

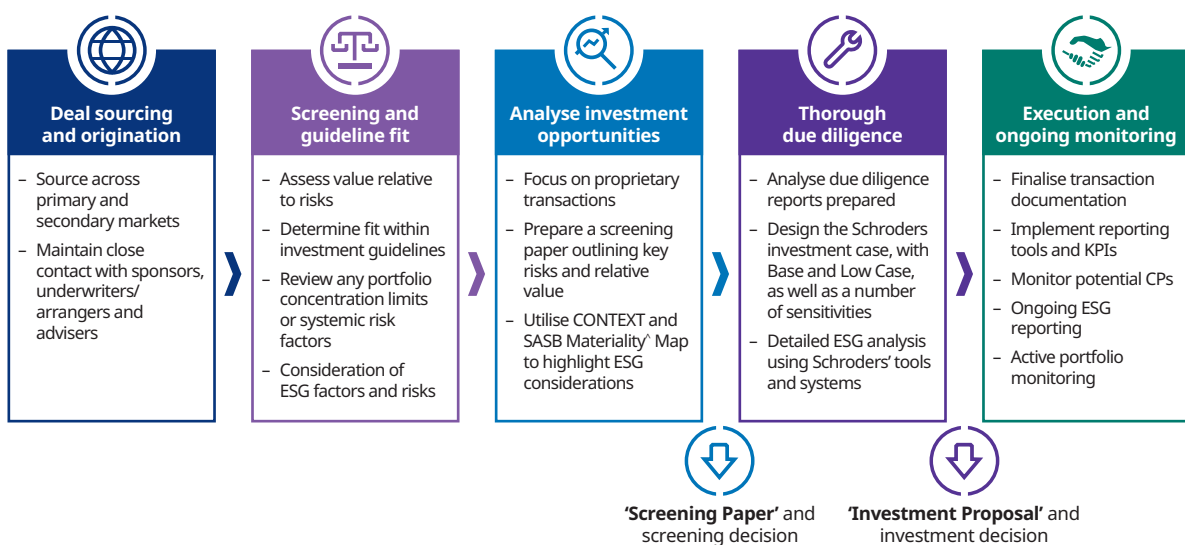


# Private Debt

The Australian Private Debt business runs a buy and hold debt strategy lending to companies domiciled in Australian or New Zealand. As a long-term investor without the intention to ever exit the position, ESG analysis is fundamental to every investment we make, before any investment decision is made.

As such, the strategy uses ESG integration to support guiding investments into sustainable companies in an attempt to manage risk and mitigate the risk of loss. Our overall aim is to invest in companies that can demonstrate their commitment to ESG principles and to hold the debt instrument to maturity.

ESG is considered throughout all steps of our investment process, which is split into the five different phases below:



Source: Schrodgers, 2020. For illustrative purposes only. ^SASB Materiality Map references the Sustainability Accounting Standards Board's (SASB) tool which allows investors to analyse portfolio exposures to specific sustainability risks and opportunities and understand the metrics that underpin various disclosure topics across different industries and sectors.

In sourcing deals the team focuses on those sectors and companies that conduct their business in a sustainable way and in compliance with our ESG policies and, as a buy and hold investor, focus on businesses where we see a sustainable growth story. Sustainability considerations are systematically discussed with the investment committee to develop our responsible investment approach and reported to our investors upfront and on a quarterly basis.

The team conducts ongoing monitoring of all fund and mandate assets, including the monitoring of ESG risks as part of our ongoing credit review. During any on-site visits or lender meetings we engage with the borrowers/sponsors where possible to ask updates on ESG points and any issues or plans for improvement. If any unforeseen ESG issues arise during the investment, we generally cannot exit the position (without our clients' consent) so as such we would rather need to "vote with our feet" and decline to invest into the next tranche of debt the company issues and/or seek repayment at the maturity date.