of ESG evaluation. These factors are non-exhaustive but serve as a guide for Revolution Portfolio Managers

3 Responsibilities

All investments that are assessed and ultimately approved will incorporate ESG considerations as part of the formal Investment Approval by the Investment Committee.

It is the responsibility of all members of the investment team and, ultimately, the Investment Committee to assess ESG factors in relation to investments made by the firm.

Given that Revolution is a small boutique investment manager, it does not have a dedicated ESG team but has nominated ESG Champions within the firm. The objective of the ESG Champions is to ensure appropriate assessment, transparency, and comparability by setting ESG-related hurdles across each potential investment.

ESG Champions have the following additional responsibilities beyond the general integration of ESG considerations in credit risk assessment which are required by all members of the investment team:

- reviewing ESG risks related to each investment proposed to the Investment Committee
- continuing education and awareness of evolving ESG landscape and issues, to be reflected in the individual's annual training register
- ownership of UN PRI developments and responsibility for the annual PRI reporting submission process

ESG Champions and all staff are encouraged to take up formal ESG training. Revolution will support such training if deemed appropriate for the staff roles and responsibilities.

ESG will be formally incorporated into individual performance discussion and forms a part of variable remuneration of all members of the investment team; and will carry relatively higher weight in the performance assessment and variable remuneration of nominated ESG Champions.

4 Policy Review

This ESG Policy will be refined on an ongoing basis as appropriate and will be reviewed formally at least annually by the Investment Committee.

Following a periodic review and endorsement of the Policy by the Investment Committee, the Board is ultimately responsible for approval of this Policy.

Part 3 - ESG Integration in the Investment Process

1 Introduction

Revolution Asset Management Pty Ltd ('Revolution') is a specialist private debt manager which has embedded the analysis of ESG risks into its investment process. We believe that companies that do not effectively manage these areas of their businesses could experience underperformance and, hence, have a higher probability of default or stress under their loan agreements.

ESG risks have the potential to materially impact the cashflows and the risk assessment of a company over the term of the lending facility and, hence, must be assessed as part of the investment process for all investments made by Revolution.

Revolution's approach to ESG integration is expected to not only benefit its clients but may have a positive impact on society and the environment.

2 Portfolio Manager Evaluation of ESG Issues

The evaluation of ESG issues is undertaken by the Portfolio Manager responsible for the assessment of the proposed investment.

It is Revolution's philosophy that ESG risks are a core component of overall credit risk. Therefore, the evaluation of ESG issues forms an essential part of the Portfolio Manager's overall assessment of an investment. Revolution also believes that the Portfolio Manager's responsibility for ESG results in the strongest form of integration in the investment process and outcomes.

The Portfolio Manager is supported by the ESG Champions who will further review all investments from ESG standpoint, with the objective to ensure that all ESG-related considerations have been identified and addressed.

3 Assessment approach to ESG Factors

Revolution integrates material ESG factors into the credit assessment of each potential investment. Each investment is assessed on a case-by-case basis.

Material ESG issues/factors identified may result in specific mitigation strategies, higher required rate of return or in some cases, exclusions of investments on ESG grounds.

3.1 Environmental

Portfolio Managers review environmental issues associated with their sponsors/issuers and assess whether the issue is likely to have an impact on their ability to generate cashflows over the life of the proposed transaction. Where a material Environmental issue, in the opinion of the Portfolio Manager, is likely to impact cashflow modelling forecasts, this will lead to either specific mitigation strategies, repricing of the risk, reduced investment allocation or declining the transaction.

Examples of "E" Factors:

- Climate Change
- Water Supply
- Energy Use
- Pollution
- Non-sustainable sourcing



An example of this factor would be in assessing the creditworthiness of a company that has been repeatedly cautioned or fined for polluting the environment in contravention of established guidelines or laws.


In this case, unless there has been significant remedial action by the company, the Portfolio Manager would decline the investment on ESG grounds.

3.2 Social

Portfolio Managers review social issues associated with their sponsors/issuers and assess whether the issue is likely to have an impact on their ability to generate cashflows over the life of the proposed transaction. Where a Portfolio Manager judges that a material Social issue is likely to impact cashflow modelling forecasts, this will lead to either specific mitigation strategies, repricing of the risk, reduced investment allocation or declining the transaction.

Examples of “S” Factors:

- Human Rights
- Supply chains
- Health & Safety
- Indigenous Rights
- Predatory lending practices



An example of this factor would be in assessing the creditworthiness of an ABS transaction where Revolution identifies the lender imposed unfair or abusive loan terms on a borrower.


In this case, the investment would be declined and excluded from further consideration on ESG grounds.

3.3 Governance

An evaluation of an issuer’s governance structure is also an integral part of the ESG assessment performed by Revolution Portfolio Managers. Portfolio Managers review governance issues associated with their sponsors/issuers and assess whether the issue presents a risk to their ability to generate cashflows over the life of the proposed transaction. Where a Portfolio Manager judges that a material Governance issue is likely to impact cashflow modelling forecasts, this will lead to either specific mitigation strategies, repricing of the risk, reduced investment allocation or declining the transaction.

Examples of “G” Factors:

- Board Independence
- Remuneration
- Bribery and corruption
- Shareholders’ rights



An example of this factor would be in assessing the creditworthiness of a company where history of negative audit opinion or weak internal processes have been discovered.

In this case, unless there has been significant remedial action by the company, the Portfolio Manager would decline the investment on ESG grounds.

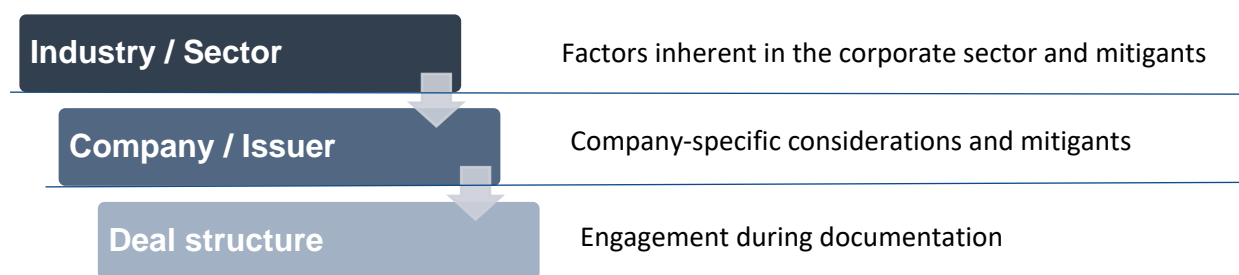
4 Asset-class specific considerations

Revolution’s investment universe is very broad, comprising the sectors of leveraged buyout (LBO) debt, real estate finance and asset- backed securities (ABS).

4.1 LBO

Intensive credit analysis is conducted having regard for industry, market position, quality of management/sponsor, competitive advantage and barriers to entry in the case where a loan is being assessed.

In the course of due diligence, ESG factors are assessed at three levels from industry/sector, company/issuer to the deal structure and documentation. The overall ESG assessment includes the impact of any mitigating factors.



The Portfolio Manager will consider questions such as, but not limited to, the following:

- ✓ Is there a risk of the asset being stranded given its industry or company-specific circumstances?
- ✓ Does the business engage in poor labour practices such as use of child labour, discrimination, underpayment of employees, or are there work health and safety concerns?
- ✓ Is the business a large CO2 emitter? How does it manage its energy consumption, water usage? Does it recycle? What initiatives has it taken to improve its environmental footprint?
- ✓ Is the business transparent with its disclosure to customers? Is there a product recall risk? Is there a risk of data breach incident?
- ✓ What is the strategy of the company? Does the management and sponsors have strong track record in managing the company? Is the Board independent and does the Board have appropriate oversight of management activities?
- ✓ What is the track record of the sponsor with respect to financial policy and creditors?
- ✓ Has the financial reporting been transparent and timely, and does it provide sufficient detail?

Example of an LBO ESG issue and related action may be as follows:



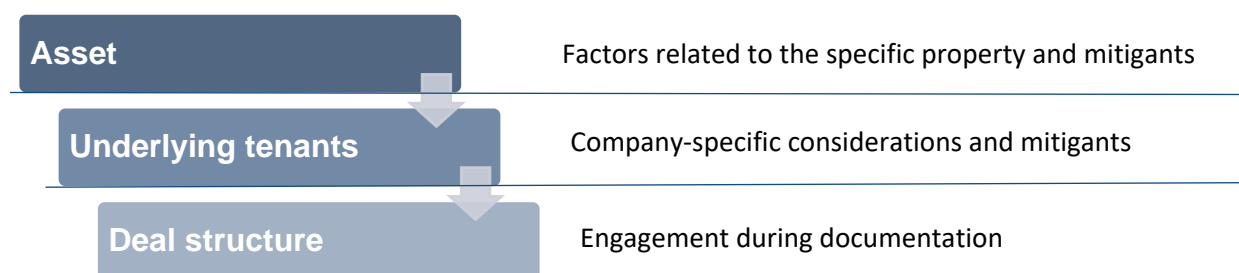
Discovering that the investee company utilises child labour.

The proposed investment would be excluded on the grounds of breaching its social responsibility to the community.

4.2 Real Estate Debt

Intensive credit analysis is conducted on both the asset and underlying tenants which include, the asset type and grade, asset condition and location, occupancy and lease profile, key tenant credit and financial profiles, any tenant or industry concentrations as well as key tenant industry dynamics in the case where a loan is being assessed.

In the course of due diligence, ESG factors are assessed at three levels from the specific asset, underlying tenants to the deal structure and documentation. The overall ESG assessment includes the impact of any mitigating factors.



The Portfolio Manager will consider questions such as, but not limited to, the following:

- ✓ What is the primary use of the property? Is there any secondary use? What is the history of the property use? Are any of the present or past operations sensitive to specific E, S or G risks? If so, how has this been managed?
- ✓ Is the property at risk from physical climate-related risks?
- ✓ Who are the property tenants? Are any tenants operating in sensitive industries?
- ✓ Is there any external efficiency rating such as Green Star / NABERS rating?
- ✓ Has the asset owner taken actions to improve energy efficiency over time?
- ✓ Is the security and safety of the building appropriate?
- ✓ Have there been any incidents on the property? Are there policies in place that mitigate hazards?
- ✓ Is there an appropriate level of insurance? Are there any key exclusions due to property-specific considerations? Have there been any key insurance events?
- ✓ What is the track record of the property owner and property manager?
- ✓ Does the property comply with all regulatory requirements?
- ✓ Is the asset externally independently valued? How frequently? Are financial statements audited?

Example of a Real Estate Debt ESG issue may be as follows:



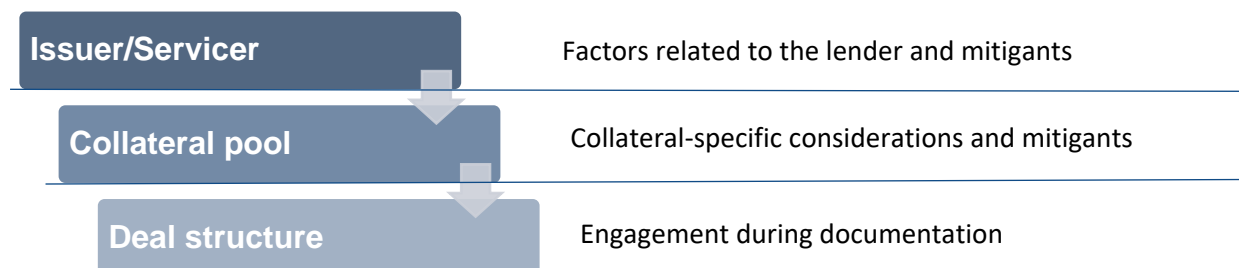
Assessing the property as high carbon emitter due to low energy efficiency.

The Portfolio Manager would engage with the asset owner to understand any progress made to date and discuss any targets required to be set as a condition of funding. If satisfied, the Portfolio Manager could proceed with the investment, provided set improvement targets are reported on and monitored. If not satisfied, the investment would be declined on ESG grounds.

4.3 ABS

In the case of an ABS transaction, key drivers such as quality of origination, underwriting processes and systems, and historical track record are assessed. This assessment is then considered alongside the structural elements of the transaction in order to ultimately determine the sufficient level of credit enhancement for each tranche in the ABS transaction.

In the course of due diligence, ESG factors are assessed at three levels from the issuer/servicer of the transaction, the underlying collateral pool and the assets they are secured against, and the deal structure and documentation. The overall ESG assessment includes the impact of any mitigating factors.



The Portfolio Manager will consider questions such as but not limited to the following:

- ✓ What is the originator's business model? How are brokers and underwriters incentivised?
- ✓ What is the originator's lending approach? What are the credit policies?
- ✓ Are the lender's procedures in accordance with responsible lending regulation? Does the originator have a track record of customer complaints and adverse results from AFCA?
- ✓ What is the originator's loan underwriting process? What credit checks are performed on each borrower? How do they ensure that the customer can adequately service the loan?
- ✓ Are selected loans adhering to the set credit lending criteria?
- ✓ What is the product disclosure to the end consumer? Is there a risk of mis-selling?
- ✓ Is the collateral pool at risk of physical climate-related risks (eg. rising sea levels, bushfire)?
- ✓ Is the collateral pool at risk of being stranded?
- ✓ What disclosure and reporting does the servicer provide? Are the loans audited? Is the reporting audited?
- ✓ Is there an independent trustee? Who is the backup servicer?
- ✓ Does the legal structure adequately protect noteholder interests and position in the capital structure?

Example of an ABS ESG-issue may be as follows:



The servicer of an ABS warehouse is found to be engaging in predatory lending.

The proposed investment would be breaching its social responsibilities and be excluded.

5 Investment Process Integration

ESG risks are a specific form of risk, inherent in any company or issuer. ESG factors are key to the credit assessment and are considered at the following stages of the investment process:



5.1 First Stage Assessment: Transaction Sourcing

The first step in the assessment of ESG issues is to gather information on the underlying issuer/company that is seeking to issue the debt securities being considered and the industry/sector in which it operates.

Negative screening occurs at this stage for all issuers in accordance with Revolution's ESG exclusions (see Section 8 of this Policy).

At this stage, the following sources may be examined in the course of credit assessment, including with respect to ESG considerations:

- Independent due diligence reports that have been commissioned in relation to the proposed debt issuance;
- Management meetings;

- External research reports where available;
- Listed companies in the same sector/industry as well as their regulators and peers;
- External credit rating agencies including Standard and Poor's, Moody's and Fitch;
- Media sources including Bloomberg, Thomson Reuters, other news services and other online sources;
- Conduct searches for potential litigation, regulatory intervention, or disputes.

If material issues are identified at the origination and information collation stages, then this may result in the exclusion of an investment from further consideration. In circumstances where the investment is not excluded, it may impact the assessment of relative value at the second stage of assessment and ultimately, the required rate of return.

A key element early in the origination phase is the emphasis placed on the experience and credibility of both the Board and Senior Management. Revolution takes into account factors such as their ability to deliver on forecasts and strategy i.e. track record and reputation. This may be uncovered during the first stage, or subsequently in the second stage. Where possible, members of the Investment Committee will attend meetings with key management personnel in order to provide a qualitative assessment of the calibre of the management team. This evaluation of the Board and Senior Management is a key element in assessing governance risk.

5.2 Second Stage Assessment: Research / Due Diligence

The next phase of the Revolution investment process involves intensive research and due diligence.

Further information may be gathered regarding material ESG issues that may not have come to light during the First Stage assessment.

At this stage, the following sources may typically be examined in the course of credit assessment, including with respect to ESG considerations:

- Internal policies and practices;
- Engagement with management on strategy, risk management, specific ESG issues;
- the relative value of the proposed investment.

Should material ESG issues be identified during the due diligence, this may have the effect of excluding an investment from further consideration or in circumstances where the investment is not excluded, it may have an impact on the required rate of return. At this stage, ESG considerations could result in either the exclusion of a proposed investment or repricing of the investment.

Investments that look attractive post this Second Stage Assessment will advance to the final Investment Approval/Execution phase.

5.3 Investment Approval / Execution

The culmination of the extensive due diligence phase of the investment process is the preparation of a Revolution Investment Memorandum with a recommendation to the Investment Committee for approval and allocation of the investment.

The Investment Memorandum must include an analysis of relative value of the investment compared with other similarly rated and similar maturity investments in both the Australian and offshore markets.

The Portfolio Manager submitting the Investment Memorandum must ensure that the proposed investment meets all stated investment criteria and risk limits for the Fund into which the investment is to be made, including confirmation that the proposed investment is consistent with the firm's ESG policy.

Furthermore, in all Investment Memorandums for new investments presented to the Revolution Investment Committee, a section is devoted to an evaluation of ESG considerations that were assessed for the particular investment. Following best practice as defined by the PRI principles, the recommendation for

approval of all investments will include a statement that all aspects of relevant ESG principles were assessed as part of the investment process and approval.

Additional ESG information may be derived from a number of areas and may be referred to by the Portfolio Manager:

- Broker/bank Research
- Regulatory Bodies
- Industry Bodies
- Investment Reports

As with the previous stages, the assessment of material ESG issues may impact the investment valuation and relative value. Should the ESG issue be material, the overall valuation of the investment may be affected post the Portfolio Manager's qualitative assessment of the issue.

Only after all aspects of applicable ESG risks are assessed is a new investment formally considered for approval by the Investment Committee.

5.4 Asset Monitoring

As private lenders, typically no secondary market exists for funded investments and once funded, Revolution's typically remains exposed to any asset until either maturity, early repayment, or refinance. Refinancing risk forms an important part of Revolution's considerations when assessing ESG risks.

While pre-investment phase is the key in assessing any ESG risks, all assets are closely monitored on an ongoing basis. The Portfolio Manager is responsible for monitoring of developments in the ESG profile of a company or any material ESG incidents.

The Investment Committee Portfolio Monitoring meetings incorporate discussions on ESG developments. An ESG update is also required as a part of each formal periodic credit rating review.

6 Use of external tools and resources

Revolution complements its internal capability by utilising external tools and resources in its ESG analysis. This may include subscriptions to an independent ESG provider, external consultant, or freely available resources.

Key external resources periodically utilised in the Revolution's investment process include CDC Group ESG toolkit and Fitch ratings ESG sector guidelines.

7 Private Markets and Engagement

Due to the private nature of assets, available information is often limited. This may be mitigated by an active engagement with the company. Being private lenders, Revolution enjoys direct access to company management and periodic interactions with the key executives as well as the sponsor.

Direct engagement can mitigate ESG risks through:

- Incentivising sustainability at the time of the transaction by
 - o requiring higher rate of return for investment in investee companies with medium sustainability credentials, or
 - o declining access to capital to investee companies with weak sustainability
- close monitoring of company operations throughout the holding period, allowing for a prompt assessment of potential changes in the issuer's credit risk profile.

As a lender, Revolution is ultimately concerned about holistically and accurately assessing the credit risk profile of an issuer and mitigating any downside risk. Accordingly, the focus of ESG analysis is on identifying and mitigating potential significant incidents that can impact the creditworthiness of the issuer or the underlying collateral pool.

8 Negative screening and exclusions

Due to the private nature of assets, there is no active "universe" applicable to the strategy. Investments are assessed on case by case basis during the due diligence process. Revolution's screening criteria may be supported by case studies on individual investments. There are several case studies available where ESG was a key factor supporting or declining an investment.

Consistent with Revolution's corporate social responsibility and capital stewardship philosophy, issuers that are involved in the following sectors and/or activities are automatically excluded on ESG grounds.

8.1 LBO

Sector	Exposure Type	Exposure level	Rationale
Tobacco	Direct Indirect	Any >25% revenue	Social implications from tobacco manufacturing and distribution inconsistent with Revolution's ESG philosophy.
Munitions/Armaments	Direct Indirect	Any Any	Social implications from manufacturing or supply of arms and munitions inconsistent with Revolution's ESG philosophy.
Thermal Coal	Direct Indirect	Any >25% revenue	Environmental and climate related implications from extraction, distribution and services to thermal coal industry (resulting in high carbon emissions) inconsistent with Revolution's ESG philosophy.
Energy, Oil & Gas	Direct Indirect	>50% revenue >50% revenue	Environmental and climate related implications from power generation and extraction, distribution and services to oil and gas industry (resulting in high carbon emissions) inconsistent with Revolution's ESG philosophy.

8.2 ABS

ESG Issue	Exposure Type	Exposure level	Rationale
Predatory Lending	Direct Indirect	Any Any	Social implications from predatory lending inconsistent with Revolution's ESG philosophy.

9 Other considerations

9.1 Climate Change

Revolution acknowledges the scientific consensus regarding climate change and the substantial impact of this issue resulting from man-made carbon emissions and other greenhouse gasses.

Revolution's exposure to climate risk in its investment strategy is mitigated by Revolution's focus on short to medium-term investment horizon, over which it has a better ability to holistically assess and manage climate change risks.

While climate-related risks are generally longer-term risks, and Revolution's investment horizon is focused on short to medium-term investment opportunities, reinvestment risk is a key consideration within the investment strategy's horizon.

Accordingly, Revolution's climate awareness extends to its investment process through consideration of physical climate risk, transition risk, and incorporation of ever evolving views of the wider investment community and society. Revolution also understands climate change is not only a source of investment risks but also opportunities. Revolution will also consider potential positive implications of green assets in its investment process.

Further, Revolution also recognises its own corporate social responsibility as a steward of capital and the role it plays in the broader economy and society with respect to capital allocation.

9.2 Modern Slavery

It is Revolution's view that awareness of modern slavery risk is key to investment analysis, as Revolution considers such risk to have potential material contribution to overall credit risk.

Revolution's exposure to modern slavery risk in its investment strategy is mitigated by Revolution's focus exclusively on investments in companies and issuers operating in developed markets, particularly in Australia and New Zealand.

Nonetheless, Australian and New Zealand companies may at times outsource certain operations to offshore less developed locations where the risk of modern slavery is more prevalent or may be exposed to such risks through their supply chains.

Accordingly, Revolution considers modern slavery and labour risk more broadly in its ESG assessment of companies and issuers. Companies that engage in poor labour practices carry high social and governance risks, including but not limited to reputational and brand risk, potential for large scale litigation and loss of social licence. Revolution integrates labour risk considerations to ESG assessment of each investment with a view that these risks may result in business underperformance and in turn lead to potential default.

Further, Revolution also recognises its own corporate social responsibility as a steward of capital and the role it plays in the broader economy and society with respect to capital allocation.

Appendix 1 – ESG Factors

The following are examples of factors that may be considered with respect to ESG (the list is not meant to be exhaustive):

Environmental

- Sustainability of key resource inputs;
- Harmful and toxic by-products and how they are dealt with;
- Awareness of climate risk issues and exposure to physical climate risks;
- Carbon emissions, directly through core business operations, or indirectly through energy consumption, travel; or other harmful substances; and management of environmental footprint
- Exposure to carbon taxes and where appropriate Carbon Trading Schemes;
- Water and waste management; extent of recycling, re-use and waste minimisation;
- Impact on key issues such as water flows, deforestation;
- History of compliance with relevant environmental laws, environmental events;
- Planning and approval processes for new projects.

Social

- Supply chain risk, including labour risk / modern slavery through child labour and exploitative work practices (including underpayment of employees);
- Political and regulatory environment for investments and key company operations;
- WHS considerations, including prevalence of workplace Injuries and lost time injury rates compared to peers;
- Employment consideration, including staff turnover, staff engagement;
- Actual or perceived predatory lending practices;
- Product responsibility and disclosure, data security and privacy;
- Animal welfare;
- Public perception of company activities.

Governance

- Governance structure, including the board (including independence and effectiveness), executive management and key reporting lines;
- Quality of key management personnel and their historical track record;
- Alignment of internal and external stakeholders;
- Group structure, including complexity, transparency and related-party transactions;
- Declaration of any conflicts of interests;
- Financial transparency, disclosure of asset company operations and key historical financial performance as well as forecasts;
- Extent of risk management policies;
- Evidence of bribery and corruption.